



Dave Yost • Auditor of State

CITY OF TALLMