



Dave Yost • Auditor of State



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Tallmadge
Summit County
46 North Avenue
Tallmadge, Ohio 44278

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tallmadge, Summit County, (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 8, 2016, wherein we noted the City adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 8, 2016

CITY OF TALLMADGE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015

PREPARED BY THE OFFICE OF:

**MOLLIE GILBRIDE,
DIRECTOR OF FINANCE**

*46 NORTH AVENUE
TALLMADGE, OH 44278*

INTRODUCTORY SECTION

CITY OF TALLMADGE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015

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CITY OF TALLMADGE
MOLLIE GILBRIDE
Director of Finance

June 8, 2016

The Honorable Mayor, Members of City Council
and Citizens of the City of Tallmadge, Ohio

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the City of Tallmadge, Ohio (the City) is hereby presented. This CAFR represents the official report of the City of Tallmadge's operations and financial position for the year ended December 31, 2015, and has been developed to accurately detail the status of City finances to Tallmadge residents and elected officials, investment banks, underwriters and all other interested parties. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, the data contained in this report is accurate in all material respects, and is presented in a manner designed to set forth fairly the financial position and results of operations of the City. All disclosures necessary to provide the reader with a better understanding of the City's financial activities have been included.

The City is responsible for establishing and maintaining an internal control structure designed to protect its assets from loss, theft or misuse. Furthermore, the accounting system must be adequate to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. The Auditor of State's office performed the audit for the year ended December 31, 2015. The Independent Auditor's Report on the basic financial statements is included in the financial section of this report.

As a part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's independent audit for the year ended December 31, 2015 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

This transmittal letter is designed to provide historical information about the City, as well as complement the required Management's Discussion and Analysis (MD&A). Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The City's MD&A, which focuses on the government-wide statements, can be found immediately following the Independent Auditor's Report.

THE REPORTING ENTITY

The City has reviewed its reporting entity definition in order to ensure compliance and conformance with the provisions of GASB Statement No. 14, "The Financial Reporting Entity." For financial reporting definition purposes, City management has considered all agencies, departments, and organizations comprising the City of Tallmadge, the primary government.

The Tallmadge City School District has not been included in the accompanying financial statements. The City and the School District are independent of each other in terms of governing bodies, financial resources and management.

The City participates in the Akron Metropolitan Area Transportation Study (AMATS), and the Brimfield Township-City of Tallmadge Joint Economic Development District and the Regional Income Tax Agency. These organizations are described in more detail in Note 15 of the Basic Financial Statements.

THE CITY OF TALLMADGE

In August 1935 Tallmadge citizens voted to incorporate the township as a village effective January 1, 1936. Tallmadge was recognized by the State of Ohio as a city in 1951. The City received its name, like many towns in the Ohio Western Reserve, after important men in their day. Such has been the case with Colonel Benjamin Tallmadge who was the lieutenant colonel in the army of the Revolutionary War, and later a business promoter, churchman, and U.S. Congressman. Colonel Tallmadge originally purchased large lots of land in the Western Reserve. In 1806 a mission worker for the Congregational Church, Reverend David Bacon, purchased the land then known as Town 2 Range 10 to found a religious colony, which later became Tallmadge.

Tallmadge has preserved its historical heritage. An excellent example of Western Reserve design is the center of Tallmadge known for its circle or rotary, still the architectural focus of the community.

The City is located in Summit and Portage Counties, with over 97% of the property located in Summit County and the remainder in Portage County. The City is approximately 13.5 square miles in size, is located approximately 35 miles south of Cleveland, Ohio and is contiguous to Akron, Ohio. The City's 2015 population of 17,527 makes it the eighth largest City in Summit County.

CITY GOVERNMENT

The City operates under and is governed by its Charter, first adopted in 1995, effective January 1, 1996. The City is a home-rule municipal corporation operating under the laws of the State of Ohio. The laws of the State of Ohio prevail when conflicts exist between the Charter and the state constitution and in matters where the charter is silent. The City's Charter can only be amended by a majority vote of the City's registered voters.

Legislative authority is vested in a seven-member Council, of whom three are elected at-large and four are elected from wards, all for four year staggered terms.

The City's chief executive and administrative officer is the Mayor, who is elected by the voters to that office for a four-year term. The other elected officials are the Director of Finance and Director of Law, all elected to a four year term. The Mayor also appoints members to a number of boards and commissions.

ECONOMIC CONDITION AND OUTLOOK

The City offers an attractive opportunity for business growth. Tallmadge has a diversified tax base with 450 plus business establishments, from its largest employer, Auto Sales, Inc., to small family businesses provide the opportunity and interests that keep Tallmadge a vital part of the market place.

The City operates a Community Reinvestment Area Tax Abatement Program. This program is available for commercial and industrial expansions and new construction. The abatement is for property taxes on the increased values of real estate attributable to the improvements or new construction. This program will abate real estate taxes on the building from four up to ten years and from 50% up to 100%. To date 114 companies have taken advantage of the tax abatement program. In addition, in 2006 the City instituted a New Jobs Grant Program, which was last amended in 2012. This program is aimed at new business attraction and existing business growth. New businesses that locate in the City and have a payroll exceeding \$500,000 per year (\$1 million for retail) are eligible for a grant equal to the amount of 50% of payroll taxes paid in the previous calendar year for five (5) years. Existing Tallmadge businesses only need to create new job payroll of \$250,000 to qualify. Each of the City's top five for profit businesses applied for this incentive in 2012 and an additional 4 existing companies applied in 2013 substantiating the fact that our local economy is improving. In 2015, the City paid out \$104,116 to those companies for new jobs created in 2014.

Net employment as a result of these expansions and other developments typically amounts to approximately 140 positions yearly. The majority of employment within the City occurs in businesses housed in 5,000 to 20,000 square foot buildings. Tallmadge's employment rate remains stable due to this large number of small businesses in the City. Unemployment rates tend to run at least one percent lower than the Akron Metropolitan Area.

In efforts to stabilize the largest source of general fund revenue, the citizens voted in 2004 to make the City 2% income tax permanent. The income tax collections at the end of fiscal year 2015 experienced an increase of 10.88% from the prior fiscal year. In December of 2009, the City joined a council of governments, the Regional Income Tax Agency (RITA) for the collection of income tax.

The City is meeting the demands of a changing population with several developments. New single family home construction is on the rise again with the approval of the 65 lot Woodridge development and the 56 lot Eastwood Glen development. However, the driving force in housing this past year was in the area of senior housing rentals and elderly care. In 2015 ground was broken on a 100 bed assisted living facility named Danbury of Tallmadge. In addition, Testa Builders received approval from the Ohio Housing Finance Authority for tax credits for offering affordable senior housing in their Village at Town Center development. Phase I of the development will include a 4-story mixed use building with retail locations on the ground level, two floors of senior housing credit apartments, and a top floor with market rate condominiums.

The City created a Joint Economic Development District (JEDD) effective January 1, 2004 that encompasses 70% of the Township of Brimfield. The JEDD has resulted in additional income tax collections for the City and will continue in the future. This income tax is distributed to both the City and the Township. The City receives 50 percent of the income tax for general operations. The Township receives 50 percent of the annual collections, with 10 percent set aside for the JEDD Maintenance and Capital Improvement Fund. There are significant areas for development in the JEDD in addition to the already established industrial park land adjacent to the Interstate 76/Route 18 interchange. The shared collection rate is presently at 1.25%. Income tax revenue generated in the JEDD for 2015 exceeded \$1.2 million.

Future growth also depends on the ability of the City to provide adequately serviced areas for growth. In 1995, the City successfully annexed 257 acres of industrial zoned property. This property, located at an interstate interchange, is the City's prime industrial area and as such is experiencing increased pressure for development. This new industrial property, and the JEDD area coupled with the demands for development in the City, indicates a promising future for economic development.

The Cascades development is located within the JEDD totaling about 114 acres consisting of 216 apartment units, commercial and retail stores. In 2008, 600,000 square feet of retail development was completed including Wal-Mart, Applebee's Restaurant, Lowe's Home Center, Arabica Coffee Shop, Beef O' Brady's, St. Nails, and the Dollar Store - all located at the Cascades of Brimfield retail park as well as development of a large residential apartment complex located in the back of the project. In 2010, Kohl's opened its doors as one of the new anchor department stores while Marshalls opened in late 2011. Since 2011, there has been continued growth and development in the Cascades with several retail stores, commercial businesses, and restaurants opening. Presently there are 25 different businesses employing over 700 people at the Cascades.

The JEDD area was also home to one of the largest collaborative efforts ever to take place in our region in 2012. Tallmadge, Brimfield Township, Portage and Summit Counties, the Development Finance Authority, the Greater Akron Chamber, and Team NEO all came together and landed the Insight Rubbermaid project. This 815,000 square foot distribution facility built by Newell Rubbermaid, Inc. which was completed in only 8 months, created 235 new jobs in our area, and infused over \$25 million dollars of investment into the JEDD.

LONG-TERM FINANCIAL PLANNING

The City of Tallmadge has strong financial management and is aided by financial policies adopted by Council. The City established a minimum fund balance policy in 1998 with amendments and updates to the policy in 2005. The amendments in 2005 provided additional financial guidelines. The purpose of the policy is to be proactive in financial management and establish minimum levels to be maintained in the major operating funds, which include the general, fire/EMS levy, street maintenance and repair, sewer and water funds. In 2012 our Investment Policy was updated to facilitate better returns on invested funds. Also in 2015 our Debt Policy was updated to more closely follow the guidelines established by the Ohio Revised Code. As part of the Debt Policy a five year Capital Plan was included to assist the City with planning for future financial needs.

In order to direct plans that promote a sound pattern of development, the City utilizes a Comprehensive Plan adopted by the administration and Council. The document serves as a guide in defining community objectives, policies and goals. Further, to guide the direction of land development, this plan provides a thoroughfare map which was updated in 2012, a zoning district map and future land use map. The City is in the process of re-evaluating its Comprehensive Plan to meet the current needs of the City and with plans to finalize an update of the plan in 2016.

MAJOR INITIATIVES

Current

In 2015, the City completed right of way acquisition for its North Avenue Improvement Project. This is a joint project between the City and the Ohio Department of Transportation (ODOT) that includes complete road replacement, storm water facility improvements and sidewalk improvements for a portion of North Avenue from the Tallmadge Circle to Heritage Drive. ODOT will provide 80 percent of the funding for the project leaving the City responsible for the remaining 20 percent which will be approximately \$1 million. The project is planned for completion in 2016. The City will issue a note in 2016 to finance its portion of the project. The City also completed a water infrastructure improvement project with the partial replacement of a waterline on South Avenue at a cost of \$500, 616. The City financed this project through a ten year loan from the Ohio Water Development Authority through its Fresh Water Revolving Loan Program at an interest rate of 2.76%.

In February of 2006 the City was assigned for the first time a bond rating of A1 from Moody's Investors Service of Chicago and New York. The City in May 2010, once again, went to Moody's for a review of the bond rating and was assigned a rating of Aa2 on the global rating scale. This is a very attractive rating for the City and should result in more investors being attracted to the City, thereby lowering the rates of interest on future debt issuances. The Aa2 rating reflects the City's moderately sized suburban tax base, solid financial operations supported by sound reserves, and low debt burden with manageable levels of expected future borrowings. Moody's reaffirmed this rating for the City in May 2015.

Future

Maintaining the City's infrastructure is an ongoing commitment. The City continues with the maintenance of sanitary sewers, water improvements, storm water improvements, road paving, concrete maintenance programs and general infrastructure improvements.

The City will continue to place a major emphasis on economic development within the City as well as within the JEDD in Brimfield Township. There are numerous sites within the City for development including the Portage Boulevard Industrial Park and within the Circle Area. The West Avenue corridor continues to transform itself from being primarily a retail hub to one of mixed uses. There are still significant areas for development in the Joint Economic Development District including the Karg Industrial Park, the Sunnybrook/Old Forge Road area and the land associated with the Interstate 76/Route 18 interchange.

AWARDS

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tallmadge for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Tallmadge has received a Certificate of Achievement for the last twenty-three consecutive years (1992 - 2014). We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it to the GFOA.

ACKNOWLEDGEMENTS

This comprehensive annual financial report was prepared by the Director of Finance office with the efficient and knowledgeable services of its staff. As Director of Finance, I would like to express my sincere appreciation to my Assistant and staff, who assisted in this endeavor and whose dedication and commitment made the publication of this Comprehensive Annual Financial Report a successful accomplishment. Furthermore, I would like to thank the City Administration and the Members of Council for their continued support and commitment.

Respectfully Submitted,



Mollie Gilbride, Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Tallmadge
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

**CITY OF TALLMADGE, OHIO
LISTING OF PRINCIPAL CITY OFFICIALS
AS OF DECEMBER 31, 2015**

ELECTED OFFICIALS

Mayor	David Kline
Director of Finance	Stephen Shanafelt*
Director of Law	Megan Raber
President of Council	James Donovan
Council Member	Carol Kilway
Council Member	Kim Ray
Council Member	John Rensel
Council Member	Craig Sisak
Council Member	Gene Stalnakar
Council Member	Mary Tricaso

APPOINTED OFFICIALS

Director of Public Service	Bryan Esler
Director of Administration	Thomas Pascarella
Community Development Manager	Pat Sauner
Economic Development Manager	Dennis Loughry
Assistant Director of Law	John Scavelli
Assistant Director of Finance	Mollie Gilbride
Clerk of Council	Susan Burton
Deputy Clerk of Council	Regina Conti

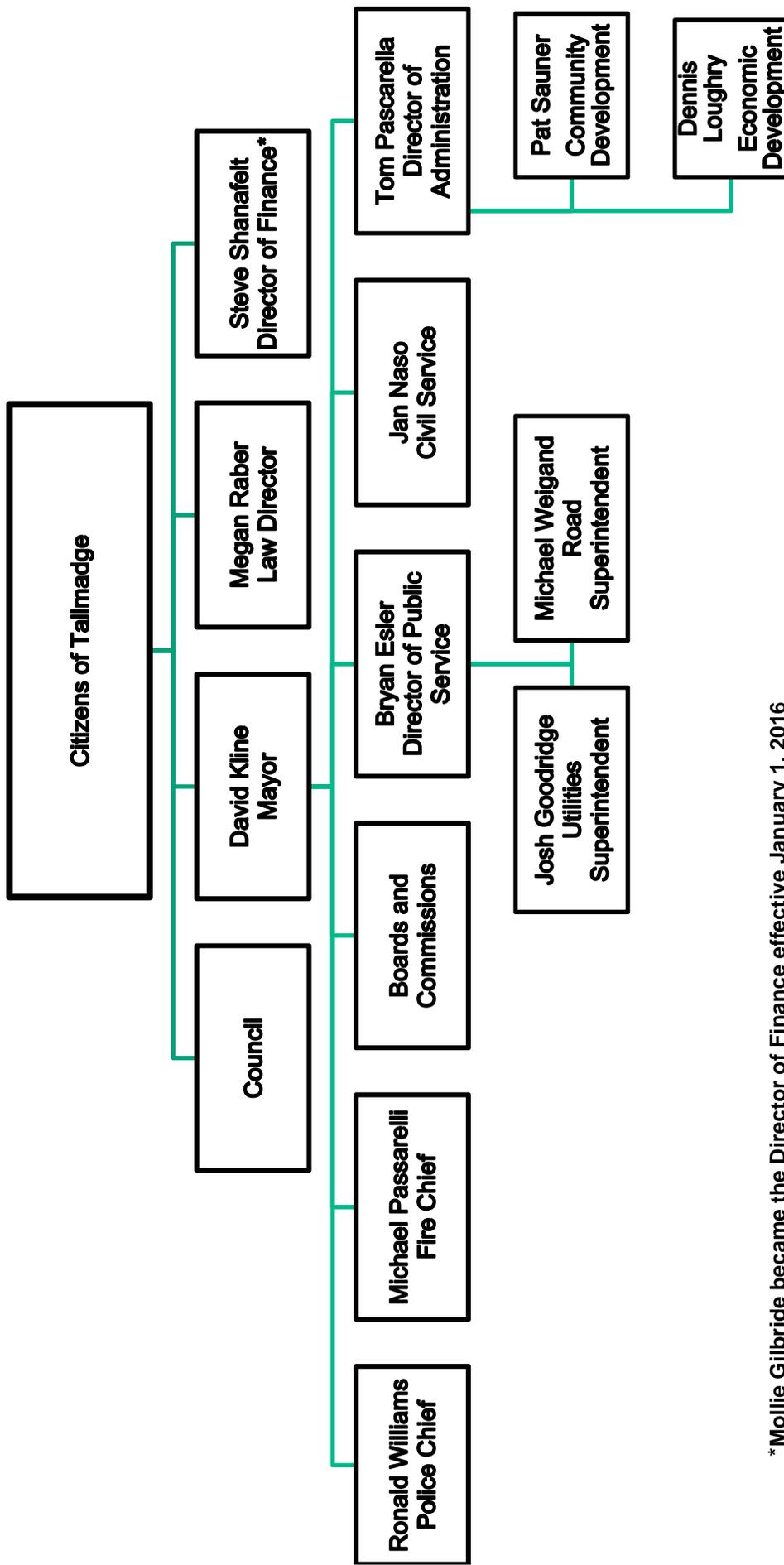
DEPARTMENT OFFICIALS

Police Chief	Ronald Williams
Fire Chief	Michael Passarelli
Road Superintendent	Michael Weigand
Utilities Superintendent	Josh Goodridge
Civil Service Chairman	Jan Naso
Manager of Parks and Recreation	Jessica Simons

* Mollie Gilbride became the Director of Finance effective January 1, 2016

CITY OF TALLMADGE – 2015

ORGANIZATIONAL CHART



* Mollie Gilbride became the Director of Finance effective January 1, 2016

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FINANCIAL SECTION



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Tallmadge
Summit County
46 North Avenue
Tallmadge, Ohio 44278

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tallmadge, Summit County, Ohio (the "City"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tallmadge, Summit County, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Fire/EMS Levy Fund, Street Maintenance and Repair Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended December 31, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and is not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Matters – (Continued)

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 8, 2016

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CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

The management's discussion and analysis of the City of Tallmadge's (the "City") financial statements provides an overall review of the City's financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements.

Financial Highlights

Key financial highlights for 2015 are as follows:

- The total net position of the City decreased \$193,683 or 0.54 percent from 2014. Net position of governmental activities decreased \$451,893 or 2.47 percent from 2014 and net position of business-type activities increased \$258,210 or 1.47 percent from 2014.
- Total assets and deferred outflows of resources increased \$907,803 from 2014.
- Total current liabilities and deferred inflows of resources increased \$548,907 from 2014.
- Total long-term liabilities increased \$552,579 during 2015.

Using this Comprehensive Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are comprised of the following: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business.

The statement of net position presents information about the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Tallmadge is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, security of persons and property, public health and welfare, transportation, community environment, leisure time activities, and interest and fiscal charges. The government-wide financial statements can be found on pages 17-19 of this report.

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

Fund Financial Statements

Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. The basic fund financial statements can be found on pages 20-34 of this report.

Governmental Funds

All of the City's major activities (excluding the business-type activities) are reported in the governmental funds. This report shows how monies flow into and out of these governmental funds and the balance of spendable resources available at the end of the year. The accounting method used to report this activity is the modified accrual method. This method reports cash and like-cash items that can be converted into cash. Such information is useful in evaluating a government's near-term financing requirements. The relationship between governmental activities (reported in the statement of net position and the statement of activities) and the governmental funds is reconciled in the financial statements.

The City has seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, fire/EMS levy, street maintenance and repair, and bond retirement funds which are all considered major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the combining statements elsewhere in this report.

Proprietary Funds

The City maintains three proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water, and storm water operations. The basic proprietary fund financial statements can be found on pages 30-32 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. A private purpose trust fund and agency fund are the City's fiduciary fund types. The basic fiduciary fund financial statements can be found on pages 33-34 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 35-78 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability and pension contributions. The required supplementary information can be found on pages 79-86 of this report.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
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The nonmajor governmental funds are presented immediately following the notes to the basic financial statements and can be found beginning on page 87 of this report.

Government-Wide Financial Analysis

The statement of net position serves as a useful indicator of a government's financial position. Net position of the governmental and business-type activities has been restated as described in Note 3 of the notes to the basic financial statements. The table below provides a summary of the City's net position for 2015 and 2014.

	Net Position					
	Governmental	Business-type	(Restated)	(Restated)	Total	(Restated)
	Activities	Activities	Governmental	Business-type	Total	Total
	2015	2015	2014	2014	2015	2014
Assets						
Current and other assets	\$ 13,873,848	\$ 7,353,026	\$ 13,924,525	\$ 6,600,350	\$ 21,226,874	\$ 20,524,875
Net pension asset	6,015	974	1,640	265	6,989	1,905
Capital assets, net	<u>24,823,251</u>	<u>13,912,693</u>	<u>25,370,156</u>	<u>13,738,592</u>	<u>38,735,944</u>	<u>39,108,748</u>
Total assets	<u>38,703,114</u>	<u>21,266,693</u>	<u>39,296,321</u>	<u>20,339,207</u>	<u>59,969,807</u>	<u>59,635,528</u>
Deferred outflows of resources						
Unamortized deferred charges	83,551	-	27,028	-	83,551	27,028
Pension	<u>1,466,335</u>	<u>94,283</u>	<u>978,284</u>	<u>65,333</u>	<u>1,560,618</u>	<u>1,043,617</u>
Total deferred outflows of resources	<u>1,549,886</u>	<u>94,283</u>	<u>1,005,312</u>	<u>65,333</u>	<u>1,644,169</u>	<u>1,070,645</u>
Liabilities						
Current and other liabilities	989,827	1,366,401	789,724	1,070,097	2,356,228	1,859,821
Long-term liabilities:						
Due within one year	916,855	155,747	847,294	107,860	1,072,602	955,154
Due in more than one year	8,111,348	1,507,108	8,515,910	1,174,434	9,618,456	9,690,344
Net pension liability	<u>10,289,660</u>	<u>524,562</u>	<u>9,794,489</u>	<u>512,714</u>	<u>10,814,222</u>	<u>10,307,203</u>
Total liabilities	<u>20,307,690</u>	<u>3,553,818</u>	<u>19,947,417</u>	<u>2,865,105</u>	<u>23,861,508</u>	<u>22,812,522</u>
Deferred inflows of resources						
Property taxes	2,013,134	-	2,028,906	-	2,013,134	2,028,906
Pension	<u>58,759</u>	<u>9,513</u>	<u>-</u>	<u>-</u>	<u>68,272</u>	<u>-</u>
Total deferred inflows of resources	<u>2,071,893</u>	<u>9,513</u>	<u>2,028,906</u>	<u>-</u>	<u>2,081,406</u>	<u>2,028,906</u>

- (Continued)

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
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Net Position - (Continued)

	Governmental Activities 2015	Business-type Activities 2015	(Restated) Governmental Activities 2014	(Restated) Business-type Activities 2014	Total 2015	(Restated) Total 2014
Net Position						
Net investment in capital assets (See Note 2.V.)	\$ 17,237,094	\$ 12,275,784	\$ 17,400,202	\$ 12,480,844	\$ 29,025,245	\$ 29,881,046
Restricted	1,089,332	-	938,818	-	1,089,332	938,818
Unrestricted (See Note 2.V.)	<u>(453,009)</u>	<u>5,521,861</u>	<u>(13,710)</u>	<u>5,058,591</u>	<u>5,556,485</u>	<u>5,044,881</u>
Total net position	<u>\$ 17,873,417</u>	<u>\$ 17,797,645</u>	<u>\$ 18,325,310</u>	<u>\$ 17,539,435</u>	<u>\$ 35,671,062</u>	<u>\$ 35,864,745</u>

During 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

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GASB notes that pension obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City’s statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan’s *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, for governmental activities from \$27,139,875 to \$18,325,310 and business-type activities from \$17,986,551 to \$17,539,435.

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources in 2015 by \$35,671,062, compared to \$35,864,745 in 2014, a decrease of 0.54 percent. During 2015, the City’s total assets and deferred outflows of resources increased by \$907,803 or 1.50 percent and total liabilities and deferred inflows of resources increased by \$1,101,486 or 4.43 percent.

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Net position of the governmental and business-type activities has been restated as described in Note 3 of the notes to the basic financial statements. The following table shows the changes in net position for 2015 and 2014.

	Change in Net Position					
	Governmental	Business-type	Governmental	Business-type	2015	2014
	Activities 2015	Activities 2015	Activities 2014	Activities 2014	Total	Total
Revenues						
Program revenues:						
Charges for services and sales	\$ 2,593,261	\$ 6,321,545	\$ 2,555,370	\$ 6,042,727	\$ 8,914,806	\$ 8,598,097
Operating grants and contributions	1,269,128	-	1,456,971	-	1,269,128	1,456,971
Capital grants and contributions	232,040	-	18,673	-	232,040	18,673
Total program revenues	4,094,429	6,321,545	4,031,014	6,042,727	10,415,974	10,073,741
General revenues:						
Property and other local taxes	2,036,907	-	2,051,246	-	2,036,907	2,051,246
Municipal income taxes	9,836,002	-	9,166,550	-	9,836,002	9,166,550
Grants and entitlements	1,684,506	-	1,426,170	-	1,684,506	1,426,170
Interest	43,929	-	34,733	-	43,929	34,733
Miscellaneous	152,030	18,510	166,274	28,492	170,540	194,766
Total general revenues	13,753,374	18,510	12,844,973	28,492	13,771,884	12,873,465
Total revenues	17,847,803	6,340,055	16,875,987	6,071,219	24,187,858	22,947,206
Program Expenses:						
General government	4,013,860	-	3,796,832	-	4,013,860	3,796,832
Security of persons and property						
Police	4,100,747	-	3,834,635	-	4,100,747	3,834,635
Street lighting	35,335	-	27,287	-	35,335	27,287
Fire	3,181,762	-	2,934,683	-	3,181,762	2,934,683
Public health and welfare	72,192	-	73,335	-	72,192	73,335
Transportation	3,862,300	-	4,172,815	-	3,862,300	4,172,815
Community environment	126,520	-	147,887	-	126,520	147,887
Leisure time activity	2,315,093	-	2,174,630	-	2,315,093	2,174,630
Interest and fiscal charges	331,527	-	390,861	-	331,527	390,861
Sewer operating	-	4,007,772	-	3,884,775	4,007,772	3,884,775
Water operating	-	1,927,721	-	2,409,488	1,927,721	2,409,488
Storm water operating	-	406,712	-	378,463	406,712	378,463
Total expenses	18,039,336	6,342,205	17,552,965	6,672,726	24,381,541	24,225,691
Transfers	(260,360)	260,360	-	-	-	-
Increase (decrease) in net position	(451,893)	258,210	(676,978)	(601,507)	(193,683)	(1,278,485)
Net position beginning of year	18,325,310	17,539,435	N/A	N/A	35,864,745	N/A
Net position end of year	\$ 17,873,417	\$ 17,797,645	\$ 18,325,310	\$ 17,539,435	\$ 35,671,062	\$ 35,864,745

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The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,043,617 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$1,103,330. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2015 program expenses under GASB 68	\$ 18,039,336	\$ 6,342,205
Pension expense under GASB 68	(1,045,556)	(57,774)
2015 contractually required contributions	<u>984,052</u>	<u>66,071</u>
Adjusted 2015 program expenses	17,977,832	6,350,502
Total 2014 program expenses under GASB 27	<u>17,552,965</u>	<u>6,672,726</u>
Decrease in program expenses not related to pension	<u>\$ 424,867</u>	<u>\$ (322,224)</u>

Governmental Activities

The funding for governmental activities comes from several different sources, the most significant being the municipal income tax. Other prominent sources are property taxes, intergovernmental revenue, and charges for services.

Program revenues increased in total by 1.57 percent from 2014. Operating grants and contributions decreased 12.89 percent from 2014 due to a decrease in operating grants and contributions received for public health and welfare, transportation, community environment and leisure time activity programs. Capital grants and contributions increased in 2015 from revenues received for the North Avenue improvement project. General revenues increased from 2014 by 7.07 percent, which is primarily the result of increased income taxes and unrestricted grants and entitlements.

The City's municipal income tax was established by Ordinance 57 in 1967 at a rate of 1 percent to be renewed every 5 years. The municipal income tax experienced several small increases in following years. In 1975 the tax rate was increased to 1.5 percent and remained at that rate until 1985 when the rate increased to 2 percent. The income tax rate remains at 2 percent; however, in February of 2004 the citizens voted to make the tax a permanent tax effective March 1, 2004. The City, by ordinance, designates the income tax for capital outlay and general governmental operations for programs within the general fund. The City also allows for a 100 percent credit of taxes paid to other municipalities.

The operations of the City's police department account for the largest security of persons and property expenses of governmental activities, representing 22.73 percent and 21.85 percent of the total governmental activities expenses during 2015 and 2014, respectively. During 2015, the City's police department consisted of 1 Chief, 4 sergeants, 17 patrol officers and 3 full-time office staff. The police department also employs on a part-time basis 6 records clerks, 1 school crossing guards, and 11 auxiliary police. The police department provides a full range of services including patrol, detective services, bike patrol, juvenile diversionary program, neighborhood crime watch, and residential and commercial security surveys. Security of persons and property expenses related to the police department increased 6.94 percent during 2015.

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The City has operated a fire department since 1945. During 2015, the fire department employed 1 full time Chief, 1 full-time Deputy Chief, 2 full-time Battalion Chiefs, 1 full-time fire marshal, 9 full-time paramedics/firefighters, 50 part-time paramedics/firefighters, 1 full-time clerk and 1 part-time clerk. The Fire/EMS department is accounted for in a separate fund which receives tax proceeds from a 3.75 mill property tax levy. The fire expenses account for 17.64 percent and 16.72 percent of the total governmental activities expenses during 2015 and 2014, respectively. Security of persons and property expenses related to the fire department increased 8.42 percent during 2015, which is primarily the result of fire equipment purchases.

The Street Maintenance and Repair department employs 16 full-time employees who provide the City and the citizens with road maintenance, road salting, ditching, leaf pickup program, cemetery maintenance, park maintenance and many other services. The transportation expenses accounted for 21.41 and 23.77 percent of the total governmental activities expenses during 2015 and 2014, respectively. Transportation expenses decreased 7.44 percent during 2015, due primarily to less road maintenance and repair expenses.

Business-Type Activities

Proprietary funds account for the business-type activities of the City of Tallmadge which consist of sewer, water and storm water operating activities. The City currently has 7,208 water customers, 7,888 sewer customers, and 6,095 storm water customers. The City owns and maintains all water lines within the City. The water rates were last increased in July 2012 by 8 percent. The majority of sewer lines within the City are owned and maintained by the City. The remaining sewer lines are owned and maintained by Summit County. In 2011 the City took over the billing for sewer customers being serviced by Summit County. The storm water fee has not changed since 2008 when it dropped from \$3 to \$2 per equivalent residential unit (ERU).

The revenues and expenses for the water, sewer and storm water activities are reported under the business-type activities. The revenues are primarily from charges for services. In 2015, charges for services in the amount of \$6,321,545 accounted for 99.71 percent of the total business-type revenues compared to 99.53 percent in 2014. During 2015, business-type activities received capital contributions (transfers) of \$260,360 from the governmental activities. The total expenses for the utilities were \$6,342,205, 4.95 percent less than 2014, resulting in an increase in net position of \$258,210.

The City's Funds

Information about the City's governmental funds begins on page 20. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$17,934,930 and expenditures of \$18,378,512.

The City's chief operating fund is the general fund. During 2015, the City's general fund had total revenues of \$14,249,277 and expenditures and other financing uses of \$14,422,654, resulting in a decrease in fund balance of \$173,377. The decrease in fund balance is primarily attributable to routine transfers out to other funds and non-routine transfers out to the community development nonmajor special revenue fund and the Tallmadge shooting range nonmajor capital projects fund to finance projects within those funds.

The City's major special revenue fund, the fire/EMS levy fund, had an increase in fund balance of \$24,707. Total combined revenues and other financing sources were \$3,277,569 and expenditures were \$3,252,862. The City entered into a capital lease transaction during 2015 for the purchase of an ambulance which will be retired out of the fire/EMS levy fund. Revenues exceeded expenditures with transfers of income tax collections.

The City's major special revenue fund, the street maintenance and repair fund had an increase in fund balance of \$76,685. Total combined revenues and other financing sources were \$3,441,822 and expenditures were \$3,365,137. Revenues and other financing sources exceeded expenditures with transfers of income tax collections.

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The City's major bond retirement fund had an increase in fund balance of \$23,620. During 2015, the bond retirement fund received \$84,367 in special assessments, \$5,816 in miscellaneous revenue and \$1,000,000 in transfers to help provide for \$1,066,562 in principal and interest payments on general obligation and special assessment bonds and \$110,335 in refunding bond issuance costs. The City issued general obligation refunding bonds in 2015 to advance refund the 2006 recreation center general obligation bonds. The refunding was accounted for in the bond retirement fund.

Information regarding the proprietary funds begins on page 30. These funds are accounted for on an accrual basis. All proprietary funds had operating revenues of \$6,338,683, which were more than operating expenses of \$6,288,176. The total depreciation expense for these business-type funds was \$691,666. The cash and cash equivalents at year end for the proprietary funds total \$5,441,848. Net position of the sewer operating fund decreased \$193,741 or 2.90 percent from 2014. During 2015, net position of the water operating fund increased 3.52 percent or \$275,219 to \$8,085,545. In the storm water fund, net position increased \$176,732 from \$3,050,500 at December 31, 2014 to \$3,227,232 at December 31, 2015. The overall increase in net position for all proprietary funds in 2015 was \$258,210 or 1.47 percent from 2014.

Budgeting Highlights

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for transactions on a cash basis for receipts, expenditures, and encumbrances. The most significant budgeted fund is the general fund. The legal level of control at which expenditures cannot exceed appropriations is at the personnel and operating level by program within the general fund and at the personnel and operating level for all other funds of the City. Capital items are budgeted on a program or line item basis. Management may transfer appropriations in accordance with the legislation adopted by City Council. Any budgetary modifications may only be made by ordinance adopted by City Council.

City Council adjusted the level of appropriations in various funds several times in 2015. In total the adjustments in appropriations accounted for an increase of 6.27 percent over the total general fund budget. The total actual expenditures and other financing uses at year end were \$14,940,685, which was \$1,636,673 less than the total final budget. In addition, at year end the prior year encumbrances that are determined to be unnecessary are decertified to the County on the final amended certificate and that amount is returned to the fund balance and becomes available resources.

The City places strong emphasis on monitoring the budget. The Director of Finance produces monthly appropriation, revenue, and fund reports and quarterly financial reports on a cash basis. These reports are distributed to council, administration, and appropriate department heads.

The total budgetary variance for general fund expenditures was \$1,636,673 or 9.87 percent. The major variances were in the general government, security of persons and property, leisure time activity, advances out and transfers out, which all had positive variances of \$346,394, \$154,903, \$200,610, \$523,720 and \$284,674. In addition, positive variances also existed in all other expenditure functions. These positive variances in all departments were an effort to contain the budget and control expenditures. Management was aware that the income tax collections were higher than was expected. The total variance in general fund revenues and other financing sources was a negative variance of \$337,927 or 2.32 percent. The negative variance was primarily the result of budgeting for advances in that were not made during 2015.

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Capital Assets and Debt Administration

Capital Assets

At the end of 2015, the City had \$38,735,944 (net of accumulated depreciation) invested in land, buildings and improvements, equipment, infrastructure, right of ways, easements and construction in progress. Of this total, \$24,823,251 was reported in governmental activities and \$13,912,693 was reported in business-type activities.

The following table shows 2015 balances compared to 2014:

Capital Assets at December 31 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 3,271,199	\$ 3,058,172	\$ 375,519	\$ 375,519	\$ 3,646,718	\$ 3,433,691
Right of ways/easements	80,218	80,218	260,360	-	340,578	80,218
Construction in progress	803,493	576,327	-	-	803,493	576,327
Buildings and improvements	10,525,295	10,995,166	916,247	978,004	11,441,542	11,973,170
Equipment	1,865,716	1,650,946	323,654	301,557	2,189,370	1,952,503
Infrastructure						
Street subsystem	8,277,330	9,009,327	-	-	8,277,330	9,009,327
Water lines	-	-	5,712,853	5,423,123	5,712,853	5,423,123
Sewer lines	-	-	3,761,368	3,942,836	3,761,368	3,942,836
Storm water subsystem	-	-	2,562,692	2,717,553	2,562,692	2,717,553
Totals	<u>\$ 24,823,251</u>	<u>\$ 25,370,156</u>	<u>\$ 13,912,693</u>	<u>\$ 13,738,592</u>	<u>\$ 38,735,944</u>	<u>\$ 39,108,748</u>

The overall decrease of \$372,804 is a result of depreciation expense of \$2,285,781 exceeding capital outlays of \$1,914,014 and a loss on disposal of \$1,037. See Note 7 in the notes to the financial statements for more information regarding the City's capital assets.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2015 and 2014:

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Special assessment bonds	\$ 400,000	\$ 465,000	\$ 35,000	\$ 70,000
General obligation bonds	7,455,000	8,065,000	-	-
OWDA loans	-	-	1,592,091	1,164,148
Capital leases	192,217	108,056	9,818	23,600
Total long-term obligations	<u>\$ 8,047,217</u>	<u>\$ 8,638,056</u>	<u>\$ 1,636,909</u>	<u>\$ 1,257,748</u>

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

The long-term outstanding debt for the City of Tallmadge as of December 31, 2015 was \$9,864,126. This balance reflects \$435,000 in special assessment bonds, \$7,455,000 in general obligation bonds, \$1,592,091 in OWDA loans, and \$202,035 in capital lease obligations. This is a decrease in long-term debt of 2.19 percent from 2014. For more detailed information on long-term obligations refer to Note 9 of this report.

The Ohio Revised Code provides that the general obligation bonds less self-supporting debt (e.g., assessment debt) of the municipal corporation, whether voted or unvoted, shall not exceed 10.50 percent of the assessed valuation of the total property. In addition, the unvoted net debt cannot exceed 5.50 percent of total assessed value of property. The City's legal total debt limit at the 10.50 percent margin is \$32,000,667, and the total unvoted net debt limit at the 5.50 percent margin is \$20,614,958.

Economic Factors and Next Year's Budget and Rates

- The City prepared the annual budget using zero based budgeting for 2016. Most departments experienced slight growth in their departmental budgets.
- Employees received a 3% percent pay increase for 2016. Employees will continue to participate in paying a portion of hospitalization.
- In 2016, the City is analyzing its sewer rates and anticipating an increase to all City residents whose City-owned sewer lines flow to the City of Akron for treatment. The City anticipates having to increase sewer rates to these customers substantially as a result of rate increases being implemented by the City of Akron.
- The City plans on issuing a note in the amount of \$1 million to pay for its portion of a major road and storm water improvement project being completed in cooperation with the Ohio Department of Transportation (ODOT). The City is responsible for 20% of the project with ODOT funding the remaining 80%.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances for all those with interest in the government's finances. If you have questions about this report or need additional financial information contact the office of the Director of Finance, 46 North Avenue, Tallmadge, Ohio 44278 or at the e-mail address mgilbride@tallmadge-ohio.org.

**BASIC
FINANCIAL STATEMENTS**

CITY OF TALLMADGE, OHIO

*STATEMENT OF NET POSITION
DECEMBER 31, 2015*

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 8,102,563	\$ 5,441,848	\$ 13,544,411
Receivables:			
Income taxes	1,949,408	-	1,949,408
Real and other taxes	2,087,399	-	2,087,399
Accounts	156,046	1,732,426	1,888,472
Accrued interest	28,151	-	28,151
Special assessments	423,788	39,564	463,352
Intergovernmental	984,836	-	984,836
Materials and supplies inventory	141,657	139,188	280,845
Net pension asset	6,015	974	6,989
Capital assets:			
Nondepreciable capital assets	4,154,910	635,879	4,790,789
Depreciable capital assets, net	20,668,341	13,276,814	33,945,155
Total capital assets, net	24,823,251	13,912,693	38,735,944
Total assets	38,703,114	21,266,693	59,969,807
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	83,551	-	83,551
Pension - OPERS	582,386	-	582,386
Pension - OP&F	883,949	94,283	978,232
Total deferred outflows of resources	1,549,886	94,283	1,644,169
Liabilities:			
Accounts payable	519,175	84,888	604,063
Accrued wages and benefits payable	257,203	17,199	274,402
Intergovernmental payable	189,103	1,241,959	1,431,062
Accrued interest payable	24,346	22,355	46,701
Long-term liabilities:			
Due within one year	916,855	155,747	1,072,602
Due in more than one year	8,111,348	1,507,108	9,618,456
Net pension liability	10,289,660	524,562	10,814,222
Total liabilities	20,307,690	3,553,818	23,861,508
Deferred inflows of resources:			
Property taxes levied for the next fiscal year . .	2,013,134	-	2,013,134
Pension - OPERS	58,759	9,513	68,272
Total deferred inflows of resources	2,071,893	9,513	2,081,406
Net position:			
Net investment in capital assets (see Note 2.V) .	17,237,094	12,275,784	29,025,245
Restricted for:			
Capital projects	328,867	-	328,867
Other purposes:			
Fire/EMS levy	5,572	-	5,572
Street maintenance	550,713	-	550,713
State highway	77,829	-	77,829
Community environment	71,832	-	71,832
Law enforcement	54,517	-	54,517
General government	2	-	2
Unrestricted (see Note 2.V)	(453,009)	5,521,861	5,556,485
Total net position	\$ 17,873,417	\$ 17,797,645	\$ 35,671,062

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015*

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 4,013,860	\$ 356,067	\$ -	\$ -
Security of persons and property:				
Police	4,100,747	4,272	1,920	-
Street lights	35,335	-	-	-
Fire	3,181,762	458,369	3,735	-
Public health and welfare	72,192	2,942	38,218	-
Transportation	3,862,300	57,514	984,703	228,264
Community environment	126,520	38,520	60,750	3,776
Leisure time activity	2,315,093	1,675,577	179,802	-
Interest and fiscal charges	331,527	-	-	-
Total governmental activities	<u>18,039,336</u>	<u>2,593,261</u>	<u>1,269,128</u>	<u>232,040</u>
Business-type activities:				
Sewer operating fund	4,007,772	3,806,251	-	-
Water operating fund	1,927,721	2,192,281	-	-
Storm water fund	406,712	323,013	-	-
Total business-type activities	<u>6,342,205</u>	<u>6,321,545</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 24,381,541</u>	<u>\$ 8,914,806</u>	<u>\$ 1,269,128</u>	<u>\$ 232,040</u>

General revenues:

Property taxes levied for:	
General purposes	
Fire/EMS levy	
Police pension	
Municipal income taxes levied for:	
General purposes	
Grants and entitlements not restricted to specific programs	
Investment earnings	
Miscellaneous	
Total general revenues	
Transfers	
Total general revenues and transfers	
Change in net position	
Net position at beginning of year (restated) . .	
Net position at end of year	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (3,657,793)	\$ -	\$ (3,657,793)
(4,094,555)	-	(4,094,555)
(35,335)	-	(35,335)
(2,719,658)	-	(2,719,658)
(31,032)	-	(31,032)
(2,591,819)	-	(2,591,819)
(23,474)	-	(23,474)
(459,714)	-	(459,714)
(331,527)	-	(331,527)
<u>(13,944,907)</u>	<u>-</u>	<u>(13,944,907)</u>
-	(201,521)	(201,521)
-	264,560	264,560
-	(83,699)	(83,699)
<u>-</u>	<u>(20,660)</u>	<u>(20,660)</u>
<u>(13,944,907)</u>	<u>(20,660)</u>	<u>(13,965,567)</u>
688,168	-	688,168
1,250,678	-	1,250,678
98,061	-	98,061
9,836,002	-	9,836,002
1,684,506	-	1,684,506
43,929	-	43,929
152,030	18,510	170,540
<u>13,753,374</u>	<u>18,510</u>	<u>13,771,884</u>
<u>(260,360)</u>	<u>260,360</u>	<u>-</u>
<u>13,493,014</u>	<u>278,870</u>	<u>13,771,884</u>
(451,893)	258,210	(193,683)
<u>18,325,310</u>	<u>17,539,435</u>	<u>35,864,745</u>
<u>\$ 17,873,417</u>	<u>\$ 17,797,645</u>	<u>\$ 35,671,062</u>

CITY OF TALLMADGE, OHIO

*BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015*

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>	<u>Bond Retirement</u>
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 5,429,813	\$ 799,910	\$ 889,330	\$ 100,589
Receivables:				
Income taxes	1,949,408	-	-	-
Real and other taxes	717,691	1,267,178	-	-
Accounts	100,297	55,749	-	-
Accrued interest	28,002	-	138	-
Special assessments	-	-	23,788	400,000
Intergovernmental	441,267	97,192	406,647	-
Materials and supplies inventory	71,993	-	69,664	-
	<u>8,738,471</u>	<u>2,220,029</u>	<u>1,389,567</u>	<u>500,589</u>
Total assets	<u>\$ 8,738,471</u>	<u>\$ 2,220,029</u>	<u>\$ 1,389,567</u>	<u>\$ 500,589</u>
Liabilities:				
Accounts payable	\$ 238,935	\$ 201,920	\$ 65,084	\$ 750
Accrued wages and benefits payable	140,652	91,013	24,439	-
Intergovernmental payable	97,889	48,717	17,668	-
	<u>477,476</u>	<u>341,650</u>	<u>107,191</u>	<u>750</u>
Total liabilities	<u>477,476</u>	<u>341,650</u>	<u>107,191</u>	<u>750</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year . . .	692,254	1,221,984	-	-
Delinquent property tax revenue not available . .	25,437	45,194	-	-
Accrued interest not available	19,222	-	95	-
Special assessments revenue not available	-	-	23,788	400,000
Income tax revenue not available	483,136	-	-	-
Intergovernmental nonexchange transactions . .	199,519	97,192	271,386	-
	<u>1,419,568</u>	<u>1,364,370</u>	<u>295,269</u>	<u>400,000</u>
Total deferred inflows of resources	<u>1,419,568</u>	<u>1,364,370</u>	<u>295,269</u>	<u>400,000</u>
Total liabilities and deferred inflows of resources.	<u>1,897,044</u>	<u>1,706,020</u>	<u>402,460</u>	<u>400,750</u>
Fund balances (see Note 18):				
Nonspendable	71,993	-	69,664	-
Restricted	-	514,009	917,443	-
Committed	-	-	-	-
Assigned	332,881	-	-	99,839
Unassigned	6,436,553	-	-	-
	<u>6,841,427</u>	<u>514,009</u>	<u>987,107</u>	<u>99,839</u>
Total fund balances	<u>6,841,427</u>	<u>514,009</u>	<u>987,107</u>	<u>99,839</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,738,471</u>	<u>\$ 2,220,029</u>	<u>\$ 1,389,567</u>	<u>\$ 500,589</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 882,921	\$ 8,102,563
-	1,949,408
102,530	2,087,399
-	156,046
11	28,151
-	423,788
39,730	984,836
-	141,657
<u>\$ 1,025,192</u>	<u>\$ 13,873,848</u>
\$ 12,486	\$ 519,175
1,099	257,203
24,829	189,103
<u>38,414</u>	<u>965,481</u>
98,896	2,013,134
3,634	74,265
8	19,325
-	423,788
-	483,136
29,706	597,803
<u>132,244</u>	<u>3,611,451</u>
<u>170,658</u>	<u>4,576,932</u>
-	141,657
566,136	1,997,588
288,398	288,398
-	432,720
-	6,436,553
<u>854,534</u>	<u>9,296,916</u>
<u>\$ 1,025,192</u>	<u>\$ 13,873,848</u>

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CITY OF TALLMADGE, OHIO

*RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2015*

Total governmental fund balances		\$ 9,296,916
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		24,823,251
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	\$ 483,136	
Delinquent property taxes receivable	74,265	
Intergovernmental receivable	597,803	
Special assessments receivable	423,788	
Accrued interest receivable	19,325	
Total	1,598,317	1,598,317
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(24,346)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		83,551
Unamortized premiums (discounts) on bond issuances are not recognized in the funds.		(110,124)
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Net pension asset	6,015	
Deferred outflows of resources	1,466,335	
Deferred inflows of resources	(58,759)	
Net pension liability	(10,289,660)	
Total	(8,876,069)	(8,876,069)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(870,862)	
General obligation bonds payable	(7,455,000)	
Special assessment bonds payable	(400,000)	
Capital lease payable	(192,217)	
Total	(8,918,079)	(8,918,079)
Net position of governmental activities		\$ 17,873,417

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015*

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>	<u>Bond Retirement</u>
Revenues:				
Property and other taxes	\$ 695,728	\$ 1,264,211	\$ -	\$ -
Municipal income taxes	9,844,999	-	-	-
Intergovernmental	1,482,496	196,885	1,035,418	-
Investment income	42,655	-	212	-
Fines, licenses and permits	352,789	-	-	-
Special assessments	11,911	-	11,154	84,367
Charges for services	1,672,485	418,906	74,308	-
Miscellaneous	146,214	39,463	74,730	5,816
Total revenues	<u>14,249,277</u>	<u>1,919,465</u>	<u>1,195,822</u>	<u>90,183</u>
Expenditures:				
Current:				
General government	3,682,315	-	-	-
Security of persons and property:				
Police	3,607,511	-	-	-
Street lights	35,335	-	-	-
Fire	-	2,921,254	-	-
Public health and welfare	-	-	69,876	-
Transportation	278,164	-	1,631,116	-
Community environment	126,047	-	-	-
Leisure time activity	1,649,397	-	328,739	-
Capital outlay	205,297	251,563	1,335,406	-
Debt service:				
Principal retirement	17,612	77,331	-	725,000
Interest and fiscal charges	1,776	2,714	-	341,562
Refunding bond issuance costs	-	-	-	110,335
Total expenditures	<u>9,603,454</u>	<u>3,252,862</u>	<u>3,365,137</u>	<u>1,176,897</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,645,823</u>	<u>(1,333,397)</u>	<u>(2,169,315)</u>	<u>(1,086,714)</u>
Other financing sources (uses):				
Refunding bond issuance	-	-	-	2,925,000
Premium on bond issuance	-	-	-	128,790
Payment to refunded bond escrow agent	-	-	-	(2,943,456)
Capital lease transaction	-	179,104	-	-
Transfers in	-	1,179,000	2,246,000	1,000,000
Transfers (out)	(4,819,200)	-	-	-
Total other financing sources (uses)	<u>(4,819,200)</u>	<u>1,358,104</u>	<u>2,246,000</u>	<u>1,110,334</u>
Net change in fund balances	(173,377)	24,707	76,685	23,620
Fund balances at beginning of year	<u>7,014,804</u>	<u>489,302</u>	<u>910,422</u>	<u>76,219</u>
Fund balances at end of year	<u>\$ 6,841,427</u>	<u>\$ 514,009</u>	<u>\$ 987,107</u>	<u>\$ 99,839</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 99,141	\$ 2,059,080
-	9,844,999
371,942	3,086,741
18	42,885
4,042	356,831
-	107,432
-	2,165,699
5,040	271,263
<u>480,183</u>	<u>17,934,930</u>
-	3,682,315
334,078	3,941,589
-	35,335
-	2,921,254
-	69,876
55,633	1,964,913
-	126,047
-	1,978,136
590,451	2,382,717
-	819,943
-	346,052
-	110,335
<u>980,162</u>	<u>18,378,512</u>
<u>(499,979)</u>	<u>(443,582)</u>
-	2,925,000
-	128,790
-	(2,943,456)
-	179,104
394,200	4,819,200
-	(4,819,200)
<u>394,200</u>	<u>289,438</u>
(105,779)	(154,144)
960,313	9,451,060
<u>\$ 854,534</u>	<u>\$ 9,296,916</u>

CITY OF TALLMADGE, OHIO

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015*

Net change in fund balances - total governmental funds \$ (154,144)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.

Capital asset additions	\$ 1,048,247	
Current year depreciation	(1,594,115)	
Total	(545,868)	(545,868)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. (1,037)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Income taxes	(8,997)	
Real and other taxes	(22,173)	
Intergovernmental revenues	19,163	
Special assessments	(76,164)	
Investment income	1,044	
Total	(87,127)	(87,127)

Issuances of bonds and capital leases are reported as other financing sources in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position. (3,104,104)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. 819,943

Premiums on bond issuances are recognized as revenues in the governmental funds; however, they are amortized over the life of the issuance in the statement of activities. (128,790)

Payment to refunding bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred during the year:

General obligation bonds refunded	2,875,000	
Deferred charges on refunding	68,456	
Total	2,943,456	2,943,456

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.

Accrued interest payable	6,263	
Amortization of deferred amounts on refunding	(11,933)	
Amortization of bond premium	21,474	
Amortization of bond discount	(1,279)	
Total	14,525	14,525

Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 984,052

Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability are reported as pension expense in the statement of activities. (1,045,556)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (147,243)

Change in net position of governmental activities \$ (451,893)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes	\$ 704,295	\$ 700,295	\$ 695,728	\$ (4,567)
Municipal income taxes	9,889,805	9,889,805	9,895,759	5,954
Intergovernmental.	1,199,945	1,199,945	1,417,416	217,471
Investment income.	35,000	35,000	29,268	(5,732)
Fines, licenses and permits	395,500	395,500	351,831	(43,669)
Special assessments	10,000	10,000	11,911	1,911
Charges for services.	1,705,400	1,705,400	1,675,145	(30,255)
Miscellaneous.	96,600	96,600	145,762	49,162
Total revenues	14,036,545	14,032,545	14,222,820	190,275
Expenditures:				
Current:				
General government	4,208,173	4,403,173	4,056,779	346,394
Security of persons and property	3,725,302	3,867,301	3,712,398	154,903
Transportation	289,967	289,967	248,979	40,988
Community environment	174,370	174,370	130,092	44,278
Leisure time activity	1,924,967	1,945,668	1,745,058	200,610
Capital outlay	269,285	269,285	228,179	41,106
Total expenditures	10,592,064	10,949,764	10,121,485	828,279
Excess of revenues over expenditures	3,444,481	3,082,781	4,101,335	1,018,554
Other financing sources (uses):				
Sale of capital assets.	5,106	5,106	424	(4,682)
Advances in	523,520	523,520	-	(523,520)
Advances (out) and not repaid	(523,720)	(523,720)	-	523,720
Transfers (out).	(4,483,874)	(5,103,874)	(4,819,200)	284,674
Total other financing sources (uses)	(4,478,968)	(5,098,968)	(4,818,776)	280,192
Net change in fund balances	(1,034,487)	(2,016,187)	(717,441)	1,298,746
Fund balance at beginning of year.	4,876,478	4,876,478	4,876,478	-
Prior year encumbrances appropriated	728,073	728,073	728,073	-
Fund balance at end of year	\$ 4,570,064	\$ 3,588,364	\$ 4,887,110	\$ 1,298,746

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE/EMS LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes	\$ 1,275,000	\$ 1,258,322	\$ 1,264,211	\$ 5,889
Intergovernmental.	200,000	200,000	196,885	(3,115)
Charges for services.	375,000	375,000	422,569	47,569
Miscellaneous.	29,000	29,000	39,463	10,463
Total revenues	<u>1,879,000</u>	<u>1,862,322</u>	<u>1,923,128</u>	<u>60,806</u>
Expenditures:				
Current:				
Security of persons and property	2,956,995	3,155,995	3,066,717	89,278
Capital outlay	<u>75,000</u>	<u>75,000</u>	<u>72,459</u>	<u>2,541</u>
Total expenditures	<u>3,031,995</u>	<u>3,230,995</u>	<u>3,139,176</u>	<u>91,819</u>
Excess of expenditures over revenues	<u>(1,152,995)</u>	<u>(1,368,673)</u>	<u>(1,216,048)</u>	<u>152,625</u>
Other financing sources:				
Transfers in	<u>980,000</u>	<u>1,179,000</u>	<u>1,179,000</u>	<u>-</u>
Total other financing sources	<u>980,000</u>	<u>1,179,000</u>	<u>1,179,000</u>	<u>-</u>
Net change in fund balances	(172,995)	(189,673)	(37,048)	152,625
Fund balance at beginning of year.	481,797	481,797	481,797	-
Prior year encumbrances appropriated	<u>99,638</u>	<u>99,638</u>	<u>99,638</u>	<u>-</u>
Fund balance at end of year	<u>\$ 408,440</u>	<u>\$ 391,762</u>	<u>\$ 544,387</u>	<u>\$ 152,625</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 862,722	\$ 978,000	\$ 1,039,533	\$ 61,533
Investment income	176	200	144	(56)
Special assessments	10,586	12,000	11,154	(846)
Charges for services.	42,342	48,000	84,480	36,480
Miscellaneous.	28,669	32,500	74,730	42,230
Total revenues	<u>944,495</u>	<u>1,070,700</u>	<u>1,210,041</u>	<u>139,341</u>
Expenditures:				
Current:				
Public health and welfare.	103,786	103,786	80,154	23,632
Transportation	1,891,945	1,937,944	1,773,442	164,502
Leisure time activity	381,856	381,856	337,810	44,046
Capital outlay	1,248,470	1,623,470	1,441,192	182,278
Total expenditures	<u>3,626,057</u>	<u>4,047,056</u>	<u>3,632,598</u>	<u>414,458</u>
Excess of expenditures over revenues	<u>(2,681,562)</u>	<u>(2,976,356)</u>	<u>(2,422,557)</u>	<u>553,799</u>
Other financing sources:				
Transfers in	2,206,205	2,501,000	2,246,000	(255,000)
Total other financing sources.	<u>2,206,205</u>	<u>2,501,000</u>	<u>2,246,000</u>	<u>(255,000)</u>
Net change in fund balances	(475,357)	(475,356)	(176,557)	298,799
Fund balance at beginning of year.	528,057	528,057	528,057	-
Prior year encumbrances appropriated . . .	248,327	248,327	248,327	-
Fund balance at end of year	<u>\$ 301,027</u>	<u>\$ 301,028</u>	<u>\$ 599,827</u>	<u>\$ 298,799</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 2,399,157	\$ 2,783,431	\$ 259,260	\$ 5,441,848
Receivables:				
Accounts	1,095,626	542,555	94,245	1,732,426
Special assessments	39,564	-	-	39,564
Materials and supplies inventory	69,594	69,594	-	139,188
Total current assets	3,603,941	3,395,580	353,505	7,353,026
Noncurrent assets:				
Net pension asset	403	397	174	974
Capital assets:				
Nondepreciable capital assets	94,403	152,639	388,837	635,879
Depreciable capital assets, net	4,073,043	6,631,984	2,571,787	13,276,814
Total capital assets, net	4,167,446	6,784,623	2,960,624	13,912,693
Total noncurrent assets	4,167,849	6,785,020	2,960,798	13,913,667
Total assets	7,771,790	10,180,600	3,314,303	21,266,693
Deferred outflows of resources:				
Pension - OPERS	39,022	38,456	16,805	94,283
Liabilities:				
Current liabilities:				
Accounts payable	53,471	27,662	3,755	84,888
Accrued wages and benefits payable	7,495	6,956	2,748	17,199
Intergovernmental payable	990,880	248,901	2,178	1,241,959
Compensated absences payable	4,433	4,433	-	8,866
Current portion of special assessment bonds payable	35,000	-	-	35,000
Current portion of OWDA loans payable	-	102,063	-	102,063
Current portion of capital lease obligations payable	4,909	4,909	-	9,818
Accrued interest payable	175	22,180	-	22,355
Total current liabilities	1,096,363	417,104	8,681	1,522,148
Long-term liabilities:				
Compensated absences payable	8,540	8,540	-	17,080
OWDA loans payable	-	1,490,028	-	1,490,028
Net pension liability	217,104	213,959	93,499	524,562
Total long-term liabilities	225,644	1,712,527	93,499	2,031,670
Total liabilities	1,322,007	2,129,631	102,180	3,553,818
Deferred inflows of resources:				
Pension - OPERS	3,937	3,880	1,696	9,513
Net position:				
Net investment in capital assets	4,127,537	5,187,623	2,960,624	12,275,784
Unrestricted	2,357,331	2,897,922	266,608	5,521,861
Total net position	\$ 6,484,868	\$ 8,085,545	\$ 3,227,232	\$ 17,797,645

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Operating revenues:				
Charges for services	\$ 3,806,251	\$ 2,192,281	\$ 323,013	\$ 6,321,545
Other operating revenues	7,780	9,287	71	17,138
Total operating revenues.	<u>3,814,031</u>	<u>2,201,568</u>	<u>323,084</u>	<u>6,338,683</u>
Operating expenses:				
Personal services	347,353	346,078	147,480	840,911
Contract services.	3,334,935	1,051,370	90,963	4,477,268
Materials and supplies.	54,579	89,625	12,475	156,679
Depreciation.	218,528	317,769	155,369	691,666
Other	47,657	73,570	425	121,652
Total operating expenses.	<u>4,003,052</u>	<u>1,878,412</u>	<u>406,712</u>	<u>6,288,176</u>
Operating income (loss)	<u>(189,021)</u>	<u>323,156</u>	<u>(83,628)</u>	<u>50,507</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges.	(4,720)	(49,309)	-	(54,029)
Special assessments	-	1,372	-	1,372
Total nonoperating revenues (expenses).	<u>(4,720)</u>	<u>(47,937)</u>	<u>-</u>	<u>(52,657)</u>
Income (loss) before capital contributions.	<u>(193,741)</u>	<u>275,219</u>	<u>(83,628)</u>	<u>(2,150)</u>
Capital contributions	<u>-</u>	<u>-</u>	<u>260,360</u>	<u>260,360</u>
Change in net position	<u>(193,741)</u>	<u>275,219</u>	<u>176,732</u>	<u>258,210</u>
Net position at beginning of year (restated)	<u>6,678,609</u>	<u>7,810,326</u>	<u>3,050,500</u>	<u>17,539,435</u>
Net position at end of year	<u>\$ 6,484,868</u>	<u>\$ 8,085,545</u>	<u>\$ 3,227,232</u>	<u>\$ 17,797,645</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Cash flows from operating activities:				
Cash received from customers	\$ 3,788,018	\$ 2,191,231	\$ 319,620	\$ 6,298,869
Cash received from other operations	7,780	9,287	71	17,138
Cash payments for personal services.	(352,312)	(349,427)	(149,366)	(851,105)
Cash payments for contractual services	(2,934,445)	(1,150,954)	(87,208)	(4,172,607)
Cash payments for materials and supplies	(62,328)	(97,374)	(12,475)	(172,177)
Cash payments for other expenses	(47,657)	(73,570)	(425)	(121,652)
Net cash provided by operating activities	<u>399,056</u>	<u>529,193</u>	<u>70,217</u>	<u>998,466</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets.	(41,054)	(558,641)	(5,712)	(605,407)
Special assessments	40,719	7,267	-	47,986
Loan issuance	-	483,105	-	483,105
Principal retirement on special assessment bonds.	(35,000)	-	-	(35,000)
Principal retirement on OWDA loans	-	(55,162)	-	(55,162)
Principal retirement on capital lease obligations	(6,891)	(6,891)	-	(13,782)
Interest and fiscal charges	(4,895)	(54,195)	-	(59,090)
Net cash used in capital and related financing activities.	<u>(47,121)</u>	<u>(184,517)</u>	<u>(5,712)</u>	<u>(237,350)</u>
Net increase in cash and cash equivalents	351,935	344,676	64,505	761,116
Cash and cash equivalents at beginning of year	<u>2,047,222</u>	<u>2,438,755</u>	<u>194,755</u>	<u>4,680,732</u>
Cash and cash equivalents at end of year	<u>\$ 2,399,157</u>	<u>\$ 2,783,431</u>	<u>\$ 259,260</u>	<u>\$ 5,441,848</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (189,021)	\$ 323,156	\$ (83,628)	\$ 50,507
Adjustments:				
Depreciation.	218,528	317,769	155,369	691,666
Changes in assets and liabilities:				
(Increase) in materials and supplies inventory.	(7,749)	(7,749)	-	(15,498)
(Increase) in accounts receivable	(18,233)	(1,050)	(3,393)	(22,676)
(Increase) in net pension asset.	(293)	(289)	(127)	(709)
(Increase) in deferred outflows - pension - OPERS	(11,982)	(11,808)	(5,160)	(28,950)
Increase in accounts payable.	43,037	11,893	3,755	58,685
Increase in accrued wages and benefits	258	1,327	371	1,956
Increase (decrease) in intergovernmental payable	354,970	(113,468)	(778)	240,724
Increase in compensated absences payable.	700	700	-	1,400
Increase in net pension liability	4,904	4,832	2,112	11,848
Increase in deferred inflows - pension - OPERS	3,937	3,880	1,696	9,513
Net cash provided by operating activities	<u>\$ 399,056</u>	<u>\$ 529,193</u>	<u>\$ 70,217</u>	<u>\$ 998,466</u>

Non-Cash Transactions:

The Storm Water fund received \$260,360 in contributed capital from other funds during 2015.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	<u>Private-Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 37,614	\$ 340,766
Receivables:		
Income taxes.	-	104,792
Accrued interest	<u>80</u>	<u>-</u>
Total assets	<u>37,694</u>	<u>445,558</u>
Liabilities:		
Accounts payable	-	\$ 18,105
Deposits held and due to others	<u>-</u>	<u>427,453</u>
Total liabilities.	<u>-</u>	<u>\$ 445,558</u>
Net position:		
Held in trust	<u>37,694</u>	
Total net position	<u>\$ 37,694</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	<u>Private-Purpose Trust</u>
Additions:	
Investment income	\$ 126
Total additions	<u>126</u>
Deductions:	
Expense per trust agreement	<u>1,000</u>
Total deductions	<u>1,000</u>
Change in net position	(874)
Net position at beginning of year	<u>38,568</u>
Net position at end of year	<u>\$ 37,694</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 - DESCRIPTION OF THE CITY

The City of Tallmadge, Ohio (the “City”) was incorporated as a village in 1936 and became a city in 1951. The City is a charter municipal corporation, incorporated under the laws of the State of Ohio. The City operates under a Mayor-Council form of government. The Mayor, Council, Finance Director and Law Director are elected.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City’s significant accounting policies are described below.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City, this includes police and fire protection, parks and recreation, water, sewer and storm water service, street maintenance and repairs and general administrative services.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s Governing Board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

The City participates in the Akron Metropolitan Area Transportation Study, the Brimfield Township-City of Tallmadge Joint Economic Development District and the Regional Income Tax Agency. These jointly governed organizations are discussed in Note 15 of the basic financial statements.

B. Basis of Presentation - Fund Accounting

The City’s BFS consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Interfund services provided and used are not eliminated in the process of consolidation. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses for the enterprise funds include personnel and other expenses related to sewer, water and storm water operations. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The agency funds do not report a measurement focus as they do not report operations.

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fire/EMS levy fund - The fire/emergency medical service levy fund accounts for property tax collections received through a permanent tax levy. An additional source of significant revenue is charges for services. Expenditures are for the operations of the fire and emergency medical service programs, staff and capital expenditures.

Street maintenance and repair fund - The street maintenance and repair fund is required by Ohio Revised Code to account for the portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

Bond retirement fund - The bond retirement fund is used to account for monies used for the purpose of retiring principal and interest on debt.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds.

Enterprise funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Sewer operating - The sewer operating fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Water operating - The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the City.

Storm water - The storm water fund accounts for the provision of storm drainage runoff service to the residents and commercial users located within the City.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is a private-purpose trust fund established to account for monies to benefit indigent and needy citizens of Tallmadge. The portion representing the principal amount of the trust fund is non-expendable. The City's agency funds are a revolving fund used to account for refundable deposits, a fund used to account for fire repair and removal, and a fund used to account for the administering and collection of income taxes related to the Joint Economic Development District.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and all non-fiduciary liabilities associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

The private-purpose trust fund is reported using the economic resources measurement focus.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year end.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 6). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, interest, and grants.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources have been reported for the following items related to the City's net pension liability: (1) the net difference between projected and actual investment earnings on pension plan assets, (2) the City's contributions to the pension systems subsequent to the measurement date and (3) differences between employer's contributions and the employer's proportional share of contributions.

In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes, but is not limited to, delinquent property taxes, income taxes, grants, entitlements and donations. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The City also reports deferred inflow of resources for the following item related to the City's net pension liability: differences between expected and actual experience. These deferred inflows of resources are only reported on the government-wide statement of net position.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control at which expenditures cannot exceed appropriations is at the personnel and operating level by program within the general fund and at the personnel and operating level for all other funds of the City. Capital items such as capital equipment are budgeted on a program or line item basis as specified by City Council legislatively. Any budget modifications at these levels may only be made through an ordinance of Council. Budgetary statements presented beyond the legal level of control are for information purposes only.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources requested prior to the beginning of the year. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Council.

The appropriation ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

G. Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents".

During 2015, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on December 31, 2015.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2015 amounted to \$42,655, which includes \$25,131 assigned from other City funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

An analysis of the City's investment account at year end is provided in Note 4.

H. Materials and Supplies Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed at the time of acquisition. Inventory consists of expendable supplies.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds.

I. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All capital assets are depreciated except for land, right of ways, easements and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	25 - 80
Equipment	3 - 25
Infrastructure	25 - 40

The City's infrastructure consists of a streets subsystem, storm water subsystem, and water and sewer lines.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for non-bargaining employees at retirement age or employees with greater than twenty years of service or age fifty with ten years of service with the City. The City records a liability for accumulated unused sick leave for non-bargaining employees at retirement age or employees with ten years of service with the City.

K. Prepaid Items

Payments made to vendors for services that will benefit beyond December 31, 2015, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which the services are consumed. The City had no prepaid items to report at December 31, 2015.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and capital leases are recognized as a liability on the governmental fund financial statements when due.

M. Unamortized Bond Premiums and Discounts/Accounting Gain or Loss

Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

On the governmental fund financial statements, bond premiums, bond discounts, and deferred charges from refunding are recognized in the current period.

N. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The City had no interfund balances outstanding at December 31, 2015.

O. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. Minimum Fund Balance Policy

The City has implemented a minimum fund balance policy to take a proactive approach to financial management in the City. The minimum fund balance policy assists the City in maintaining the security of major operating funds and contributes to the financial stability of the City by maintaining adequate financial reserves. Also, the minimum fund balance policy allows administration and City Council to recognize and react to warning indicators of financial stress and set guidelines for proactive measures. City council approved the policy on April 28, 2005. The policy requires the general fund, sewer operating fund and water operating fund carry a minimum fund balance of 25 percent of operating appropriations. The policy also requires the Fire/EMS levy fund and street maintenance and repair fund carry a smaller minimum fund balance of 8.5 percent of operating appropriations.

Q. Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. The City did not have any extraordinary or special items transactions during 2015.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by Council. In the general fund, assigned amounts represent intended uses established by City Council or ordinance or by State statute. State statute authorizes the finance director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

T. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction and from contributions from governmental funds. During 2015, the storm water fund received contributions of capital in the amount of \$260,360 from governmental activities.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

U. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities less deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on the use of resources either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

V. Total Column

A total column is presented on the entity-wide statement of net position and statement of activities. The storm water improvement refunding bonds, net of unamortized deferred charges and bond issue premium of \$17,011 and \$4,644, respectively, have been included in net investment in capital assets in the total column on the statement of net position. The storm water improvement refunding bonds have been excluded from net investment in capital assets in the governmental activities and the business-type activities on the statement of net position.

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles/Restatement of Net Position

For 2015, the City implemented GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*".

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the City's pension plan disclosures, as presented in Note 11 to the financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities and business-type activities at January 1, 2015 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ 27,139,875
Net pension asset	1,640
Deferred outflows - payments subsequent to measurement date	978,284
Net pension liability	<u>(9,794,489)</u>
Restated net position at January 1, 2015	<u>\$ 18,325,310</u>

	Business-Type Activities	Sewer Operating Fund	Water Operating Fund	Storm Water Fund
Net position as previously reported	\$ 17,986,551	\$ 6,863,659	\$ 7,992,697	\$ 3,130,195
Net pension asset	265	110	108	47
Deferred outflows - payments subsequent to measurement date	65,333	27,040	26,648	11,645
Net pension liability	<u>(512,714)</u>	<u>(212,200)</u>	<u>(209,127)</u>	<u>(91,387)</u>
Restated net position at January 1, 2015	<u>\$ 17,539,435</u>	<u>\$ 6,678,609</u>	<u>\$ 7,810,326</u>	<u>\$ 3,050,500</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on governmental fund balances.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits not required for use within the current five year period of designation of depositories as defined by the City's investment policy. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim deposits are deposits in interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds and other obligations guaranteed by the United States;
2. Discount notes of the Federal National Mortgage Association;
3. Bonds of the State of Ohio; and,
4. Bonds of any municipal corporation, village, county, township, or other political subdivision of Ohio, as to which there is no default of principal, interest or coupons.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At December 31, 2015, the carrying amount of all City deposits was \$13,884,748. As of December 31, 2015, \$7,521,127 of the City’s bank balance of \$14,024,670 was exposed to custodial risk as discussed below, while \$6,503,543 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. As permitted by Ohio Revised Code, the City’s deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the depository bank and pledged as a pool of collateral against all public deposits held by the depository. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

B. Investments

As of December 31, 2015, the City had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u>
		<u>6 months or less</u>
STAR Ohio	\$ 38,043	\$ 38,043

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City’s investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of investment type held by the City at December 31, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 38,043	100.00

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 13,884,748
Investments	<u>38,043</u>
Total	<u>\$ 13,922,791</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 8,102,563
Business type activities	5,441,848
Private-purpose trust fund	37,614
Agency funds	<u>340,766</u>
Total	<u>\$ 13,922,791</u>

NOTE 5 - INTERFUND TRANSACTIONS

Routine General Fund transfers consist of \$1,179,000 to the fire/EMS levy special revenue fund, \$2,246,000 to the street maintenance and repair special revenue fund, \$1,000,000 to the bond retirement debt service fund, \$210,000 to the police pension special revenue fund and \$57,200 to the general infrastructure reserve capital projects fund. The General Fund also transferred \$65,000 and \$62,000 to the community development special revenue fund and the Tallmadge shooting range capital projects fund, respectively, to finance the projects accounted for within the funds.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

<u>Major funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ (4,819,200)
Fire/EMS levy	1,179,000	-
Street maintenance and repair	2,246,000	-
Bond retirement	<u>1,000,000</u>	<u>-</u>
Total major funds	<u>4,425,000</u>	<u>(4,819,200)</u>
 <u>Nonmajor governmental funds</u>		
Community development	65,000	-
Police pension	210,000	-
General infrastructure reserve	57,200	-
Tallmadge shooting range	<u>62,000</u>	<u>-</u>
Total nonmajor governmental funds	<u>394,200</u>	<u>-</u>
Total	<u>\$ 4,819,200</u>	<u>\$ (4,819,200)</u>

NOTE 6 - RECEIVABLES

Receivables at December 31, 2015, consisted primarily of municipal income taxes, property and other taxes, special assessments, accounts and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amount to \$330,000 in the bond retirement fund. The City had no material outstanding delinquencies at December 31, 2015.

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 6 - RECEIVABLES - (Continued)

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the County, including the City of Tallmadge. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2015 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2015 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is reported as a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2015 was \$6.15 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2015 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 301,113,890
Commercial/industrial/mineral	68,071,620
<u>Public utility</u>	
Real	33,900
Personal	<u>5,598,000</u>
Total assessed value	<u>\$ 374,817,410</u>

B. Municipal Income Taxes

The City levies a municipal income tax of 2 percent on all income earned within the City as well as on income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent on the income earned outside of the City and paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually.

Ohio law requires all City income tax rates above 1 percent to be voted by residents of the City. Additional increases in the income tax rate would require voter approval. The City, by ordinance, designates the income tax for capital outlay and general governmental operations for programs within the general fund.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 6 - RECEIVABLES - (Continued)

In addition, the City receives income tax monies as the result of its agreement with Brimfield Township for a Joint Economic Development District (JEDD). Businesses within the JEDD currently pay a 1.25 percent income tax on all income earned within the JEDD and are required to withhold income tax on employee earnings and remit the tax to the City. The City is responsible for collection and administration of the income tax for the JEDD. The City is entitled to 55 percent of all income taxes collected from the JEDD and is required to contribute 5 percent of all income taxes collected to the JEDD Maintenance and Capital Improvement Fund maintained by the Township. The Township is entitled to the remaining 45 percent of all income taxes collected from the JEDD.

C. Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental activities:</u>	<u>Amounts</u>
Local government	\$ 235,684
Homestead and rollback	158,928
JEDD income tax	128,078
Miscellaneous	23,485
Permissive tax	11,627
Auto license tax	94,010
Gas tax and municipal cents per gallon tax	<u>333,024</u>
Total	<u>\$ 984,836</u>

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CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	Balance			Balance
<u>Governmental activities:</u>	<u>12/31/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/15</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,058,172	\$ 213,027	\$ -	\$ 3,271,199
Right of ways	80,218	-	-	80,218
Construction in progress	<u>576,327</u>	<u>227,166</u>	<u>-</u>	<u>803,493</u>
Total capital assets, not being depreciated	<u>3,714,717</u>	<u>440,193</u>	<u>-</u>	<u>4,154,910</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	17,693,534	30,000	-	17,723,534
Equipment	8,537,766	578,054	(245,065)	8,870,755
Infrastructure - streets subsystem	<u>20,872,328</u>	<u>-</u>	<u>-</u>	<u>20,872,328</u>
Total capital assets, being depreciated	<u>47,103,628</u>	<u>608,054</u>	<u>(245,065)</u>	<u>47,466,617</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(6,698,368)	(499,871)	-	(7,198,239)
Equipment	(6,886,820)	(362,247)	244,028	(7,005,039)
Infrastructure - streets subsystem	<u>(11,863,001)</u>	<u>(731,997)</u>	<u>-</u>	<u>(12,594,998)</u>
Total accumulated depreciation	<u>(25,448,189)</u>	<u>(1,594,115)</u>	<u>244,028</u>	<u>(26,798,276)</u>
Total capital assets, being depreciated, net	<u>21,655,439</u>	<u>(986,061)</u>	<u>(1,037)</u>	<u>20,668,341</u>
Governmental activities capital assets, net	<u>\$ 25,370,156</u>	<u>\$ (545,868)</u>	<u>\$ (1,037)</u>	<u>\$ 24,823,251</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 7 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 180,260
Security of persons and property - police	111,776
Security of persons and property - fire	137,386
Public health and welfare	2,316
Transportation	823,603
Community environment	960
Leisure time activity	<u>337,814</u>
Total depreciation expense	<u>\$ 1,594,115</u>

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CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 7 - CAPITAL ASSETS - (Continued)

Capital asset activity for the year ended December 31, 2015, was as follows:

	Balance			Balance
<u>Business-type activities:</u>	<u>12/31/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/15</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 375,519	\$ -	\$ -	\$ 375,519
Right of ways/easements	<u>-</u>	<u>260,360</u>	<u>-</u>	<u>260,360</u>
Total capital assets, not being depreciated	<u>375,519</u>	<u>260,360</u>	<u>-</u>	<u>635,879</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	2,107,625	-	-	2,107,625
Equipment	1,411,149	87,820	-	1,498,969
Infrastructure				
Water lines	10,506,671	517,587	(17,400)	11,006,858
Sewer lines	8,989,962	-	-	8,989,962
Storm water subsystem	<u>4,645,787</u>	<u>-</u>	<u>-</u>	<u>4,645,787</u>
Total capital assets, being depreciated	<u>27,661,194</u>	<u>605,407</u>	<u>(17,400)</u>	<u>28,249,201</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(1,129,621)	(61,757)	-	(1,191,378)
Equipment	(1,109,592)	(65,723)	-	(1,175,315)
Infrastructure				
Water lines	(5,083,548)	(227,857)	17,400	(5,294,005)
Sewer lines	(5,047,126)	(181,468)	-	(5,228,594)
Storm water subsystem	<u>(1,928,234)</u>	<u>(154,861)</u>	<u>-</u>	<u>(2,083,095)</u>
Total accumulated depreciation	<u>(14,298,121)</u>	<u>(691,666)</u>	<u>17,400</u>	<u>(14,972,387)</u>
Total capital assets, being depreciated, net	<u>13,363,073</u>	<u>(86,259)</u>	<u>-</u>	<u>13,276,814</u>
Business-type activities capital assets, net	<u>\$ 13,738,592</u>	<u>\$ 174,101</u>	<u>\$ -</u>	<u>\$ 13,912,693</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 7 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to business-type activities as follows:

Sewer operating	\$ 218,528
Water operating	317,769
Storm water	<u>155,369</u>
 Total depreciation expense	 <u>\$ 691,666</u>

NOTE 8 - CAPITAL LEASES

In prior years, the City entered into capital leases for an ambulance and telephone equipment. During 2015, the City entered into a new capital lease for an ambulance. The capital leases for the ambulances will be paid out of the fire/EMS levy special revenue fund. The capital lease for the telephone equipment will be paid from the general fund, the fire/EMS levy special revenue fund, the sewer operating fund and the water operating fund. Capital assets were capitalized at the present value of the minimum lease payments at the time the leases were entered into.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets:			
Equipment	\$ 452,870	\$ 62,358	
Less: accumulated depreciation	<u>(154,750)</u>	<u>(56,122)</u>	
 Total	 <u>\$ 298,120</u>	 <u>\$ 6,236</u>	

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2015:

	<u>Year Ended</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
	2016	\$ 90,443	\$ 10,114	\$ 100,557
	2017	37,888	-	37,888
	2018	37,888	-	37,888
	2019	<u>37,888</u>	<u>-</u>	<u>37,888</u>
 Total		 204,107	 10,114	 214,221
Less: amount representing interest		<u>(11,890)</u>	<u>(296)</u>	<u>(12,186)</u>
 Present value of net minimum lease payments		 <u>\$ 192,217</u>	 <u>\$ 9,818</u>	 <u>\$ 202,035</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 9 - LONG-TERM OBLIGATIONS

The interest rate, original issue amount and date of maturity of each of the City's bonds outstanding at December 31, 2015 are as follows:

	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity Date</u>
<u>Special assessment bonds</u>			
1996 Northwest quad sanitary sewer	5.862%	450,000	12/1/2016
2000 West avenue street improvement	6.000%	1,070,000	12/1/2020
 <u>General obligation bonds</u>			
2001 City building improvement	4.725%	2,270,000	12/1/2021
2010 Storm water improvement refunding	2.672%	1,405,000	12/1/2018
2010 Recreation various purpose	3.762%	3,915,000	12/1/2030
2015 Recreation center refunding	2.493%	2,925,000	12/1/2031

The business-type long-term obligations have been restated as described in Note 3. The changes in long-term obligations during the year were as follows:

	(Restated) Balance <u>12/31/14</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/15</u>	Amounts Due in <u>One Year</u>
Business-type activities:					
<u>Special assessment bonds</u>					
1996 Northwest quad sanitary sewer	\$ 70,000	\$ -	\$ (35,000)	\$ 35,000	\$ 35,000
 <u>OWDA loans</u>					
Northeast water system	1,164,148	-	(55,162)	1,108,986	57,757
South Avenue waterline	-	483,105	-	483,105	44,306
Tota OWDA loans	<u>1,164,148</u>	<u>483,105</u>	<u>(55,162)</u>	<u>1,592,091</u>	<u>102,063</u>
Capital lease	23,600	-	(13,782)	9,818	9,818
Net pension liability	512,714	11,848	-	524,562	-
Compensated absences	<u>24,546</u>	<u>8,866</u>	<u>(7,466)</u>	<u>25,946</u>	<u>8,866</u>
Total business-type activities long-term obligations	<u>\$ 1,795,008</u>	<u>\$ 503,819</u>	<u>\$ (111,410)</u>	<u>\$ 2,187,417</u>	<u>\$ 155,747</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The governmental long-term obligations have been restated as described in Note 3. The changes in long-term obligations during the year were as follows:

	(Restated) Balance <u>12/31/14</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/15</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
<u>General obligation bonds</u>					
2001 City building improvement	\$ 1,000,000	\$ -	\$ (120,000)	\$ 880,000	\$ 130,000
2006 Various purpose refunding	100,000	-	(100,000)	-	-
2006 Recreation center	2,995,000	-	(2,995,000)	-	-
2010 Storm water improvement refunding	660,000	-	(160,000)	500,000	160,000
2010 Recreation various improvement	3,310,000	-	(160,000)	3,150,000	165,000
2015 Recreation center refunding	<u>-</u>	<u>2,925,000</u>	<u>-</u>	<u>2,925,000</u>	<u>150,000</u>
Total general obligation bonds	<u>8,065,000</u>	<u>2,925,000</u>	<u>(3,535,000)</u>	<u>7,455,000</u>	<u>605,000</u>
<u>Special assessment bonds</u>					
2000 West avenue street improvement	<u>465,000</u>	<u>-</u>	<u>(65,000)</u>	<u>400,000</u>	<u>70,000</u>
<u>Other long-term obligations</u>					
Capital lease	108,056	179,104	(94,943)	192,217	85,086
Net pension liability	9,794,489	495,171	-	10,289,660	-
Compensated absences	<u>723,619</u>	<u>212,482</u>	<u>(65,239)</u>	<u>870,862</u>	<u>156,769</u>
Total governmental activities					
Long-term obligations	<u>\$ 19,156,164</u>	<u>\$ 3,811,757</u>	<u>\$ (3,760,182)</u>	<u>19,207,739</u>	<u>\$ 916,855</u>
Add: Unamortized premium on bond issue				129,829	
Less: Unamortized discount on bond issue				<u>(19,705)</u>	
Total reported on statement of net position				<u>\$ 19,317,863</u>	

Special Assessment Bonds Payable:

Northwest quad sanitary sewer is a petitioned twenty year sewer project. This project is paid by assessments over a twenty year period from the sanitary sewer operating fund.

West avenue street improvement is a twenty year assessed street improvement project and is paid from the bond retirement fund.

The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event a property owner would fail to pay the assessment, payment would be made by the City.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

OWDA Loans:

The City has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA). The City has pledged future water revenues to repay the OWDA loans. The loans are payable solely from water fund revenues and are payable through 2029. A final debt service schedule is not available for the South Avenue waterline loan. A debt service schedule will become available for this loan once all disbursements have been made and the loan is finalized. Annual principal and interest payments on the Northeast water system loan is expected to require 16.95 percent of net revenues and 4.94 percent of total revenues. The total principal and interest remaining to be paid on the Northeast water system loan is \$1,463,624. Principal and interest paid for the current year was \$108,661, total net revenues were \$640,925 and total revenues were \$2,201,568.

2001 City Building Improvement Bonds Payable:

On August 1, 2001, the City issued \$2,270,000 in general obligation bonds for various permanent improvements to various City buildings. These bonds bear interest rates between 2.90 percent and 5.50 percent and mature on December 1, 2021.

Various Purpose Refunding Bonds Payable:

On March 1, 2006, the City issued general obligation refunding bonds (2006 various purpose refunding bonds). These bonds refunded the \$805,000 callable portion of the 1995 concrete streets general obligation bond issue. These bonds were general obligations of the City, for which its full faith and credit is pledged for repayment. The final principal and interest payments were made on these bonds during 2015.

The reacquisition price exceeded the net carrying amount of the old debt by \$32,667. This amount was netted against the new debt and amortized over the remaining life of the refunded debt, which was equal to the life of the new debt issued. The unamortized deferred charges were reported as a deferred outflow of resources on the statement of net position.

2006 Recreation Center Bonds Payable:

On March 1, 2006, the City issued \$3,800,000 in general obligation bonds for the Tallmadge Recreation Center. These bonds bear interest rates ranging from 3.50 percent to 5.00 percent and mature on December 31, 2031. The City made principal payments of \$120,000 during 2015.

On June 18, 2015, the City issued general obligation bonds in the amount of \$2,925,000 to advance refund \$2,875,000 of the 2006 recreation bonds payable.

Storm Water Improvement Refunding Bonds Payable:

On May 27, 2010, the City issued storm water improvement general obligation refunding bonds. These bonds refunded the \$1,370,000 callable portion of the 1998 storm water improvement general obligation bond issue. These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by \$55,645. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next nine years by \$179,492. The unamortized deferred charges are reported as a deferred outflow of resources on the statement of net position.

2010 Recreation Various Improvement Bonds Payable:

On May 17, 2010, the City issued \$3,915,000 in general obligation bonds payable for recreation center permanent improvements. These bonds bear an interest rate of 3.762 percent and mature on December 1, 2030.

2015 Recreation Center Bonds Payable:

On June 18, 2015, the City issued general obligation bonds in the amount of \$2,925,000 to advance refund \$2,875,000 of the 2006 recreation bonds payable. These bonds bear interest rates ranging from 2.00 percent to 4.00 percent and mature on December 1, 2031. These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment.

The reacquisition price exceeded the net carrying amount of the old debt by \$68,456. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next nine years by \$286,050. The unamortized deferred charges are reported as a deferred outflow of resources on the statement of net position.

Capital Lease Obligations:

Capital leases consist of the purchase of two ambulances and telephone equipment which are paid from the fire/EMS levy special revenue fund and telephone equipment paid from the general fund, fire/EMS levy fund, sewer operating fund and water operating fund. See Note 8 to the basic financial statements for detail.

Net Pension Liability:

See Note 11 for details on the net pension liability.

Compensated Absences:

Compensated absences will be paid from the general fund, fire/EMS levy fund, street maintenance and repair fund, and sewer and water operating funds.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

As of December 31, 2015, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$31,890,543 and the unvoted legal debt margin was \$20,614,958. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2015 are as follows:

Year Ended	Governmental Activities					
	General Obligation Bonds			West Avenue Special Assessment		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 605,000	\$ 268,152	\$ 873,152	\$ 70,000	\$ 24,000	\$ 94,000
2017	625,000	248,253	873,253	75,000	19,800	94,800
2018	650,000	227,678	877,678	75,000	15,300	90,300
2019	490,000	206,278	696,278	80,000	10,800	90,800
2020	510,000	189,203	699,203	100,000	6,000	106,000
2021 - 2025	2,070,000	705,888	2,775,888	-	-	-
2026 - 2030	2,275,000	330,055	2,605,055	-	-	-
2031 - 2032	230,000	9,200	239,200	-	-	-
Total	\$ 7,455,000	\$ 2,184,707	\$ 9,639,707	\$ 400,000	\$ 75,900	\$ 475,900

Year Ended	Business-type Activities					
	Special Assessment Debt			OWDA Loan		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 35,000	\$ 2,100	\$ 37,100	\$ 57,757	\$ 43,788	\$ 101,545
2017	-	-	-	60,474	41,451	101,925
2018	-	-	-	63,319	39,004	102,323
2019	-	-	-	66,297	36,442	102,739
2020	-	-	-	69,416	33,759	103,175
2021 - 2025	-	-	-	399,242	123,925	523,167
2026 - 2029	-	-	-	392,481	36,269	428,750
Total	\$ 35,000	\$ 2,100	\$ 37,100	\$ 1,108,986	\$ 354,638	\$ 1,463,624

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2015, the City contracted with Selective Insurance of South Carolina for general liability, automobile, firefighters, errors and omissions, and law enforcement and public officials for the policy period covering January 1, 2015 through December 31, 2015. Travelers Insurance Company also covers buildings and contents and boiler and machinery. The City carries a \$2,000,000 general liability with \$1,000,000 occurrence and a \$1,000,000 automobile liability and a \$10,000,000 umbrella liability extending coverage on the general, automobile, police professional liability, firefighter's errors and omissions and public official's liability.

Selective Insurance of America insures dishonesty bonds for all necessary officials and other employees. The City carries an individual bond for the Director of Finance in the amount of \$250,000. In addition the City carries \$1,000,000 employee dishonesty limit with \$50,000 faithful performance of duty.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 10 - RISK MANAGEMENT - (Continued)

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The City provides comprehensive medical and dental insurance benefits to employees through a fully insured plan.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes any net pension liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits or overfunded benefits is presented as a long-term *net pension liability* or *net pension asset*, respectively, on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for both the Traditional Pension Plan and the Combined Plan was \$474,192 for 2015. Of this amount, \$60,260 is reported as intergovernmental payable.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>Police</u>	<u>Firefighters</u>
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$575,931 for 2015. Of this amount \$69,048 is reported as intergovernmental payable.

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Combined Plan, respectively, were measured as of December 31, 2014, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 3,764,757	\$ 7,049,465	\$ 10,814,222
Proportionate share of the net pension asset	6,989	-	6,989
Proportion of the net pension liability	0.03121400%	0.13607910%	
Proportion of the net pension asset	0.01815100%		
Pension expense	\$ 414,641	\$ 688,689	\$ 1,103,330

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Net difference between projected and actual earnings on pension plan investments	\$ 201,303	\$ 303,826	\$ 505,129
Difference between employer contributions and proportionate share of contributions	1,175	4,192	5,367
City contributions subsequent to the measurement date	<u>474,192</u>	<u>575,931</u>	<u>1,050,123</u>
Total deferred outflows of resources	<u>\$ 676,670</u>	<u>\$ 883,949</u>	<u>\$ 1,560,619</u>
Deferred inflows of resources			
Differences between expected and actual experience	<u>\$ 68,272</u>	<u>\$ -</u>	<u>\$ 68,272</u>
Total deferred inflows of resources	<u>\$ 68,272</u>	<u>\$ -</u>	<u>\$ 68,272</u>

\$1,050,123 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as noted on the following page.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2016	\$ 20,097	\$ 77,005	\$ 97,102
2017	20,097	77,005	97,102
2018	45,058	77,005	122,063
2019	50,071	77,003	127,074
2020	(254)	-	(254)
Thereafter	(863)	-	(863)
Total	<u>\$ 134,206</u>	<u>\$ 308,018</u>	<u>\$ 442,224</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability/asset in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.75 percent
Future salary increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or ad hoc COLA	3 percent, simple
Investment rate of return	8 percent
Actuarial cost method	Individual entry age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.31 %
Domestic equities	19.90	5.84
Real estate	10.00	4.25
Private equity	10.00	9.25
International equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 8 percent for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City’s proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 8 percent, as well as what the City’s proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 6,926,074	\$ 3,764,757	\$ 1,102,166
Combined Plan	908	(6,989)	(13,250)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation date	January 1, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8.25 percent
Projected salary increases	4.25 percent to 11 percent
Payroll increases	3.75 percent
Inflation assumptions	3.25 percent
Cost of living adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2014 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	<u>120.00 %</u>	

* levered 2x

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 9,750,476	\$ 7,049,465	\$ 4,762,529

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 12 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension Plan and the Combined Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2015, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2015 was 2.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014, and 2013 were \$79,032, \$77,837, and \$38,549, respectively; 89.11% has been contributed for 2015 and 100% has been contributed for 2014 and 2013. The remaining 2015 post-employment health care benefits liability has been reported as intergovernmental payable on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at www.op-f.org.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2015, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$8,717 and \$5,392 for the year ended December 31, 2015, \$8,653 and \$5,114 for the year ended December 31, 2014, and \$59,950 and \$35,017, for the year ended December 31, 2013. 100% has been contributed for 2014 and 2013. 88.74% has been contributed for police and 87.73% has been contributed for firefighters for 2015. The remaining 2015 post-employment health care benefits liability has been reported as intergovernmental payable on the basic financial statements.

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS

A. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

Vacation leave is earned at rates which vary depending upon length of service. For bargaining unit employees, current policy credits vacation leave on January 1 of each year for all full time employees. Vacation accumulation may not exceed four weeks accrual at year end, two weeks of which may be designated for future use. Any unused excess is eliminated from the employee's leave balance. For non-bargaining employees, current policy provides for the accrual and credit of vacation as it is earned. Non-bargaining employees may carry an accumulated balance of 280 hours at any given time. Additional vacation will not be accrued once the balance has reached 280 hours. In case of death, termination, lay-off, or retirement, an employee (or his estate) is paid for his unused vacation balance.

Sick leave is earned at the rate of .0575 hours per hour of service. An employee may receive up to 50 percent of their accumulated sick leave, not to exceed a maximum of 150 days, upon retirement for all employees or upon termination for police and full-time firefighters with at least 7 years of service. Retirement and termination payments are calculated using the rate of pay at the date of separation.

B. Life Insurance

The City provides life insurance to its employees through MetLife.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, fire/EMS levy fund and street maintenance and repair fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned, committed, or restricted fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

Net Change in Fund Balance

	<u>General fund</u>	Fire/EMS <u>Levy</u>	Street Maintenance <u>and Repair</u>
Budget basis	\$ (717,441)	\$ (37,048)	\$ (176,557)
Net adjustment for revenue accruals	26,457	(3,663)	(14,219)
Net adjustment for expenditure accruals	(16,893)	(369,209)	(22,004)
Net adjustment for other financing sources	(424)	179,104	-
Adjustment for encumbrances	<u>534,924</u>	<u>255,523</u>	<u>289,465</u>
GAAP basis	<u>\$ (173,377)</u>	<u>\$ 24,707</u>	<u>\$ 76,685</u>

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

Brimfield Township - City of Tallmadge Joint Economic Development District (JEDD)

The City of Tallmadge has entered into a contractual agreement effective January 1, 2004 with Brimfield Township to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State of Ohio, the Counties of Summit and Portage, the City, the Township and the JEDD. The JEDD is administered by a five member Board of Directors consisting of one member representing the City and appointed by the Mayor, one member representing the Township and appointed by the Township Trustees, one member who is a business owner in the JEDD representing the business owners in the JEDD and appointed by the Township Trustees, one member who is a person employed within the JEDD and appointed by the Mayor with confirmation of City Council and one member selected by unanimous vote of all members appointed at the time. The City nor the Township have any fixed financial obligation set aside for administrative costs and expenses of the Board. The City is responsible for basic administrative costs of the Board. The Board of Directors has entered into an agreement to administer, collect and enforce the income tax on behalf of the JEDD with the City of Tallmadge. Upon termination of the contractual agreement, any property, assets and obligations of the JEDD shall be divided equally between the parties, except that any items of infrastructure constructed by or for any party shall be retained by that party.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

Regional Income Tax Agency (RITA)

In 1971, 38 municipalities joined together to organize a Regional Council of Governments (RCOG) under the authority of Chapter 167 of the Ohio Revised Code to administer tax collection and enforcement concerns facing the cities and villages. The purpose of the RCOG is to foster cooperation between the municipalities through sharing facilities for their common benefit. This includes the establishment of a central collection facility for the purpose of administering the income tax laws of the various municipal corporations who are members of the RCOG and for the purpose of collecting income taxes on behalf of each member municipality, doing all things allowed by law to accomplish such purpose. The first official act of the RCOG was to form RITA. Today RITA serves as the income tax collection agency for 246 municipalities throughout the State of Ohio. The City began using RITA for its income tax collection services in December 2009.

Each member municipality appoints its own delegate to the RCOG, including electing members to the RITA Board of Trustees. Regardless of the population or tax collections of member municipalities, each member of the RCOG has an equal say in the operations of RITA.

Akron Metropolitan Area Transportation Study (AMATS)

The City participates in the Akron Metropolitan Area Transportation Study. This organization is responsible for fulfilling the area's continuous, cooperative and comprehensive transportation planning process. The AMATS service area consists of Summit, Portage, and Chippewa Township of Wayne County. AMATS is led by the AMATS Transportation Policy Committee. The City is a member of the 43 member Policy Committee that is responsible for the preparation of regional transportation policies, plans and programs that meet the areas present and future needs. In 2015, the City contributed \$3,058 to the Akron Metropolitan Area Transportation Study, which represents the City's formula share.

NOTE 16 - CONTRACTUAL COMMITMENTS

On December 31, 2015, the City had a total of \$6,333,253 in contractual commitments to the City of Stow for dispatch services covering a multi-year period.

NOTE 17 - CONTINGENCIES

A. Grants

The City received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2015.

B. Litigation

The City of Tallmadge is a party to legal proceedings. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 18 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	Fire/EMS Levy	Street Maintenance and Repair	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials and supplies inventory	\$ 71,993	\$ -	\$ 69,664	\$ -	\$ -	\$ 141,657
Total nonspendable	<u>71,993</u>	<u>-</u>	<u>69,664</u>	<u>-</u>	<u>-</u>	<u>141,657</u>
Restricted:						
General government						
Historical preservation	-	-	-	-	2	2
Security of persons and property						
Police	-	-	-	-	76,767	76,767
Fire	-	514,009	-	-	5,572	519,581
Transportation						
Street maintenance and repair	-	-	917,443	-	-	917,443
State highway	-	-	-	-	83,096	83,096
Capital outlay						
Community development	-	-	-	-	71,832	71,832
Tallmadge shooting range	-	-	-	-	149,805	149,805
General infrastructure	-	-	-	-	179,062	179,062
Total restricted	<u>-</u>	<u>514,009</u>	<u>917,443</u>	<u>-</u>	<u>566,136</u>	<u>1,997,588</u>
Committed:						
Capital outlay						
North Avenue improvement	-	-	-	-	288,398	288,398
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288,398</u>	<u>288,398</u>

- (Continued)

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015*

NOTE 18 - FUND BALANCE - (Continued)

- (Continued)

Fund balance	General	Fire/EMS Levy	Street Maintenance and Repair	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assigned:						
General government						
Mayor/administration	\$ 24,559	\$ -	\$ -	\$ -	\$ -	\$ 24,559
General administration	144,805	-	-	-	-	144,805
Miscellaneous	7,432	-	-	-	-	7,432
Security of persons and property						
Police	46,643	-	-	-	-	46,643
Leisure time activities	74,492	-	-	-	-	74,492
Transportation	7,316	-	-	-	-	7,316
Community environment	3,953	-	-	-	-	3,953
Capital outlay	22,881	-	-	-	-	22,881
Debt service	-	-	-	99,839	-	99,839
Subsequent year appropriations	800	-	-	-	-	800
Total assigned	<u>332,881</u>	<u>-</u>	<u>-</u>	<u>99,839</u>	<u>-</u>	<u>432,720</u>
Unassigned	<u>6,436,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,436,553</u>
Total fund balances	<u>\$ 6,841,427</u>	<u>\$ 514,009</u>	<u>\$ 987,107</u>	<u>\$ 99,839</u>	<u>\$ 854,534</u>	<u>\$ 9,296,916</u>

NOTE 19 - OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 332,081
Fire/EMS levy fund	245,479
Street maintenance and repair fund	238,146
Other governmental	<u>289,695</u>
Total	<u>\$ 1,105,401</u>

NOTE 20 - SIGNIFICANT SUBSEQUENT EVENT

On April 27, 2016, the City issued \$1,000,000 in North Avenue Improvement Notes. The notes have an annual interest rate of 1.00 percent and mature on April 27, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TALLMADGE, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

*SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

LAST TWO YEARS

	<u>2014</u>	<u>2013</u>
<i>Traditional Plan:</i>		
City's proportion of the net pension liability	0.031214%	0.031214%
City's proportionate share of the net pension liability	\$ 3,764,757	\$ 3,679,724
City's covered-employee payroll	\$ 3,841,117	\$ 3,806,762
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	98.01%	96.66%
Plan fiduciary net position as a percentage of the total pension liability	86.45%	86.36%
<i>Combined Plan:</i>		
City's proportion of the net pension asset	0.018151%	0.018151%
City's proportionate share of the net pension asset	\$ 6,989	\$ 1,905
City's covered-employee payroll	\$ 66,350	\$ 49,831
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll	10.53%	3.82%
Plan fiduciary net position as a percentage of the total pension asset	114.83%	104.56%

Note: Information prior to 2013 was unavailable.

Amounts presented as of the City's measurement date which is the prior year.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TALLMADGE, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

*SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND*

LAST TWO YEARS

	<u>2014</u>	<u>2013</u>
City's proportion of the net pension liability	0.13607910%	0.13607910%
City's proportionate share of the net pension liability	\$ 7,049,465	\$ 6,627,479
City's covered-employee payroll	\$ 2,780,230	\$ 2,627,275
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	253.56%	252.26%
Plan fiduciary net position as a percentage of the total pension liability	72.20%	73.00%

Note: Information prior to 2013 was unavailable.

Amounts presented as of the City's measurement date which is the prior year.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TALLMADGE, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

*SCHEDULE OF CITY CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

LAST TEN YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 466,572	\$ 460,934	\$ 494,879	\$ 373,957
Contributions in relation to the contractually required contribution	<u>(466,572)</u>	<u>(460,934)</u>	<u>(494,879)</u>	<u>(373,957)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 3,888,100	\$ 3,841,117	\$ 3,806,762	\$ 3,739,570
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	13.00%	10.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 7,620	\$ 7,962	\$ 6,478	\$ 3,647
Contributions in relation to the contractually required contribution	<u>(7,620)</u>	<u>(7,962)</u>	<u>(6,478)</u>	<u>(3,647)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 63,500	\$ 66,350	\$ 49,831	\$ 45,874
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	13.00%	7.95%

Note: Information prior to 2010 for the Combined Plan was unavailable.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 371,901	\$ 360,610	\$ 346,236	\$ 294,802	\$ 354,723	\$ 381,178
<u>(371,901)</u>	<u>(360,610)</u>	<u>(346,236)</u>	<u>(294,802)</u>	<u>(354,723)</u>	<u>(381,178)</u>
<u>\$ -</u>					
\$ 3,719,010	\$ 4,044,224	\$ 4,261,366	\$ 4,211,457	\$ 4,248,180	\$ 4,143,239
10.00%	8.92%	8.13%	7.00%	8.35%	9.20%
\$ 3,177	\$ 5,877	\$ -	\$ -	\$ -	\$ -
<u>(3,177)</u>	<u>(5,877)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>					
\$ 39,962	\$ 60,671	\$ -	\$ -	\$ -	\$ -
7.95%	9.69%	8.13%	7.00%	8.35%	9.20%

CITY OF TALLMADGE, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

*SCHEDULE OF CITY CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND*

LAST TEN YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>Police:</i>				
Contractually required contribution	\$ 322,516	\$ 332,006	\$ 262,827	\$ 205,395
Contributions in relation to the contractually required contribution	<u>(322,516)</u>	<u>(332,006)</u>	<u>(262,827)</u>	<u>(205,395)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,697,453	\$ 1,747,400	\$ 1,654,735	\$ 1,610,941
Contributions as a percentage of covered-employee payroll	19.00%	19.00%	15.88%	12.75%
<i>Fire:</i>				
Contractually required contribution	\$ 253,415	\$ 242,715	\$ 198,236	\$ 166,385
Contributions in relation to the contractually required contribution	<u>(253,415)</u>	<u>(242,715)</u>	<u>(198,236)</u>	<u>(166,385)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,078,362	\$ 1,032,830	\$ 972,540	\$ 964,551
Contributions as a percentage of covered-employee payroll	23.50%	23.50%	20.38%	17.25%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 213,092	\$ 214,275	\$ 219,079	\$ 227,421	\$ 217,361	\$ 195,982
<u>(213,092)</u>	<u>(214,275)</u>	<u>(219,079)</u>	<u>(227,421)</u>	<u>(217,361)</u>	<u>(195,982)</u>
<u>\$ -</u>					
\$ 1,671,310	\$ 1,680,588	\$ 1,718,267	\$ 1,783,694	\$ 1,704,792	\$ 1,667,932
12.75%	12.75%	12.75%	12.75%	12.75%	11.75%
\$ 161,837	\$ 162,917	\$ 165,604	\$ 150,997	\$ 138,264	\$ 121,434
<u>(161,837)</u>	<u>(162,917)</u>	<u>(165,604)</u>	<u>(150,997)</u>	<u>(138,264)</u>	<u>(121,434)</u>
<u>\$ -</u>					
\$ 938,186	\$ 944,446	\$ 960,023	\$ 875,345	\$ 801,530	\$ 724,979
17.25%	17.25%	17.25%	17.25%	17.25%	16.75%

CITY OF TALLMADGE, OHIO

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015*

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

CITY OF TALLMADGE, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS*

GENERAL FUND

The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City and/or the general laws of Ohio.

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for all specific financial resources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following are the special revenue funds which the City operates:

Major Special Revenue Funds

Fire/EMS Levy Fund

The fire/emergency medical service levy fund accounts for property tax collections received through a permanent tax levy. An additional source of significant revenue is charges for services. Expenditures are for the operations of the fire and emergency medical service programs, staff, and for the purchase, repair and refurbishment of fire equipment.

Street Maintenance and Repair Fund

The street maintenance and repair fund is required by Ohio Revised Code to account for the portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

Nonmajor Special Revenue Funds

State Highway Fund

Required by the Ohio Revised Code to account for State gasoline tax and motor vehicle registration fees designated for maintenance of State highways within the City.

Community Development Fund

To account for monies received from the Community Development Block Grant Project.

Alcohol Enforcement and Education Fund

Required by Ohio Revised Code Section 4511.99 to account for fines received from offenders. These funds are used in educating the public of laws governing the operation of a motor vehicle and the dangers of the operations of a motor vehicle while under the influence of alcohol.

Law Enforcement Trust Fund

To account for proceeds from the sale of contraband that are restricted to subsidizing law enforcement efforts.

Drug Law Enforcement Fund

To account for monies from mandatory fines for trafficking offenses to be used for the investigation and prosecution of drug cases.

CITY OF TALLMADGE, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS (CONTINUED)*

Nonmajor Special Revenue Funds (Continued)

Law Enforcement Assistance Fund

To account for monies from a State grant to reimburse the City for training expenditures for law enforcement personnel.

Emergency Medical Service Donation Fund

To account for donations received for the City's emergency medical service and fire programs.

K-9 Unit Donation Fund

To account for donations received for the City's K-9 unit.

Police Pension Fund

To accumulate property taxes and subsidy from the General Fund for the payment of the current and accrued police disability and pension benefits.

Historical Preservation Fund

To account for donations from the Tallmadge Historical Society to be used for the preservation of historical structures that are owned by the City.

MAJOR DEBT SERVICE FUND

Bond Retirement Fund

The bond retirement fund is used to account for monies used for the purpose of retiring principal and interest on debt.

CAPITAL PROJECTS FUNDS

The capital project funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary fund types. Following is a description of the capital project funds:

Nonmajor Capital Projects Funds

Tallmadge Shooting Range Fund

To account for a grant received from the State of Ohio for the cleanup and development of a multi-jurisdictional shooting range.

General Infrastructure Fund

To account for a percentage of revenue from the General Fund, in accordance with local ordinances, to maintain the general infrastructure of the City.

North Avenue Improvement Fund

To account for the North Avenue improvements.

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes				
Real estate (public utility)	\$ 704,295	\$ 700,295	\$ 695,728	\$ (4,567)
Municipal income taxes	9,889,805	9,889,805	9,895,759	5,954
Intergovernmental				
Local government	440,000	440,000	517,122	77,122
Rollback	100,000	100,000	108,041	8,041
Inheritance	50,000	50,000	53,058	3,058
JEDD income taxes	580,045	580,045	703,077	123,032
Miscellaneous	29,900	29,900	36,118	6,218
Investment income	35,000	35,000	29,268	(5,732)
Fines, licenses and permits	395,500	395,500	351,831	(43,669)
Special assessments.	10,000	10,000	11,911	1,911
Charges for services	1,705,400	1,705,400	1,675,145	(30,255)
Miscellaneous.	96,600	96,600	145,762	49,162
Total revenues.	<u>14,036,545</u>	<u>14,032,545</u>	<u>14,222,820</u>	<u>190,275</u>
Expenditures:				
Current:				
General government				
Mayor/Administration				
Personnel	590,966	590,966	523,105	67,861
Operating	129,767	129,767	115,291	14,476
Total Mayor/Administration.	<u>720,733</u>	<u>720,733</u>	<u>638,396</u>	<u>82,337</u>
Finance Director				
Personnel	467,649	467,649	449,549	18,100
Operating	243,055	243,055	219,458	23,597
Total Finance Director.	<u>710,704</u>	<u>710,704</u>	<u>669,007</u>	<u>41,697</u>
Law Director				
Personnel	269,443	269,443	258,683	10,760
Operating	85,053	85,053	54,580	30,473
Total Law Director.	<u>354,496</u>	<u>354,496</u>	<u>313,263</u>	<u>41,233</u>
Service Director				
Personnel	297,097	297,097	283,226	13,871
Operating	81,999	81,999	65,301	16,698
Total Service Director	<u>379,096</u>	<u>379,096</u>	<u>348,527</u>	<u>30,569</u>
Manager of Information Service				
Personnel	154,885	154,885	154,701	184
Operating	297,435	297,435	294,841	2,594
Total Manager of Information Service.	<u>452,320</u>	<u>452,320</u>	<u>449,542</u>	<u>2,778</u>
Council				
Personnel	196,079	196,079	181,616	14,463
Operating	14,218	14,218	12,454	1,764
Total Council	<u>210,297</u>	<u>210,297</u>	<u>194,070</u>	<u>16,227</u>

- Continued

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civil Service				
Personnel	\$ 27,986	\$ 27,986	\$ 26,246	\$ 1,740
Operating	1,950	1,950	1,793	157
Total Civil Service	29,936	29,936	28,039	1,897
Custodian				
Personnel	84,868	84,868	69,786	15,082
Operating	157,477	157,477	127,295	30,182
Total Custodian	242,345	242,345	197,081	45,264
General Administration				
Operating	1,075,382	1,270,382	1,200,237	70,145
Total General Administration	1,075,382	1,270,382	1,200,237	70,145
Boards and Commissions				
Personnel	5,000	5,000	2,213	2,787
Operating	1,000	1,000	25	975
Total Boards and Commissions	6,000	6,000	2,238	3,762
Historical Church				
Personnel	14,100	14,100	11,168	2,932
Operating	12,764	12,764	5,211	7,553
Total Historical Church	26,864	26,864	16,379	10,485
Total general government.	4,208,173	4,403,173	4,056,779	346,394
Security of persons and property				
Police				
Personnel	2,846,147	2,846,147	2,731,991	114,156
Operating	837,155	979,154	945,072	34,082
Total Police	3,683,302	3,825,301	3,677,063	148,238
Street lighting				
Operating	42,000	42,000	35,335	6,665
Total Street lighting	42,000	42,000	35,335	6,665
Total security of persons and property	3,725,302	3,867,301	3,712,398	154,903
Transportation				
Garage				
Personnel	199,917	199,917	186,960	12,957
Operating	90,050	90,050	62,019	28,031
Total transportation	289,967	289,967	248,979	40,988
Community environment				
Zoning				
Personnel	156,670	156,670	114,484	42,186
Operating	17,700	17,700	15,608	2,092
Total Zoning	174,370	174,370	130,092	44,278
Total community environment	174,370	174,370	130,092	44,278

- Continued

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Leisure time activities				
Community Center				
Personnel	\$ 18,125	\$ 18,125	\$ 11,997	\$ 6,128
Operating	61,294	61,294	54,642	6,652
Total Community Center	<u>79,419</u>	<u>79,419</u>	<u>66,639</u>	<u>12,780</u>
Recreation Center				
Personnel	924,004	924,004	861,959	62,045
Operating	689,936	697,737	605,531	92,206
Total Recreation Center	<u>1,613,940</u>	<u>1,621,741</u>	<u>1,467,490</u>	<u>154,251</u>
Maca Pool				
Personnel	133,299	133,299	118,372	14,927
Operating	98,309	111,209	92,557	18,652
Total Maca Pool	<u>231,608</u>	<u>244,508</u>	<u>210,929</u>	<u>33,579</u>
Total leisure time activities	<u>1,924,967</u>	<u>1,945,668</u>	<u>1,745,058</u>	<u>200,610</u>
Capital outlay				
Police equipment	78,335	78,335	77,655	680
Recreation equipment	84,600	84,600	84,560	40
Software purchase	106,350	106,350	65,964	40,386
Total capital outlay	<u>269,285</u>	<u>269,285</u>	<u>228,179</u>	<u>41,106</u>
Total expenditures	<u>10,592,064</u>	<u>10,949,764</u>	<u>10,121,485</u>	<u>828,279</u>
Excess of revenues over expenditures	<u>3,444,481</u>	<u>3,082,781</u>	<u>4,101,335</u>	<u>1,018,554</u>
Other financing sources (uses):				
Sale of capital assets	5,106	5,106	424	(4,682)
Advances in - North Avenue Improvement	523,520	523,520	-	(523,520)
Advances out - North Avenue Improvement	(523,720)	(523,720)	-	523,720
Transfers out				
Police pension	(239,674)	(239,674)	(210,000)	29,674
Fire/EMS levy	(980,000)	(1,179,000)	(1,179,000)	-
General infrastructure reserve	(57,200)	(57,200)	(57,200)	-
Street maintenance and repair	(2,080,000)	(2,501,000)	(2,246,000)	255,000
Shooting range fund	(62,000)	(62,000)	(62,000)	-
Community development	(65,000)	(65,000)	(65,000)	-
Bond retirement	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing (uses)	<u>(4,478,968)</u>	<u>(5,098,968)</u>	<u>(4,818,776)</u>	<u>280,192</u>
Net change in fund balance	(1,034,487)	(2,016,187)	(717,441)	1,298,746
Fund balance at beginning of year	4,876,478	4,876,478	4,876,478	-
Prior year encumbrances appropriated	728,073	728,073	728,073	-
Fund balance at end of year	<u>\$ 4,570,064</u>	<u>\$ 3,588,364</u>	<u>\$ 4,887,110</u>	<u>\$ 1,298,746</u>

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CITY OF TALLMADGE, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 253,170	\$ 629,751	\$ 882,921
Receivables:			
Real and other taxes	102,530	-	102,530
Accrued interest.	11	-	11
Intergovernmental	39,730	-	39,730
Total assets	<u>\$ 395,441</u>	<u>\$ 629,751</u>	<u>\$ 1,025,192</u>
Liabilities:			
Accounts payable	\$ -	\$ 12,486	\$ 12,486
Accrued wages and benefits payable	1,099	-	1,099
Intergovernmental payable	24,829	-	24,829
Total liabilities	<u>25,928</u>	<u>12,486</u>	<u>38,414</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	98,896	-	98,896
Delinquent property tax revenue not available.	3,634	-	3,634
Accrued interest not available	8	-	8
Intergovernmental nonexchange transactions	29,706	-	29,706
Total deferred inflows of resources.	<u>132,244</u>	<u>-</u>	<u>132,244</u>
Total liabilities and deferred inflows of resources.	<u>158,172</u>	<u>12,486</u>	<u>170,658</u>
Fund Balances:			
Restricted for:			
General government	2	-	2
Security of persons and property	82,339	-	82,339
Transportation	83,096	-	83,096
Capital outlay.	71,832	328,867	400,699
Committed:			
Capital projects funds	-	288,398	288,398
Total fund balances	<u>237,269</u>	<u>617,265</u>	<u>854,534</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 395,441</u>	<u>\$ 629,751</u>	<u>\$ 1,025,192</u>

CITY OF TALLMADGE, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property and other taxes	\$ 99,141	\$ -	\$ 99,141
Intergovernmental	143,678	228,264	371,942
Investment income	18	-	18
Fines, licenses and permits	4,042	-	4,042
Miscellaneous	1,264	3,776	5,040
	<hr/>	<hr/>	<hr/>
Total revenues	248,143	232,040	480,183
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Security of persons and property:			
Police	334,078	-	334,078
Transportation	55,633	-	55,633
Capital outlay	91,500	498,951	590,451
	<hr/>	<hr/>	<hr/>
Total expenditures	481,211	498,951	980,162
	<hr/>	<hr/>	<hr/>
Excess of expenditures over revenues	(233,068)	(266,911)	(499,979)
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Transfers in	275,000	119,200	394,200
	<hr/>	<hr/>	<hr/>
Total other financing sources	275,000	119,200	394,200
	<hr/>	<hr/>	<hr/>
Net change in fund balances	41,932	(147,711)	(105,779)
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	195,337	764,976	960,313
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 237,269	\$ 617,265	\$ 854,534
	<hr/>	<hr/>	<hr/>

CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015*

	<u>State Highway</u>	<u>Community Development</u>	<u>Alcohol Enforcement and Education</u>	<u>Law Enforcement Trust</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 74,997	\$ 71,832	\$ 5,707	\$ 25,174
Receivables:				
Real and other taxes.	-	-	-	-
Accrued interest.	11	-	-	-
Intergovernmental.	32,014	-	-	-
Total assets	<u>\$ 107,022</u>	<u>\$ 71,832</u>	<u>\$ 5,707</u>	<u>\$ 25,174</u>
Liabilities:				
Accrued wages and benefits payable	\$ 1,099	\$ -	\$ -	\$ -
Intergovernmental payable	829	-	-	-
Total liabilities.	<u>1,928</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	-	-	-	-
Delinquent property tax revenue not available.	-	-	-	-
Accrued interest not available	8	-	-	-
Intergovernmental nonexchange transactions	21,990	-	-	-
Total deferred inflows of resources	<u>21,998</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>23,926</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
General government	-	-	-	-
Security of persons and property	-	-	5,707	25,174
Transportation.	83,096	-	-	-
Capital outlay	-	71,832	-	-
Total fund balances.	<u>83,096</u>	<u>71,832</u>	<u>5,707</u>	<u>25,174</u>
Total liabilities, deferred inflows of resources and fund balances.	<u>\$ 107,022</u>	<u>\$ 71,832</u>	<u>\$ 5,707</u>	<u>\$ 25,174</u>

<u>Drug Law Enforcement</u>	<u>Law Enforcement Assistance</u>	<u>Emergency Medical Service Donation</u>	<u>K-9 Unit Donation</u>	<u>Police Pension</u>	<u>Historical Preservation</u>	<u>Totals</u>
\$ 11,825	\$ 5,960	\$ 5,572	\$ 5,851	\$ 46,250	\$ 2	\$ 253,170
-	-	-	-	102,530	-	102,530
-	-	-	-	-	-	11
-	-	-	-	7,716	-	39,730
<u>\$ 11,825</u>	<u>\$ 5,960</u>	<u>\$ 5,572</u>	<u>\$ 5,851</u>	<u>\$ 156,496</u>	<u>\$ 2</u>	<u>\$ 395,441</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,099
-	-	-	-	24,000	-	24,829
-	-	-	-	24,000	-	25,928
-	-	-	-	98,896	-	98,896
-	-	-	-	3,634	-	3,634
-	-	-	-	-	-	8
-	-	-	-	7,716	-	29,706
-	-	-	-	110,246	-	132,244
-	-	-	-	134,246	-	158,172
-	-	-	-	-	2	2
11,825	5,960	5,572	5,851	22,250	-	82,339
-	-	-	-	-	-	83,096
-	-	-	-	-	-	71,832
<u>11,825</u>	<u>5,960</u>	<u>5,572</u>	<u>5,851</u>	<u>22,250</u>	<u>2</u>	<u>237,269</u>
<u>\$ 11,825</u>	<u>\$ 5,960</u>	<u>\$ 5,572</u>	<u>\$ 5,851</u>	<u>\$ 156,496</u>	<u>\$ 2</u>	<u>\$ 395,441</u>

CITY OF TALLMADGE, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015*

	State Highway	Community Development	Alcohol Enforcement and Education	Law Enforcement Trust
Revenues:				
Property and other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	64,182	60,750	-	-
Investment income.	18	-	-	-
Fines, licenses and permits.	-	-	445	365
Miscellaneous	29	-	-	-
Total revenues.	<u>64,229</u>	<u>60,750</u>	<u>445</u>	<u>365</u>
Expenditures:				
Current:				
Security of persons and property:				
Police	-	-	-	-
Transportation	55,633	-	-	-
Capital outlay.	-	91,500	-	-
Total expenditures.	<u>55,633</u>	<u>91,500</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,596</u>	<u>(30,750)</u>	<u>445</u>	<u>365</u>
Other financing sources:				
Transfers in	-	65,000	-	-
Total other financing sources	<u>-</u>	<u>65,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	8,596	34,250	445	365
Fund balances (deficit) at beginning of year.	<u>74,500</u>	<u>37,582</u>	<u>5,262</u>	<u>24,809</u>
Fund balances at end of year	<u><u>\$ 83,096</u></u>	<u><u>\$ 71,832</u></u>	<u><u>\$ 5,707</u></u>	<u><u>\$ 25,174</u></u>

Drug Law Enforcement	Law Enforcement Assistance	Emergency Medical Service Donation	K-9 Unit Donation	Police Pension	Historical Preservation	Totals
\$ -	\$ -	\$ -	\$ -	\$ 99,141	\$ -	\$ 99,141
-	1,920	-	-	16,826	-	143,678
-	-	-	-	-	-	18
3,232	-	-	-	-	-	4,042
-	-	1,235	-	-	-	1,264
<u>3,232</u>	<u>1,920</u>	<u>1,235</u>	<u>-</u>	<u>115,967</u>	<u>-</u>	<u>248,143</u>
-	-	-	1,821	332,257	-	334,078
-	-	-	-	-	-	55,633
-	-	-	-	-	-	91,500
-	-	-	1,821	332,257	-	481,211
<u>3,232</u>	<u>1,920</u>	<u>1,235</u>	<u>(1,821)</u>	<u>(216,290)</u>	<u>-</u>	<u>(233,068)</u>
-	-	-	-	210,000	-	275,000
-	-	-	-	210,000	-	275,000
3,232	1,920	1,235	(1,821)	(6,290)	-	41,932
<u>8,593</u>	<u>4,040</u>	<u>4,337</u>	<u>7,672</u>	<u>28,540</u>	<u>2</u>	<u>195,337</u>
<u>\$ 11,825</u>	<u>\$ 5,960</u>	<u>\$ 5,572</u>	<u>\$ 5,851</u>	<u>\$ 22,250</u>	<u>\$ 2</u>	<u>\$ 237,269</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE/EMS LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,275,000	\$ 1,258,322	\$ 1,264,211	\$ 5,889
Intergovernmental	200,000	200,000	196,885	(3,115)
Charges for services	375,000	375,000	422,569	47,569
Miscellaneous.	29,000	29,000	39,463	10,463
Total revenues	<u>1,879,000</u>	<u>1,862,322</u>	<u>1,923,128</u>	<u>60,806</u>
Expenditures:				
Current:				
Security of persons and property				
Fire				
Personnel	2,569,381	2,569,381	2,504,861	64,520
Operating	387,614	586,614	561,856	24,758
Total fire	<u>2,956,995</u>	<u>3,155,995</u>	<u>3,066,717</u>	<u>89,278</u>
Capital outlay				
Equipment.	75,000	75,000	72,459	2,541
Total expenditures	<u>3,031,995</u>	<u>3,230,995</u>	<u>3,139,176</u>	<u>91,819</u>
Excess of expenditures over revenues	<u>(1,152,995)</u>	<u>(1,368,673)</u>	<u>(1,216,048)</u>	<u>152,625</u>
Other financing sources:				
Transfers in.	980,000	1,179,000	1,179,000	-
Total other financing sources	<u>980,000</u>	<u>1,179,000</u>	<u>1,179,000</u>	<u>-</u>
Net change in fund balance.	(172,995)	(189,673)	(37,048)	152,625
Fund balance at beginning of year	481,797	481,797	481,797	-
Prior year encumbrances appropriated	99,638	99,638	99,638	-
Fund balance at end of year.	<u>\$ 408,440</u>	<u>\$ 391,762</u>	<u>\$ 544,387</u>	<u>\$ 152,625</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 862,722	\$ 978,000	\$ 1,039,533	\$ 61,533
Investment income	176	200	144	(56)
Special assessments.	10,586	12,000	11,154	(846)
Charges for services.	42,342	48,000	84,480	36,480
Miscellaneous.	28,669	32,500	74,730	42,230
Total revenues.	<u>944,495</u>	<u>1,070,700</u>	<u>1,210,041</u>	<u>139,341</u>
Expenditures:				
Current:				
Public health and welfare				
Personnel	52,334	52,334	43,814	8,520
Operating	51,452	51,452	36,340	15,112
Total public health and welfare	<u>103,786</u>	<u>103,786</u>	<u>80,154</u>	<u>23,632</u>
Transportation				
Personnel	1,077,565	1,077,565	967,898	109,667
Operating	814,380	860,379	805,544	54,835
Total transportation	<u>1,891,945</u>	<u>1,937,944</u>	<u>1,773,442</u>	<u>164,502</u>
Leisure time activities				
Personnel	209,336	209,336	189,576	19,760
Operating	172,520	172,520	148,234	24,286
Total leisure time activities.	<u>381,856</u>	<u>381,856</u>	<u>337,810</u>	<u>44,046</u>
Capital outlay				
Road program.	1,248,470	1,623,470	1,441,192	182,278
Capital outlay	<u>1,248,470</u>	<u>1,623,470</u>	<u>1,441,192</u>	<u>182,278</u>
Total expenditures.	<u>3,626,057</u>	<u>4,047,056</u>	<u>3,632,598</u>	<u>414,458</u>
Excess of expenditures over revenues.	<u>(2,681,562)</u>	<u>(2,976,356)</u>	<u>(2,422,557)</u>	<u>553,799</u>
Other financing sources:				
Transfers in.	2,206,205	2,501,000	2,246,000	(255,000)
Total other financing sources.	<u>2,206,205</u>	<u>2,501,000</u>	<u>2,246,000</u>	<u>(255,000)</u>
Net change in fund balance.	(475,357)	(475,356)	(176,557)	298,799
Fund balance at beginning of year	528,057	528,057	528,057	-
Prior year encumbrances appropriated	<u>248,327</u>	<u>248,327</u>	<u>248,327</u>	<u>-</u>
Fund balance at end of year	<u>\$ 301,027</u>	<u>\$ 301,028</u>	<u>\$ 599,827</u>	<u>\$ 298,799</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 64,550	\$ 4,550
Investment income	100	100	12	(88)
Miscellaneous	200	200	29	(171)
Total revenues	<u>60,300</u>	<u>60,300</u>	<u>64,591</u>	<u>4,291</u>
Expenditures:				
Current:				
Transportation				
Personnel	62,285	62,285	53,949	8,336
Operating	2,050	2,050	1,890	160
Total expenditures	<u>64,335</u>	<u>64,335</u>	<u>55,839</u>	<u>8,496</u>
Net change in fund balance	(4,035)	(4,035)	8,752	12,787
Fund balance at beginning of year	65,292	65,292	65,292	-
Prior year encumbrances appropriated	<u>950</u>	<u>950</u>	<u>950</u>	<u>-</u>
Fund balance at end of year	<u>\$ 62,207</u>	<u>\$ 62,207</u>	<u>\$ 74,994</u>	<u>\$ 12,787</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNITY DEVELOPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 65,000	\$ 65,000	\$ 60,750	\$ (4,250)
Total revenues	65,000	65,000	60,750	(4,250)
Expenditures:				
Capital outlay	168,410	168,410	137,885	30,525
Total expenditures	168,410	168,410	137,885	30,525
Excess of expenditures over revenues.	(103,410)	(103,410)	(77,135)	26,275
Other financing sources:				
Transfers in.	65,000	65,000	65,000	-
Total other financing sources.	65,000	65,000	65,000	-
Net change in fund balance.	(38,410)	(38,410)	(12,135)	26,275
Fund balance at beginning of year	5,557	5,557	5,557	-
Prior year encumbrances appropriated	38,410	38,410	38,410	-
Fund balance at end of year.	<u>\$ 5,557</u>	<u>\$ 5,557</u>	<u>\$ 31,832</u>	<u>\$ 26,275</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALCOHOL ENFORCEMENT AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, licenses and permits	\$ -	\$ -	\$ 445	\$ 445
Total revenues	<u>-</u>	<u>-</u>	<u>445</u>	<u>445</u>
Net change in fund balance.	-	-	445	445
Fund balance at beginning of year	<u>5,262</u>	<u>5,262</u>	<u>5,262</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 5,262</u>	<u>\$ 5,262</u>	<u>\$ 5,707</u>	<u>\$ 445</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, licenses and permits	\$ 2,500	\$ 2,500	\$ 365	\$ (2,135)
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>365</u>	<u>(2,135)</u>
Expenditures:				
Current:				
Security of persons and property				
Operating	<u>2,000</u>	<u>2,000</u>	<u>1,640</u>	<u>360</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,640</u>	<u>360</u>
Net change in fund balance.	500	500	(1,275)	(1,775)
Fund balance at beginning of year	<u>24,809</u>	<u>24,809</u>	<u>24,809</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 25,309</u>	<u>\$ 25,309</u>	<u>\$ 23,534</u>	<u>\$ (1,775)</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DRUG LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, licenses and permits	\$ 5,000	\$ 5,000	\$ 3,232	\$ (1,768)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>3,232</u>	<u>(1,768)</u>
Expenditures:				
Current:				
Security of persons and property				
Operating	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balance.	-	-	(1,768)	(1,768)
Fund balance at beginning of year	<u>8,593</u>	<u>8,593</u>	<u>8,593</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 8,593</u>	<u>\$ 8,593</u>	<u>\$ 6,825</u>	<u>\$ (1,768)</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 1,920	\$ 1,920
Total revenues	-	-	1,920	1,920
Net change in fund balance.	-	-	1,920	1,920
Fund balance at beginning of year	\$ 4,040	\$ 4,040	\$ 4,040	\$ -
Fund balance at end of year.	\$ 4,040	\$ 4,040	\$ 5,960	\$ 1,920

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMERGENCY MEDICAL SERVICE DONATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous	\$ 500	\$ 500	\$ 1,235	\$ 735
Total revenues	<u>500</u>	<u>500</u>	<u>1,235</u>	<u>735</u>
Net change in fund balance.	500	500	1,235	735
Fund balance at beginning of year	<u>4,337</u>	<u>4,337</u>	<u>4,337</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 4,837</u>	<u>\$ 4,837</u>	<u>\$ 5,572</u>	<u>\$ 735</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
K-9 UNIT DONATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ -	\$ 500	\$ -	\$ (500)
Total revenues	-	500	-	(500)
Expenditures:				
Current:				
Security of persons and property				
Operating	2,300	2,300	1,821	479
Total expenditures	2,300	2,300	1,821	479
Net change in fund balance.	(2,300)	(1,800)	(1,821)	(21)
Fund balance at beginning of year	<u>7,672</u>	<u>7,672</u>	<u>7,672</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 5,372</u>	<u>\$ 5,872</u>	<u>\$ 5,851</u>	<u>\$ (21)</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 99,923	\$ 99,328	\$ 99,141	\$ (187)
Intergovernmental	15,090	15,000	16,826	1,826
Total revenues	<u>115,013</u>	<u>114,328</u>	<u>115,967</u>	<u>1,639</u>
Expenditures:				
Current:				
Security of persons and property				
Personnel	355,675	355,675	334,327	21,348
Operating	<u>2,600</u>	<u>2,600</u>	<u>1,075</u>	<u>1,525</u>
Total expenditures	<u>358,275</u>	<u>358,275</u>	<u>335,402</u>	<u>22,873</u>
Excess of expenditures over revenues	<u>(243,262)</u>	<u>(243,947)</u>	<u>(219,435)</u>	<u>24,512</u>
Other financing sources:				
Transfers in	<u>239,674</u>	<u>239,674</u>	<u>210,000</u>	<u>(29,674)</u>
Total other financing sources	<u>239,674</u>	<u>239,674</u>	<u>210,000</u>	<u>(29,674)</u>
Net change in fund balance	(3,588)	(4,273)	(9,435)	(5,162)
Fund balance at beginning of year	<u>55,685</u>	<u>55,685</u>	<u>55,685</u>	<u>-</u>
Fund balance at end of year	<u>\$ 52,097</u>	<u>\$ 51,412</u>	<u>\$ 46,250</u>	<u>\$ (5,162)</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
HISTORICAL PRESERVATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Total revenues	30,000	30,000	-	(30,000)
Expenditures:				
Current:				
General government				
Operating	30,000	30,000	-	30,000
Total expenditures	30,000	30,000	-	30,000
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	2	2	2	-
Fund balance at end of year	\$ 2	\$ 2	\$ 2	\$ -

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BOND RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	\$ 70,000	\$ 70,000	\$ 84,367	\$ 14,367
Miscellaneous.	-	-	4,802	4,802
Total revenues.	<u>70,000</u>	<u>70,000</u>	<u>89,169</u>	<u>19,169</u>
Expenditures:				
Current:				
Debt service:				
Principal retirement.	725,000	725,000	725,000	-
Interest and fiscal charges.	379,400	423,065	340,812	82,253
Refunding bond issue costs.	-	112,879	110,335	2,544
Total expenditures.	<u>1,104,400</u>	<u>1,260,944</u>	<u>1,176,147</u>	<u>84,797</u>
Excess of expenditures over revenues	<u>(1,034,400)</u>	<u>(1,190,944)</u>	<u>(1,086,978)</u>	<u>103,966</u>
Other financing sources (uses):				
Transfers in.	1,000,000	1,000,000	1,000,000	-
Refunding bond issuance.	-	2,925,000	2,925,000	-
Premium on sale of refunding bonds.	-	175,000	128,790	(46,210)
Payment to refunding bond escrow agent	-	(2,943,456)	(2,943,456)	-
Total other financing sources (uses)	<u>1,000,000</u>	<u>1,156,544</u>	<u>1,110,334</u>	<u>(46,210)</u>
Net change in fund balance.	(34,400)	(34,400)	23,356	57,756
Fund balance at beginning of year	<u>76,219</u>	<u>76,219</u>	<u>76,219</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 41,819</u>	<u>\$ 41,819</u>	<u>\$ 99,575</u>	<u>\$ 57,756</u>

CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2015*

	<u>Tallmadge Shooting Range</u>	<u>General Infrastructure</u>	<u>North Avenue Improvement</u>	<u>Totals</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 149,805	\$ 179,062	\$ 300,884	\$ 629,751
Total assets	<u>\$ 149,805</u>	<u>\$ 179,062</u>	<u>\$ 300,884</u>	<u>\$ 629,751</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 12,486	\$ 12,486
Total liabilities	<u>-</u>	<u>-</u>	<u>12,486</u>	<u>12,486</u>
Fund Balances:				
Restricted for:				
Capital outlay.	149,805	179,062	-	328,867
Committed:				
Capital projects funds.	<u>-</u>	<u>-</u>	<u>288,398</u>	<u>288,398</u>
Total fund balances.	<u>149,805</u>	<u>179,062</u>	<u>288,398</u>	<u>617,265</u>
Total liabilities and fund balances.	<u>\$ 149,805</u>	<u>\$ 179,062</u>	<u>\$ 300,884</u>	<u>\$ 629,751</u>

CITY OF TALLMADGE, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Tallmadge Shooting Range	General Infrastructure	North Avenue Improvement	Totals
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 228,264	\$ 228,264
Miscellaneous.	-	3,776	-	3,776
Total revenues	-	3,776	228,264	232,040
Expenditures:				
Capital outlay.	-	152,085	346,866	498,951
Total expenditures	-	152,085	346,866	498,951
Excess of expenditures over revenues. . . .	-	(148,309)	(118,602)	(266,911)
Other financing sources:				
Transfers in	62,000	57,200	-	119,200
Total other financing sources	62,000	57,200	-	119,200
Net change in fund balances.	62,000	(91,109)	(118,602)	(147,711)
Fund balances at beginning of year	87,805	270,171	407,000	764,976
Fund balances at end of year.	\$ 149,805	\$ 179,062	\$ 288,398	\$ 617,265

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TALLMADGE SHOOTING RANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Capital outlay	\$ 150,000	\$ 150,000	\$ 149,805	\$ 195
Total expenditures	150,000	150,000	149,805	195
Excess of expenditures over revenues	(150,000)	(150,000)	(149,805)	195
Other financing sources:				
Transfers in	62,195	62,195	62,000	(195)
Total other financing sources.	62,195	62,195	62,000	(195)
Net change in fund balance	(87,805)	(87,805)	(87,805)	-
Fund balance at beginning of year	87,805	87,805	87,805	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL INFRASTRUCTURE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 3,776	\$ 3,776
Total revenues	-	-	3,776	3,776
Expenditures:				
Capital outlay	264,622	264,622	154,806	109,816
Total expenditures	264,622	264,622	154,806	109,816
Excess of expenditures over revenues	(264,622)	(264,622)	(151,030)	113,592
Other financing sources:				
Transfers in	57,200	57,200	57,200	-
Total other financing sources	57,200	57,200	57,200	-
Net change in fund balance	(207,422)	(207,422)	(93,830)	113,592
Fund balance at beginning of year	267,420	267,420	267,420	-
Prior year encumbrances appropriated.	5,222	5,222	5,222	-
Fund balance at end of year	<u>\$ 65,220</u>	<u>\$ 65,220</u>	<u>\$ 178,812</u>	<u>\$ 113,592</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NORTH AVENUE IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 523,720	\$ 523,720	\$ 228,264	\$ (295,456)
Total revenues.	<u>523,720</u>	<u>523,720</u>	<u>228,264</u>	<u>(295,456)</u>
Expenditures:				
Capital outlay.	1,448,250	1,448,250	427,380	1,020,870
Total expenditures.	<u>1,448,250</u>	<u>1,448,250</u>	<u>427,380</u>	<u>1,020,870</u>
Excess of expenditures over revenues	<u>(924,530)</u>	<u>(924,530)</u>	<u>(199,116)</u>	<u>725,414</u>
Other financing sources:				
Advances in.	523,720	523,720	-	(523,720)
Total other financing sources.	<u>523,720</u>	<u>523,720</u>	<u>-</u>	<u>(523,720)</u>
Net change in fund balance	(400,810)	(400,810)	(199,116)	201,694
Fund balance at beginning of year	227,000	227,000	227,000	-
Prior year encumbrances appropriated. . .	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,190</u>	<u>\$ 6,190</u>	<u>\$ 207,884</u>	<u>\$ 201,694</u>

CITY OF TALLMADGE, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - PROPRIETARY FUNDS*

MAJOR ENTERPRISE FUNDS

The enterprise funds are used to account for the City's sewer, water, and storm water operations. These operations are financed and operated in a manner similar to that of a private business enterprise. The intent of the City is that the costs (expenses including depreciation) of providing goods and services on a continuing basis be recovered primarily through user charges. Following is a description of the City's major enterprise funds:

Sewer Operating Fund

The sewer operating fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Water Operating Fund

The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the City.

Storm Water Fund

The storm water fund accounts for the provision of storm water drainage runoff service to the residents and commercial users located within the City.

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 3,891,000	\$ 3,891,000	\$ 3,788,018	\$ (102,982)
Special assessments	10,000	10,000	31,638	21,638
Miscellaneous	5,000	5,000	7,780	2,780
Total revenues.	<u>3,906,000</u>	<u>3,906,000</u>	<u>3,827,436</u>	<u>(78,564)</u>
Expenses:				
Personal services.	354,097	354,097	352,409	1,688
Materials and supplies	56,507	57,639	48,495	9,144
Contractual services	4,064,281	4,064,281	3,442,595	621,686
Other	66,333	65,200	38,870	26,330
Capital outlay				
Software	5,895	5,895	-	5,895
Pickup truck	20,000	20,000	21,069	(1,069)
Power pack	20,000	20,000	19,984	16
Sewer rehabilitation	80,000	80,000	82,282	(2,282)
Sewer cleaning & televising	80,000	80,000	51,000	29,000
Water meter replacement	54,005	54,005	27,245	26,760
Debt service:				
Principal retirement	35,000	35,000	35,000	-
Interest and fiscal charges.	5,000	5,000	4,200	800
Total expenses	<u>4,841,118</u>	<u>4,841,117</u>	<u>4,123,149</u>	<u>717,968</u>
Net change in fund equity	(935,118)	(935,117)	(295,713)	639,404
Fund equity at beginning of year.	1,617,526	1,617,526	1,617,526	-
Prior year encumbrances appropriated	<u>429,696</u>	<u>429,696</u>	<u>429,696</u>	<u>-</u>
Fund equity at end of year	<u>\$ 1,112,104</u>	<u>\$ 1,112,105</u>	<u>\$ 1,751,509</u>	<u>\$ 639,404</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 2,107,000	\$ 2,107,000	\$ 2,191,231	\$ 84,231
Special assessments	-	-	7,267	7,267
Loans	770,000	770,000	483,105	(286,895)
Miscellaneous	7,000	7,000	9,287	2,287
Total revenues.	<u>2,884,000</u>	<u>2,884,000</u>	<u>2,690,890</u>	<u>(193,110)</u>
Expenses:				
Personal services.	353,920	353,919	349,524	4,395
Materials and supplies	69,306	69,606	123,023	(53,417)
Contractual services	1,764,385	1,764,385	1,234,382	530,003
Other	85,744	85,445	73,978	11,467
Capital outlay				
Software purchases.	5,898	5,898	-	5,898
Water meter replacement	54,005	54,005	27,245	26,760
Power pack	20,000	20,000	19,984	16
Pickup truck	20,000	20,000	21,069	(1,069)
South Avenue water line replacement	650,000	650,000	502,931	147,069
Bierce water line replacement	120,000	120,000	-	120,000
Debt service:				
Principal retirement.	55,162	55,162	55,162	-
Interest and fiscal charges.	143,988	143,988	53,499	90,489
Total expenses	<u>3,342,408</u>	<u>3,342,408</u>	<u>2,460,797</u>	<u>881,611</u>
Net change in fund equity	(458,408)	(458,408)	230,093	688,501
Fund equity at beginning of year.	2,059,925	2,059,925	2,059,925	-
Prior year encumbrances appropriated	<u>378,830</u>	<u>378,830</u>	<u>378,830</u>	<u>-</u>
Fund equity at end of year	<u>\$ 1,980,347</u>	<u>\$ 1,980,347</u>	<u>\$ 2,668,848</u>	<u>\$ 688,501</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORM WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 320,000	\$ 320,000	\$ 319,620	\$ (380)
Miscellaneous	-	-	71	71
Total revenues.	<u>320,000</u>	<u>320,000</u>	<u>319,691</u>	<u>(309)</u>
Expenses:				
Personal services.	155,711	155,711	149,366	6,345
Materials and supplies	5,000	5,000	18,187	(13,187)
Contractual services	100,597	100,597	100,469	128
Other	1,000	1,000	425	575
Capital outlay				
Ditching work	60,000	60,000	-	60,000
Mapping projects	60,000	60,000	-	60,000
Total expenses	<u>382,308</u>	<u>382,308</u>	<u>268,447</u>	<u>113,861</u>
Net change in fund equity	(62,308)	(62,308)	51,244	113,552
Fund equity at beginning of year.	191,783	191,783	191,783	-
Prior year encumbrances appropriated . . .	<u>2,972</u>	<u>2,972</u>	<u>2,972</u>	<u>-</u>
Fund equity at end of year	<u>\$ 132,447</u>	<u>\$ 132,447</u>	<u>\$ 245,999</u>	<u>\$ 113,552</u>

CITY OF TALLMADGE, OHIO
INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - AGENCY FUNDS

AGENCY FUNDS

Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following are the City's agency funds:

Revolving Fund

To account for monies put on deposit with the City in accordance with various City ordinances.

Joint Economic Development District Fund

To account for monies associated with the administering and collection of the income taxes of the Joint Economic Development District.

Fire Repair/Removal Fund

To account for monies put on deposit with the City to cover damages caused by fire.

CITY OF TALLMADGE, OHIO

*STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015*

	Beginning Balance 12/31/2014	Additions	Reductions	Ending Balance 12/31/2015
Revolving				
Assets:				
Equity in pooled cash and cash equivalents	\$ 72,007	\$ 114,505	\$ 131,144	\$ 55,368
Total assets.	<u>\$ 72,007</u>	<u>\$ 114,505</u>	<u>\$ 131,144</u>	<u>\$ 55,368</u>
Liabilities:				
Accounts payable	\$ -	\$ 18,105	\$ -	\$ 18,105
Deposits held and due to others	72,007	96,400	131,144	37,263
Total liabilities.	<u>\$ 72,007</u>	<u>\$ 114,505</u>	<u>\$ 131,144</u>	<u>\$ 55,368</u>
Joint Economic Development District				
Assets:				
Equity in pooled cash and cash equivalents	\$ 193,708	\$ 560,934	\$ 488,366	\$ 266,276
Income taxes receivable	83,122	104,792	83,122	104,792
Total assets.	<u>\$ 276,830</u>	<u>\$ 665,726</u>	<u>\$ 571,488</u>	<u>\$ 371,068</u>
Liabilities:				
Deposits held and due to others	\$ 276,830	\$ 665,726	\$ 571,488	\$ 371,068
Total liabilities.	<u>\$ 276,830</u>	<u>\$ 665,726</u>	<u>\$ 571,488</u>	<u>\$ 371,068</u>
Fire Repair/Removal				
Assets:				
Equity in pooled cash and cash equivalents	\$ 62,295	\$ 4,827	\$ 48,000	\$ 19,122
Total assets.	<u>\$ 62,295</u>	<u>\$ 4,827</u>	<u>\$ 48,000</u>	<u>\$ 19,122</u>
Liabilities:				
Deposits held and due to others	\$ 62,295	\$ 4,827	\$ 48,000	\$ 19,122
Total liabilities.	<u>\$ 62,295</u>	<u>\$ 4,827</u>	<u>\$ 48,000</u>	<u>\$ 19,122</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 328,010	\$ 680,266	\$ 667,510	\$ 340,766
Income taxes receivable	83,122	104,792	83,122	104,792
Total assets.	<u>\$ 411,132</u>	<u>\$ 785,058</u>	<u>\$ 750,632</u>	<u>\$ 445,558</u>
Liabilities:				
Accounts payable	\$ -	\$ 18,105	\$ -	\$ 18,105
Deposits held and due to others	411,132	766,953	750,632	427,453
Total liabilities.	<u>\$ 411,132</u>	<u>\$ 785,058</u>	<u>\$ 750,632</u>	<u>\$ 445,558</u>

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STATISTICAL SECTION

CITY OF TALLMADGE, OHIO

STATISTICAL SECTION

This part of the City of Tallmadge's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	126
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the income tax and property tax.	137
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	144
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	148
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.	150

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

TABLE 1

CITY OF TALLMADGE, OHIO
NET POSITION BY COMPONENT
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Year Ended			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 19,283,070	\$ 19,397,236	\$ 18,719,874	\$ 17,647,995
Restricted	1,553,853	1,643,839	1,902,468	2,973,347
Unrestricted	1,037,951	1,495,354	1,694,536	2,226,868
Total governmental activities net position	<u>\$ 21,874,874</u>	<u>\$ 22,536,429</u>	<u>\$ 22,316,878</u>	<u>\$ 22,848,210</u>
Business-type activities				
Net investment in capital assets	\$ 13,115,962	\$ 13,900,274	\$ 13,978,571	\$ 13,666,756
Unrestricted	7,916,486	8,000,737	7,662,014	7,383,084
Total business-type activities net position	<u>\$ 21,032,448</u>	<u>\$ 21,901,011</u>	<u>\$ 21,640,585</u>	<u>\$ 21,049,840</u>
Primary government				
Net investment in capital assets	\$ 32,399,032	\$ 31,702,510	\$ 31,213,445	\$ 29,944,751
Restricted	1,553,853	1,643,839	1,902,468	2,973,347
Unrestricted	8,954,437	11,091,091	10,841,550	10,979,952
Total primary government net position	<u>\$ 42,907,322</u>	<u>\$ 44,437,440</u>	<u>\$ 43,957,463</u>	<u>\$ 43,898,050</u>

Note: Governmental activities net position for 2011 has been restated in accordance with the implementation of GASB Statement No. 65.

Note: Governmental activities net position for 2014 has been restated in accordance with the implementation of GASB Statement No. 68.

2010	2011	2012	2013	2014	2015
\$ 18,369,056	\$ 18,529,391	\$ 17,813,396	\$ 17,423,842	\$ 17,400,202	\$ 17,237,094
1,683,821	1,514,275	2,257,902	1,741,398	938,818	1,089,332
4,290,037	5,878,178	6,688,846	8,651,613	(13,710)	(453,009)
<u>\$ 24,342,914</u>	<u>\$ 25,921,844</u>	<u>\$ 26,760,144</u>	<u>\$ 27,816,853</u>	<u>\$ 18,325,310</u>	<u>\$ 17,873,417</u>
\$ 13,520,720	\$ 13,039,068	\$ 12,947,885	\$ 13,040,099	\$ 12,480,844	\$ 12,275,784
7,276,621	7,246,755	6,008,069	5,547,959	5,058,591	5,521,861
<u>\$ 20,797,341</u>	<u>\$ 20,285,823</u>	<u>\$ 18,955,954</u>	<u>\$ 18,588,058</u>	<u>\$ 17,539,435</u>	<u>\$ 17,797,645</u>
\$ 30,677,297	\$ 30,495,949	\$ 29,828,740	\$ 29,676,369	\$ 29,881,046	\$ 29,025,245
1,683,821	1,514,275	2,257,902	1,741,398	938,818	1,089,332
12,779,137	14,197,443	13,629,456	14,987,144	5,044,881	5,556,485
<u>\$ 45,140,255</u>	<u>\$ 46,207,667</u>	<u>\$ 45,716,098</u>	<u>\$ 46,404,911</u>	<u>\$ 35,864,745</u>	<u>\$ 35,671,062</u>

TABLE 2

CITY OF TALLMADGE, OHIO

CHANGES IN NET POSITION
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Year Ended			
	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 3,083,058	\$ 3,477,962	\$ 3,253,790	\$ 3,254,377
Security of persons and property				
Police	3,897,751	3,859,300	3,816,522	3,822,765
Street lights	6,989	15,210	39,208	28,469
Fire	2,248,274	2,339,952	2,585,492	2,901,712
Public health and welfare	61,698	73,136	72,170	49,994
Transportation	3,366,399	3,284,385	3,778,324	2,655,392
Community environment	425,437	396,525	657,143	355,154
Leisure time activity	1,843,327	1,878,053	1,817,187	2,003,019
Interest and fiscal charges	442,733	462,321	482,825	479,892
Total governmental activities expenses	<u>15,375,666</u>	<u>15,786,844</u>	<u>16,502,661</u>	<u>15,550,774</u>
Business-type activities:				
Sewer operating	1,631,888	1,666,463	1,785,418	1,805,970
Water operating	1,653,398	1,634,790	1,890,821	1,700,746
Storm water	193,978	239,807	243,329	466,800
Total business-type activities expenses	<u>3,479,264</u>	<u>3,541,060</u>	<u>3,919,568</u>	<u>3,973,516</u>
Total primary government expenses	<u>\$ 18,854,930</u>	<u>\$ 19,327,904</u>	<u>\$ 20,422,229</u>	<u>\$ 19,524,290</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 157,812	\$ 174,923	\$ 193,794	\$ 310,336
Security of persons and property				
Police	16,567	82,646	3,067	17,732
Fire	357,459	351,813	321,641	405,050
Public health and welfare	81,450	78,865	1,346	7,935
Transportation	-	210,545	30,254	239,805
Community environment	264,462	205,682	251,070	127,858
Leisure time activity	1,498,857	1,572,305	1,457,708	1,562,356
Operating grants and contributions	894,485	949,361	854,695	828,557
Capital grants and contributions	1,283,034	786,581	151,646	500,000
Total governmental program revenues	<u>4,554,126</u>	<u>4,412,721</u>	<u>3,265,221</u>	<u>3,999,629</u>
Business-type activities:				
Charges for services:				
Sewer operating	1,523,778	1,493,098	1,518,955	1,481,699
Water operating	1,706,887	1,816,538	1,721,534	1,577,632
Storm water	459,861	451,756	317,288	312,841
Capital grants and contributions	-	251,858	-	-
Total business-type activities program revenues	<u>3,690,526</u>	<u>4,013,250</u>	<u>3,557,777</u>	<u>3,372,172</u>
Total primary government program revenue	<u>\$ 8,244,652</u>	<u>\$ 8,425,971</u>	<u>\$ 6,822,998</u>	<u>\$ 7,371,801</u>
Net (Expense)/Revenue				
Governmental activities	\$ (10,821,540)	\$ (11,374,123)	\$ (13,237,440)	\$ (11,551,145)
Business-type activities	211,262	472,190	(361,791)	(601,344)
Total primary government net expense	<u>\$ (10,610,278)</u>	<u>\$ (10,901,933)</u>	<u>\$ (13,599,231)</u>	<u>\$ (12,152,489)</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 3,075,749	\$ 3,182,528	\$ 3,266,514	\$ 3,564,772	\$ 3,796,832	\$ 4,013,860
3,707,305	3,814,646	3,537,529	3,717,588	3,834,635	4,100,747
33,874	38,378	148,496	30,364	27,287	35,335
2,633,358	2,619,214	2,511,315	2,671,188	2,934,683	3,181,762
67,526	65,616	59,265	70,758	73,335	72,192
3,132,926	2,496,576	3,763,869	3,483,558	4,172,815	3,862,300
313,757	235,743	148,111	161,310	147,887	126,520
2,066,476	2,046,925	2,141,666	2,142,722	2,174,630	2,315,093
455,252	482,500	438,561	415,825	390,861	331,527
<u>15,486,223</u>	<u>14,982,126</u>	<u>16,015,326</u>	<u>16,258,085</u>	<u>17,552,965</u>	<u>18,039,336</u>
1,822,095	3,408,512	4,110,699	3,847,032	3,884,775	4,007,772
1,808,067	1,880,466	2,044,350	1,903,383	2,409,488	1,927,721
508,817	507,385	364,964	445,813	378,463	406,712
<u>4,138,979</u>	<u>5,796,363</u>	<u>6,520,013</u>	<u>6,196,228</u>	<u>6,672,726</u>	<u>6,342,205</u>
<u>\$ 19,625,202</u>	<u>\$ 20,778,489</u>	<u>\$ 22,535,339</u>	<u>\$ 22,454,313</u>	<u>\$ 24,225,691</u>	<u>\$ 24,381,541</u>
\$ 441,489	\$ 407,928	\$ 407,030	\$ 398,855	\$ 380,786	\$ 356,067
9,438	19,112	11,083	5,665	25,948	4,272
358,781	396,854	371,784	404,330	405,140	458,369
2,790	2,538	1,824	3,821	2,163	2,942
50,195	46,256	57,466	54,232	45,612	57,514
151,381	47,321	35,799	29,781	39,824	38,520
1,614,573	1,750,273	1,743,332	1,752,221	1,655,897	1,675,577
932,825	954,482	1,510,826	1,096,602	1,456,971	1,269,128
1,465,130	426,352	10,000	10,513	18,673	232,040
<u>5,026,602</u>	<u>4,051,116</u>	<u>4,149,144</u>	<u>3,756,020</u>	<u>4,031,014</u>	<u>4,094,429</u>
1,739,256	3,032,289	2,920,769	3,495,275	3,742,246	3,806,251
1,726,179	1,922,162	1,926,826	1,998,973	1,972,805	2,192,281
309,293	324,368	298,770	311,614	327,676	323,013
100,000	-	28,660	-	-	-
<u>3,874,728</u>	<u>5,278,819</u>	<u>5,175,025</u>	<u>5,805,862</u>	<u>6,042,727</u>	<u>6,321,545</u>
<u>\$ 8,901,330</u>	<u>\$ 9,329,935</u>	<u>\$ 9,324,169</u>	<u>\$ 9,561,882</u>	<u>\$ 10,073,741</u>	<u>\$ 10,415,974</u>
\$ (10,459,621)	\$ (10,931,010)	\$ (11,866,182)	\$ (12,502,065)	\$ (13,521,951)	\$ (13,944,907)
(264,251)	(517,544)	(1,344,988)	(390,366)	(629,999)	(20,660)
<u>\$ (10,723,872)</u>	<u>\$ (11,448,554)</u>	<u>\$ (13,211,170)</u>	<u>\$ (12,892,431)</u>	<u>\$ (14,151,950)</u>	<u>\$ (13,965,567)</u>

TABLE 2

CITY OF TALLMADGE, OHIO

CHANGES IN NET POSITION (CONTINUED)
 LAST TEN YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	Year Ended			
	2006	2007	2008	2009
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 2,159,769	\$ 2,129,530	\$ 2,447,935	\$ 2,225,056
Income taxes	7,037,324	7,864,634	8,118,368	7,226,715
Unrestricted grants and contributions	1,716,295	1,789,961	1,968,428	2,223,903
Investment earnings	293,692	286,805	210,924	141,630
Miscellaneous	89,481	136,321	223,833	265,173
Transfers	(999,580)	(171,573)	48,401	-
Total governmental activities	<u>10,296,981</u>	<u>12,035,678</u>	<u>13,017,889</u>	<u>12,082,477</u>
Business-type activities:				
Investment earnings	215,710	218,346	139,449	-
Miscellaneous	8,462	6,454	10,317	10,599
Transfers	999,580	171,573	(48,401)	-
Total business-type activities	<u>1,223,752</u>	<u>396,373</u>	<u>101,365</u>	<u>10,599</u>
Total primary government	<u>\$ 11,520,733</u>	<u>\$ 12,432,051</u>	<u>\$ 13,119,254</u>	<u>\$ 12,093,076</u>
Change in Net Position				
Governmental activities	\$ (524,559)	\$ 661,555	\$ (219,551)	\$ 531,332
Business-type activities	1,435,014	868,563	(260,426)	(590,745)
Total primary government	<u>\$ 910,455</u>	<u>\$ 1,530,118</u>	<u>\$ (479,977)</u>	<u>\$ (59,413)</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 2,258,920	\$ 2,264,267	\$ 2,030,192	\$ 2,077,781	\$ 2,051,246	\$ 2,036,907
7,455,553	7,957,003	8,685,855	9,423,158	9,166,550	9,836,002
2,148,650	2,317,116	1,854,900	1,810,363	1,426,170	1,684,506
43,871	32,582	39,407	34,549	34,733	43,929
47,331	96,496	94,128	212,923	166,274	152,030
-	-	-	-	-	(260,360)
<u>11,954,325</u>	<u>12,667,464</u>	<u>12,704,482</u>	<u>13,558,774</u>	<u>12,844,973</u>	<u>13,493,014</u>
-	-	-	-	-	-
11,752	6,026	15,119	22,470	28,492	18,510
-	-	-	-	-	260,360
<u>11,752</u>	<u>6,026</u>	<u>15,119</u>	<u>22,470</u>	<u>28,492</u>	<u>278,870</u>
<u>\$ 11,966,077</u>	<u>\$ 12,673,490</u>	<u>\$ 12,719,601</u>	<u>\$ 13,581,244</u>	<u>\$ 12,873,465</u>	<u>\$ 13,771,884</u>
\$ 1,494,704	\$ 1,736,454	\$ 838,300	\$ 1,056,709	\$ (676,978)	\$ (451,893)
(252,499)	(511,518)	(1,329,869)	(367,896)	(601,507)	258,210
<u>\$ 1,242,205</u>	<u>\$ 1,224,936</u>	<u>\$ (491,569)</u>	<u>\$ 688,813</u>	<u>\$ (1,278,485)</u>	<u>\$ (193,683)</u>

TABLE 3

CITY OF TALLMADGE, OHIO

*FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)*

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	215,920	346,588	318,914	374,719
Unreserved	2,550,408	2,514,736	2,671,181	3,104,686
Total general fund	<u>\$ 2,766,328</u>	<u>\$ 2,861,324</u>	<u>\$ 2,990,095</u>	<u>\$ 3,479,405</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Reserved	1,252,535	218,875	887,039	192,535
Unreserved (deficit), reported in:				
Special revenue funds	170,674	190,731	629,334	840,684
Debt service funds	21,558	14,757	14,778	37,899
Capital projects funds	(989,740)	63,474	212,208	834,219
Total all other governmental funds	<u>\$ 455,027</u>	<u>\$ 487,837</u>	<u>\$ 1,743,359</u>	<u>\$ 1,905,337</u>

Note: Beginning in 2011, the presentation of fund balances for governmental funds was formatted to conform with GASB Statement No. 54.

2010	2011	2012	2013	2014	2015
\$ -	\$ 95,421	\$ 103,426	\$ 109,310	\$ 111,300	\$ 71,993
-	235,992	206,371	1,985,047	1,605,527	332,881
-	5,359,392	5,985,065	6,113,312	5,297,977	6,436,553
166,229	-	-	-	-	-
4,629,330	-	-	-	-	-
<u>\$ 4,795,559</u>	<u>\$ 5,690,805</u>	<u>\$ 6,294,862</u>	<u>\$ 8,207,669</u>	<u>\$ 7,014,804</u>	<u>\$ 6,841,427</u>
\$ -	\$ 82,573	\$ 59,759	\$ 59,476	\$ 54,022	\$ 69,664
-	1,199,294	1,953,464	1,462,666	1,899,015	1,997,588
-	68,361	47,224	69,696	76,219	99,839
-	-	-	-	407,000	288,398
-	(142,958)	(29,818)	(489)	-	-
444,792	-	-	-	-	-
910,367	-	-	-	-	-
50,880	-	-	-	-	-
(175,793)	-	-	-	-	-
<u>\$ 1,230,246</u>	<u>\$ 1,207,270</u>	<u>\$ 2,030,629</u>	<u>\$ 1,591,349</u>	<u>\$ 2,436,256</u>	<u>\$ 2,455,489</u>

TABLE 4

CITY OF TALLMADGE, OHIO

GOVERNMENTAL FUND REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS

	2006	2007	2008	2009
Revenues				
Property and other taxes	\$ 2,158,881	\$ 2,141,540	\$ 2,453,020	\$ 2,241,114
Municipal income taxes	7,582,166	7,753,824	7,873,334	7,156,634
Intergovernmental	3,789,555	3,199,101	3,132,224	3,589,375
Investment income	279,309	291,716	209,745	141,559
Fines, licenses, and permits	382,257	434,971	372,776	438,045
Special assessments	110,518	206,524	115,781	109,413
Charges for services	1,934,540	1,982,851	1,837,708	2,188,832
Miscellaneous	156,581	167,176	149,833	322,541
Total revenues	16,393,807	16,177,703	16,144,421	16,187,513
Expenditures				
Current:				
General government	2,909,319	2,876,213	3,092,863	3,062,640
Security of persons and property				
Police	3,654,771	3,744,689	3,835,309	3,808,963
Street lighting	6,989	15,210	39,208	28,469
Fire	2,061,974	2,187,089	2,304,753	2,644,911
Public health and welfare	61,006	72,133	69,512	48,878
Transportation	1,934,062	1,941,612	1,943,729	1,847,529
Community environment	413,599	391,535	744,291	355,637
Leisure time activity	1,634,509	1,577,690	1,234,503	1,726,060
Capital outlay	2,961,006	2,390,010	4,334,123	1,068,156
Debt service				
Principal retirement	4,224,245	516,201	534,792	4,396,214
Interest and fiscal charges	534,116	464,858	439,747	515,389
Bond issue costs	126,892	-	-	-
Total expenditures	20,522,488	16,177,240	18,572,830	19,502,846
Excess of revenues over (under) expenditures	(4,128,681)	463	(2,428,409)	(3,315,333)
Other financing sources (uses)				
Capital lease transaction	397,815	-	-	144,277
Sale of bonds	4,670,000	-	-	-
Sale of notes	-	-	3,800,000	3,800,000
Premium on bond/note issuances	168,521	-	8,702	22,344
Discount on bond issuance	-	-	-	-
Refunding of notes	-	-	-	-
Payment to refunded bond escrow agent	(837,667)	-	-	-
Sale of assets	910	3,631	4,000	-
Transfers in	3,525,813	4,005,034	3,751,926	2,618,165
Transfers (out)	(3,625,813)	(3,881,322)	(3,751,926)	(2,618,165)
Total other financing sources (uses)	4,299,579	127,343	3,812,702	3,966,621
Net change in fund balances	\$ 170,898	\$ 127,806	\$ 1,384,293	\$ 651,288
Capital expenditures	1,818,506	2,010,525	3,348,476	964,180
Debt service as a percentage of noncapital expenditures (2)	25.44%	6.93%	6.40%	26.49%

(1) Includes General, Special Revenue, Debt Service and Capital Projects funds.

(2) The calculation of debt service as a percentage of noncapital expenditures excludes bond issuance costs.

	2010	2011	2012	2013	2014	2015
\$	2,228,915	\$ 2,252,159	\$ 2,023,704	\$ 2,109,423	\$ 2,059,317	\$ 2,059,080
	7,657,243	7,893,880	8,359,821	9,256,758	9,560,660	9,844,999
	4,563,381	3,385,703	3,537,553	2,957,933	2,729,999	3,086,741
	49,542	33,536	29,455	33,485	33,822	42,885
	548,635	425,414	413,255	370,469	391,916	356,831
	115,095	115,692	108,045	134,432	110,603	107,432
	2,036,244	2,201,320	2,185,009	2,227,877	2,123,555	2,165,699
	49,131	99,492	206,861	361,207	333,527	271,263
	<u>17,248,186</u>	<u>16,407,196</u>	<u>16,863,703</u>	<u>17,451,584</u>	<u>17,343,399</u>	<u>17,934,930</u>
	2,995,338	3,051,404	3,054,651	3,414,974	3,632,420	3,682,315
	3,647,373	3,675,245	3,424,600	3,566,511	3,737,673	3,941,589
	33,874	38,378	32,020	30,364	27,287	35,335
	2,490,438	2,474,408	2,521,518	2,551,371	2,746,929	2,921,254
	66,410	64,500	58,149	69,642	71,619	69,876
	1,534,582	1,480,892	2,105,228	1,254,060	1,812,826	1,964,913
	307,770	277,805	141,516	163,581	145,941	126,047
	1,732,010	1,691,805	1,799,907	1,802,674	1,865,931	1,978,136
	2,658,464	1,639,318	1,237,448	1,967,917	2,500,947	2,382,717
	619,374	781,055	775,851	731,542	749,212	819,943
	485,365	470,975	448,306	425,421	400,572	346,052
	118,828	-	-	-	-	110,335
	<u>16,689,826</u>	<u>15,645,785</u>	<u>15,599,194</u>	<u>15,978,057</u>	<u>17,691,357</u>	<u>18,378,512</u>
	<u>558,360</u>	<u>761,411</u>	<u>1,264,509</u>	<u>1,473,527</u>	<u>(347,958)</u>	<u>(443,582)</u>
	-	110,859	162,907	-	-	179,104
	5,320,000	-	-	-	-	2,925,000
	-	-	-	-	-	-
	15,190	-	-	-	-	128,790
	(26,842)	-	-	-	-	-
	(3,800,000)	-	-	-	-	-
	(1,425,645)	-	-	-	-	(2,943,456)
	-	-	-	-	-	-
	2,877,000	3,196,000	4,335,205	3,654,275	5,588,777	4,819,200
	<u>(2,877,000)</u>	<u>(3,196,000)</u>	<u>(4,335,205)</u>	<u>(3,654,275)</u>	<u>(5,588,777)</u>	<u>(4,819,200)</u>
	<u>82,703</u>	<u>110,859</u>	<u>162,907</u>	<u>-</u>	<u>-</u>	<u>289,438</u>
\$	<u>641,063</u>	<u>872,270</u>	<u>1,427,416</u>	<u>1,473,527</u>	<u>(347,958)</u>	<u>(154,144)</u>
	1,880,986	1,219,682	393,428	581,540	928,737	1,048,247
	7.46%	8.68%	8.05%	7.51%	6.86%	6.73%

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TABLE 5

CITY OF TALLMADGE, OHIO

REAL AND PUBLIC UTILITY PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year	Net Tax Levy (Current Billed Portion)	Current Collections	Percent of Current Collections to Net Levy	Delinquent Collections	Total Collections	Percent of Total Collections to Levy	Current Delinquent Amount
2006	\$ 1,967,591	\$ 1,906,144	96.88%	\$ 69,070	\$ 1,975,214	100.39%	\$ 61,446
2007	2,001,596	1,920,043	95.93%	55,619	1,975,662	98.70%	81,553
2008	2,507,495	2,423,088	96.63%	81,032	2,504,120	99.87%	84,407
2009	2,510,557	2,428,896	96.75%	69,123	2,498,019	99.50%	81,661
2010	2,523,496	2,443,297	96.82%	55,510	2,498,807	99.02%	80,199
2011	2,542,622	2,435,036	95.77%	81,141	2,516,177	98.96%	107,585
2012	2,294,001	2,212,443	96.44%	67,918	2,280,361	99.41%	81,558
2013	2,293,350	2,245,271	97.90%	125,476	2,370,747	103.37%	48,079
2014	2,314,571	2,246,437	97.06%	75,229	2,321,666	100.31%	68,135
2015	2,292,469	2,239,447	97.69%	74,475	2,313,922	100.94%	53,022

Source: Summit County, Ohio; County Fiscal Officer

TABLE 6

CITY OF TALLMADGE, OHIO

TANGIBLE PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year	Net Tax Levy (Current Billed Portion)	Current Collections	Percent of Current Collections to Net Levy	Delinquent Collections	Total Collections	Percent of Total Collections to Levy	Current Delinquent Amount
2006	\$ 189,649	\$ 183,596	96.81%	\$ 19,468	\$ 203,064	107.07%	\$ 6,053
2007	119,725	116,450	97.26%	30,432	146,882	122.68%	3,275
2008	60,655	55,454	91.43%	8,290	63,744	105.09%	5,021
2009	4,580	4,567	99.72%	9,963	14,530	317.25%	12
2010	2,036	2,036	100.00%	1,052	3,088	151.67%	-
2011 (1)	-	-	N/A	318	318	N/A	-
2012	-	-	N/A	144	144	N/A	-
2013	-	-	N/A	-	-	N/A	-
2014	-	-	N/A	-	-	N/A	-
2015	-	-	N/A	-	-	N/A	-

Source: Summit County, Ohio; County Fiscal Officer

Note: Delinquent collections include penalties and interest since Ohio law requires them to become part of taxes. Delinquent taxes are presented by collection year rather than by levy year since the County does not maintain information on delinquencies by levy year.

(1) Tangible personal property tax levies and collections were phased out from 2008 through 2011.

TABLE 7

CITY OF TALLMADGE, OHIO

ASSESSSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Year	Real Property		Public Utility Property	
	Estimated Actual Value (A)	Assessed Value	Estimated Actual Value (B)	Assessed Value
2006*	\$ 1,113,123,171	\$ 389,593,110	\$ 7,577,057	\$ 6,667,810
2007*	1,223,779,088	398,010,000	6,915,443	6,085,590
2008*	1,200,996,389	405,268,120	4,155,205	3,656,580
2009*	1,162,772,988	404,401,940	4,337,841	3,817,300
2010*	1,166,894,558	406,296,800	4,557,318	4,010,440
2011*	1,174,132,314	409,291,820	4,727,114	4,159,860
2012*	1,058,243,087	368,653,730	4,946,716	4,353,110
2013*	1,057,273,219	368,131,590	5,419,909	4,769,520
2014*	1,068,253,993	371,766,430	6,064,193	5,336,490
2015*	1,061,273,964	369,219,410	6,361,364	5,598,000

Note:

(A) Real property is assessed at 35% of actual value.

(B) Public utility is assessed at 88% of actual value.

(C) For 2006, tangible personal is assessed at 18.75% of property value, including inventory.

For 2007, tangible personal is assessed at 12.50% of property value, including inventory.

For 2008, tangible personal is assessed at 6.25% of property value, including inventory.

For 2009 through 2011, tangible personal personal property tax is assessed at 0.00% of property value, including inventory, except for telephone tangible personal property which is assessed at 10% of property value, including inventory.

* Summit County valuations only - Portage County not included.

Source: Summit County, Ohio; County Fiscal Officer

Tangible Personal Property		Total		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
Estimated Actual Value (C)	Assessed Value	Estimated Actual Value	Assessed Value		
\$ 163,374,843	\$ 30,632,783	\$ 1,284,075,070	\$ 426,893,703	6.15	33.25%
159,384,432	19,923,054	1,390,078,963	424,018,644	6.15	30.50%
155,729,088	9,733,068	1,360,880,682	418,657,768	6.15	30.76%
7,502,580	750,258	1,174,613,409	408,969,498	6.15	34.82%
3,723,100	372,310	1,175,174,976	410,679,550	6.15	34.95%
-	-	1,178,859,428	413,451,680	6.15	35.07%
-	-	1,063,189,803	373,006,840	6.15	35.08%
-	-	1,062,693,128	372,901,110	6.15	35.09%
-	-	1,074,318,186	377,102,920	6.15	35.10%
-	-	1,067,635,328	374,817,410	6.15	35.11%

TABLE 8**CITY OF TALLMADGE, OHIO**

*PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN YEARS*

<u>Collection Year</u>	<u>County Levy</u>	<u>School Levy</u>	<u>Akron/Summit Library</u>	<u>Tallmadge City</u>	<u>Total Levy</u>	<u>Debt Service</u>
1 2006	13.07	64.42	2.04	6.15	85.68	6.10
2 2006	13.07	46.73	1.00	6.15	66.95	2.07
1 2007	14.57	64.07	2.03	6.15	86.82	5.82
2 2007	14.57	45.62	1.00	6.15	67.34	0.86
1 2008	14.26	64.46	2.07	6.15	86.94	5.82
2 2008	14.26	45.93	1.00	6.15	67.34	0.86
1 2009	14.16	64.63	2.08	6.15	87.02	5.99
2 2009	14.16	45.25	1.00	6.15	66.56	0.41
1 2010	14.16	71.57	2.10	6.15	93.98	5.88
2 2010	14.16	45.15	1.00	6.15	66.46	0.48
1 2011	14.16	71.56	2.10	6.15	93.97	6.09
2 2011	14.16	45.05	2.00	6.15	67.36	0.59
1 2012	14.16	72.80	2.10	6.15	95.21	6.59
2 2012	14.16	53.24	2.00	6.15	75.55	0.59
1 2013	14.16	71.56	2.10	6.15	93.97	6.09
2 2013	14.16	45.05	2.00	6.15	67.36	0.59
1 2014	14.16	72.41	2.10	6.15	94.82	6.23
2 2014	14.16	53.66	2.00	6.15	75.97	0.59
1 2015	14.16	72.27	2.62	6.15	95.20	6.23
2 2015	14.16	53.58	2.00	6.15	75.89	0.68

Source: Summit County, Ohio; County Fiscal Officer

Note: Taxes are levied at the same rate in both the 1st and 2nd half; however, there are two sets of rates because both Tallmadge CSD (1) and Stow/Munroe Falls CSD (2) overlap Tallmadge City.

TABLE 9**CITY OF TALLMADGE, OHIO**

*CITY - WIDE PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUATION)
LAST TEN YEARS*

<u>Collection Year</u>	<u>Inside Operating</u>	<u>Outside Operating</u>	<u>Police Pension</u>	<u>Fire/Ambulance</u>	<u>Total Tax Rate</u>
2006	2.10	N/A	0.30	3.75	6.15
2007	2.10	N/A	0.30	3.75	6.15
2008	2.10	N/A	0.30	3.75	6.15
2009	2.10	N/A	0.30	3.75	6.15
2010	2.10	N/A	0.30	3.75	6.15
2011	2.10	N/A	0.30	3.75	6.15
2012	2.10	N/A	0.30	3.75	6.15
2013	2.10	N/A	0.30	3.75	6.15
2014	2.10	N/A	0.30	3.75	6.15
2015	2.10	N/A	0.30	3.75	6.15

Source: Summit County, Ohio; County Fiscal Officer

TABLE 10

CITY OF TALLMADGE, OHIO

REAL PROPERTY PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

		December 31, 2015	
Name of Taxpayer	Nature of Business	Valuation	Percent of Total
Eastwood Square Associates LTD	Retail Property Management	\$ 2,226,320	0.60%
Tallmadge Oaks LTD	Apartment Complex	2,038,980	0.55%
Saxon Village Limited	Apartment Complex	1,645,870	0.45%
MK Menlo Property Owner LLC	Retail Property Management	1,546,950	0.42%
Tallmadge Associates	Retail Property Management	1,506,910	0.41%
Mindale Farms Co.	Agriculture	1,485,930	0.40%
Heather Knoll Rental Properties LLC	Apartment Complex	1,337,730	0.36%
GE Tallmadge Portfolio LP	Grocery	1,312,910	0.36%
Tallmadge Senior Housing LTD	Apartment Complex	1,263,170	0.34%
Colonial Gardens LLC	Nursing Home	1,242,080	0.34%
Total		<u>\$ 15,606,850</u>	<u>4.24%</u>
Total Assessed Valuation - Real Property		<u>\$ 369,219,410</u>	
		December 31, 2006	
Name of Taxpayer	Nature of Business	Valuation	Percent of Total
Eastwood Square Associates LTD	Retail Property Management	\$ 2,516,820	0.65%
Big Zilla Development LLC	Retail Property Management	2,423,270	0.62%
Tallmadge Oaks II	Apartment Complex	2,317,100	0.59%
Heather Knoll Rental Properties LLC	Apartment Complex	1,809,510	0.46%
Saxon Village Limited	Apartment Complex	1,770,780	0.46%
OHI Asset Essex OH LLC	Nursing home	1,615,550	0.42%
Myers Family Limited Partnership	Light Manufacturing	1,589,950	0.41%
GE Tallmadge Portfolio LP	Grocery	1,409,730	0.36%
DWEK Ohio LLC	Retail Property Management	1,326,540	0.34%
Tallmadge Acres Apartments Inc.	Apartment Complex	1,261,690	0.32%
Total		<u>\$ 18,040,940</u>	<u>4.63%</u>
Total Assessed Valuation - Real Property		<u>\$ 389,593,110</u>	

Source: Summit County, Ohio; County Fiscal Officer

TABLE 11**CITY OF TALLMADGE, OHIO***INCOME TAX REVENUE BASE AND COLLECTIONS
LAST TEN YEARS*

Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits
2006	2.00%	\$ 7,438,498	\$ 5,519,329	74.20%	\$ 960,195	12.91%
2007	2.00%	7,882,554	5,683,401	72.10%	1,273,276	16.15%
2008	2.00%	8,081,858	5,860,462	72.51%	1,134,774	14.04%
2009	2.00%	7,108,195	5,260,829	74.01%	877,343	12.34%
2010	2.00%	7,371,493	5,590,479	75.84%	852,121	11.56%
2011	2.00%	7,812,169	5,690,592	72.84%	1,190,873	15.24%
2012	2.00%	8,299,566	6,041,802	72.80%	1,220,616	14.71%
2013	2.00%	9,190,631	6,457,114	70.26%	1,691,232	18.40%
2014	2.00%	9,493,963	6,679,215	70.35%	1,636,547	17.24%
2015	2.00%	10,527,612	7,599,180	72.18%	1,768,558	16.80%

Sources: City of Tallmadge Income Tax Department (2006-2009)
Regional Income Tax Agency (RITA) (2009-Present)

Note: State law prohibits disclosure of income tax information by individual taxpayer.

Taxes from Individuals	Percentage of Taxes from Individuals	Tax from Utilities	Percentage of Tax from Utilities
\$ 936,441	12.59%	\$ 22,533	0.30%
890,414	11.30%	35,463	0.45%
1,016,927	12.58%	69,695	0.86%
916,959	12.90%	54,064	0.76%
888,177	12.05%	40,716	0.55%
903,595	11.57%	27,109	0.35%
1,031,165	12.42%	5,983	0.07%
1,037,692	11.29%	4,593	0.05%
1,168,799	12.31%	9,402	0.10%
1,156,523	10.99%	3,351	0.03%

TABLE 12

CITY OF TALLMADGE, OHIO

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Year	Governmental Activities				Business-Type Activities		
	General Obligation Bonds	Special Assessment Bonds	Notes	Capital Leases	Special Assessment Bonds	OWDA Loans	Capital Leases
2006	\$ 8,338,000	\$ 870,000	\$ -	\$ 366,254	\$ 867,000	\$ -	\$ -
2007	7,937,000	830,000	-	291,053	718,000	-	-
2008	7,526,000	785,000	3,800,000	212,261	564,000	-	-
2009	7,100,000	740,000	3,800,000	231,324	445,000	912,749	-
2010	10,652,705	690,000	-	132,950	316,000	1,359,638	-
2011	10,012,661	640,000	-	134,754	188,000	1,315,204	58,928
2012	9,357,617	585,000	-	213,810	135,000	1,267,148	48,078
2013	8,719,573	525,000	-	162,268	105,000	1,216,832	36,326
2014	8,066,529	465,000	-	108,056	70,000	1,164,147	23,600
2015	7,565,124	400,000	-	192,217	35,000	1,592,091	9,818

Sources:

- (a) See notes to the financial statements regarding the City's debt information.
(b) See Table 17 Demographic and Economic Statistics - Last Ten Years for personal income and population.

(a) Total Primary Government	(b) Total Personal Income	Percentage of Personal Income	(b) Population	Per Capita
\$ 10,441,254	\$ 475,743,232	2.19%	17,408	\$ 600
9,776,053	474,704,730	2.06%	17,370	563
12,887,261	472,682,384	2.73%	17,296	745
13,229,073	475,251,310	2.78%	17,390	761
13,151,293	479,268,673	2.74%	17,537	750
12,349,547	483,299,542	2.56%	17,257	716
11,606,653	500,409,247	2.32%	17,473	664
10,764,999	483,484,060	2.23%	17,515	615
9,897,332	492,270,592	2.01%	17,536	564
9,794,250	486,128,872	2.01%	17,527	559

TABLE 13

CITY OF TALLMADGE, OHIO

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

Year	General Obligation Bonds	(a) Estimated Actual Property Value	Percentage of Actual Taxable Value of Property	(b) Population	Per Capita
2006	\$ 8,338,000	\$ 1,284,075,070	0.65%	17,408	\$ 479
2007	7,937,000	1,390,078,963	0.57%	17,370	457
2008	7,526,000	1,360,880,682	0.55%	17,296	435
2009	7,100,000	1,174,613,409	0.60%	17,390	408
2010	10,652,705	1,175,174,976	0.91%	17,537	607
2011	10,012,661	1,178,859,428	0.85%	17,257	580
2012	9,357,617	1,063,189,803	0.88%	17,473	536
2013	8,719,573	1,062,693,128	0.82%	17,515	498
2014	8,066,529	1,074,318,186	0.75%	17,536	460
2015	7,565,124	1,067,635,328	0.71%	17,527	432

Sources:

(a) Summit County, Ohio; County Fiscal Officer

(b) See Table 17 Demographic and Economic Statistics - Last Ten Years for population.

TABLE 14

CITY OF TALLMADGE, OHIO

SPECIAL ASSESSMENT TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year	Current Billed	Delinquent Billed*	Current % Collected	Total Collected	Total % Collected	Current Delinquent
2006	\$ 307,396	\$ 32,620	93.32%	\$ 318,301	103.55%	\$ 20,529
2007	304,976	22,574	92.45%	302,317	99.13%	23,016
2008	311,602	49,946	92.30%	312,351	100.24%	23,983
2009	292,208	27,465	91.39%	283,472	97.01%	25,167
2010	277,137	44,477	89.69%	275,412	99.38%	28,576
2011	273,936	53,176	88.13%	262,549	95.84%	32,511
2012	238,180	48,252	88.38%	228,895	96.10%	27,667
2013	230,276	93,295	92.72%	245,768	106.73%	16,757
2014	227,105	n/a	n/a	213,595	94.05%	13,510
2015	220,719	n/a	n/a	223,919	101.45%	-

Source: Summit County, Ohio; County Fiscal Officer

* The delinquent billed amount was not available for 2014 or 2015.

TABLE 15

CITY OF TALLMADGE, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2015

Jurisdiction	Governmental Activities Debt	Percentage Overlapping	Applicable to the City
Direct:			
City of Tallmadge	\$ 8,157,341	100.00%	\$ 8,157,341
Overlapping Debt:			
Summit County	32,420,000	3.29%	1,066,618
Portage County	17,841,386	0.43%	76,718
Stow/Munroe Falls City School District	3,747,385	0.01%	375
Tallmadge City School District	23,049,480	99.83%	23,010,296
Field Local School District	21,934,997	2.15%	471,602
Akron/Summit Library	23,590,000	4.97%	1,172,423
Total Overlapping Debt	122,583,248		25,798,032
Total Direct and Overlapping Debt	\$ 130,740,589		\$ 33,955,373

Sources: Summit County, Ohio; County Fiscal Officer

Note: The percentage of debt outstanding applicable to the City was determined by dividing each jurisdiction's assessed valuation within the City by the jurisdiction's total assessed valuation.

TABLE 16

CITY OF TALLMADGE, OHIO

COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN YEARS

Year	Debt Limit - Voted	Debt Limit - Unvoted	Net Debt Applicable to Limit	Debt Service Available Balance	Legal Debt Margin - Voted	Legal Debt Margin - Unvoted	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2006	\$ 44,823,839	\$ 23,479,154	\$ 8,338,000	\$ 21,558	\$ 36,507,397	\$ 23,479,154	18.60%
2007	42,173,749	22,091,011	7,937,000	14,757	34,251,506	22,091,011	18.82%
2008	42,954,132	22,499,783	7,526,000	14,778	35,442,910	22,499,783	17.52%
2009	42,885,116	22,463,632	7,100,000	37,899	35,823,015	22,463,632	16.56%
2010	43,082,260	22,566,898	10,652,705	50,880	32,480,435	22,566,898	24.73%
2011	43,412,426	22,739,842	10,012,661	68,361	33,468,126	22,739,842	23.06%
2012	39,165,718	20,515,376	9,357,617	47,224	29,855,325	20,515,376	23.89%
2013	39,154,617	20,509,561	8,719,573	69,696	30,504,740	20,509,561	22.27%
2014	39,595,807	20,740,661	8,066,529	76,219	31,605,497	20,740,661	20.37%
2015	39,355,828	20,614,958	7,565,124	99,839	31,890,543	20,614,958	19.22%

Note: Ohio Bond Law sets a limit of 10.5% for voted debt and 5.5% for unvoted debt.

Note: Beginning in 2007 the amount of assessed valuation for railroad and telephone personal property has been excluded from the debt margin calculation.

TABLE 17

CITY OF TALLMADGE, OHIO

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year	Population (a)	Personal Income (c)	Per Capita Personal Income (a)	Unemployment Rates (b)		
				Summit County	Ohio	United States
2006	17,408	\$ 475,743,232	\$ 27,329	4.9%	5.1%	4.3%
2007	17,370	474,704,730	27,329	5.4%	5.6%	4.6%
2008	17,296	472,682,384	27,329	6.1%	6.5%	5.8%
2009	17,390	475,251,310	27,329	9.8%	10.2%	9.3%
2010	17,537	479,268,673	27,329	9.9%	10.1%	9.6%
2011	17,257	483,299,542	28,006	8.5%	8.9%	9.0%
2012	17,473	500,409,247	28,639	6.8%	7.2%	8.1%
2013	17,515	483,484,060	27,604	6.5%	7.0%	7.0%
2014	17,536	492,270,592	28,072	5.7%	5.6%	5.8%
2015	17,527	486,128,872	27,736	5.6%	5.4%	5.1%

Sources:

- (a) Information obtained from the U.S. Census Bureau
- (b) Information obtained from the Ohio Department of Job and Family Services
- (c) Population times per capita personal income

TABLE 18

CITY OF TALLMADGE, OHIO

NEW HOUSING STARTS
LAST TEN YEARS

Year	New Housing Starts	
	Single Family	Condominium
2006	78	13
2007	30	25
2008	31	10
2009	6	-
2010	23	-
2011	24	-
2012	12	-
2013	19	-
2014	12	-
2015	20	-

- Sources: City of Tallmadge Building Department (2006-2010)
Summit County Department of Building Standards (2012-2014)

TABLE 19

CITY OF TALLMADGE, OHIO

*PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO*

	2015			2006		
	Employees**	Rank	Percentage of Total City Employment	Employees**	Rank	Percentage of Total City Employment
Auto Sales, Inc.	*	1	*	*	1	*
Steere Enterprises Inc	293	2	3.9%	257	4	3.8%
Tallmadge City Schools	282	3	3.0%	360	2	5.3%
S. D. Myers Inc	218	4	2.5%	111	7	1.6%
Wine Art of Ohio	180	5	2.3%	-		-
Waltco Truck Equipment Company	165	6	1.7%	293	3	4.3%
East End Welding	120	7	1.5%	90	10	1.3%
Giant Eagle	110	8	1.5%	145	5	2.1%
Acme	109	9	1.3%	-		-
Ward Jet	97	10	1.3%	-		-
Owens Corning	-		-	130	6	1.9%
The Martin Wheel Co., Inc	-		-	98	9	1.4%
City of Tallmadge	-		-	110	8	1.6%
Total	1,574		19.1%	1,594		23.3%

Source: City of Tallmadge Economic Development Department

* Employer would not disclose the total number of employees.

** Full-time, permanent employees only.

TABLE 20

CITY OF TALLMADGE, OHIO

*MISCELLANEOUS STATISTICS
DECEMBER 31, 2015*

Founded	1806	
Incorporated as Village	1936	
Incorporated as City	1951	
Town Hall erected	1859	
Form of government	Charter	
Population	17,527	
Area	7,413	Dwelling units
	13.5	Square miles
	8,915	Acres
Education:		
Elementary schools	2	K-2, 3-5
Middle schools	1	6-8
High schools	1	9-12
Libraries	1	(30,000 volumes)
Churches	28	

Source: Various Departments of the City of Tallmadge

TABLE 21

CITY OF TALLMADGE, OHIO

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Council	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Mayor	5.5	5.5	6.0	6.0	5.5	4.5	5.0	5.0	4.5	4.5
Finance	11.0	9.5	9.5	10.0	6.5	6.5	6.5	6.5	6.0	6.0
Law	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Service	5.0	5.0	5.5	3.0	2.0	3.0	3.0	3.0	3.0	3.0
Information Systems	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5	1.5	2.0
Civil Service	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Boards and Commissions	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Security of Persons and Property										
Police	51.5	51.0	42.0	48.5	34.0	34.0	32.0	34.5	37.5	34.5
Fire	36.5	37.0	39.0	38.0	39.0	39.5	38.0	38.5	41.5	40.5
Leisure Time Activities										
MACA Pool	17.5	7.0	-	15.0	15.5	14.5	17.5	16.0	16.5	16.0
Recreation Center	62.5	67.0	63.0	65.5	61.5	62.5	63.0	62.5	65.0	64.5
Community Environment										
Building & Zoning	9.0	9.5	8.5	9.5	8.5	2.0	2.0	2.0	2.0	2.0
Transportation										
Garage	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Street	22.0	25.0	20.5	20.0	17.0	18.0	18.0	19.0	20.0	18.5
Utilities										
Utilities Services	8.5	8.5	8.5	8.5	8.0	6.0	7.0	6.0	6.5	6.5
Total	<u>246.5</u>	<u>242.0</u>	<u>219.5</u>	<u>241.0</u>	<u>214.5</u>	<u>207.5</u>	<u>209.0</u>	<u>210.5</u>	<u>220.0</u>	<u>214.0</u>

Source: City of Tallmadge Finance Department

TABLE 22

CITY OF TALLMADGE, OHIO

OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Security of Persons and Property										
Police										
Physical Arrests	718	544	752	850	819	730	671	593	582	556
Parking Violations	23	17	12	26	22	14	7	16	17	20
Traffic Violations	1,082	1,452	1,257	995	1,091	1,526	1,219	995	859	733
Fire										
Emergency Response Calls	2,283	2,165	2,266	2,268	2,260	2,371	2,337	2,544	2,456	2,680
Fires Extinguished	34	28	35	32	26	22	65	27	22	27
Inspections Conducted	605	622	626	1,024	921	822	748	753	881	658
Transportation										
Street resurfacing miles	6.02	9.20	3.12	-	3.14	1.82	6.75	5.23	5.60	6.70
Leisure Time Activities										
Trees Planted	36	68	30	-	-	2	-	-	-	-
Recreation Center Memberships*										
Annual	1,238	1,124	1,319	1,305	1,935	1,579	3,250	3,694	4,285	4,844
Monthly	2,902	2,925	2,866	2,767	2,665	2,590	2,100	1,908	1,402	1,545
Swimming Pool Memberships**										
Family	166	N/A								
Adult	N/A	352	N/A	833	1,139	1,110	1,081	975	996	970
Child	N/A	297	N/A	433	751	740	792	709	776	823
Water										
Customers Served	7,088	6,913	7,309	7,028	7,207	7,063	7,126	7,091	7,302	7,208
New Connections	150	34	77	13	18	14	20	25	29	130
Water Main Breaks	10	17	17	16	21	12	13	18	14	13
Avg. Daily Consumption (gpd)										
million gallons per day	1.31	1.35	1.30	1.20	1.30	1.30	1.30	1.20	1.10	1.10
Peak Daily Consumption (gpd)										
million gallons per day	1.61	1.73	1.70	1.80	1.60	1.60	2.00	1.70	2.00	1.70
Sewer										
Customers Served	5,318	5,464	5,751	5,781	5,779	7,990	7,991	7,981	7,981	7,888
Storm Water										
Customers Served	6,006	5,906	5,919	5,999	5,866	5,932	5,948	6,039	6,811	6,095

*The City began participating in the Silver Sneakers Program in 2011 resulting in a significant increase in annual membership in 2012.

**The City began tracking memberships for the Swimming Pool in a different format during 2007. The Pool was closed for construction in 2008 and re-opened in June 2009.

Source: Various City of Tallmadge Department Records

TABLE 23

CITY OF TALLMADGE, OHIO

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Security of Persons and Property										
Police:										
Stations	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Patrol Units	22.0	23.0	21.0	23.0	21.0	19.0	21.0	19.0	21.0	20.0
Fire Stations	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Health and Welfare										
Cemeteries	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Leisure Time Activities										
Park Acreage	161.7	161.7	161.7	161.7	161.7	161.7	161.7	161.7	161.7	161.7
Parks	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Swimming Pools	2.0	1.0	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tennis Courts	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Baseball/Softball Fields	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Soccer Fields	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Recreation Center	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Transportation										
Streets (paved miles)	108.5	96.3	96.3	96.3	96.3	96.3	96.3	96.3	96.1	96.1
Traffic Signals	187.0	188.0	188.0	188.0	188.0	187.0	187.0	187.0	187.0	187.0
Water										
Water Mains (miles)	84.5	84.5	84.5	84.5	86.1	86.1	86.1	87.0	87.0	87.0
Sewer										
Sanitary Sewers (miles)	60.7	60.7	60.7	60.7	60.7	60.7	60.7	60.7	60.7	60.7

Source: City of Tallmadge Records



Dave Yost • Auditor of State

CITY OF TALLMADGE

SUMMIT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 23, 2016**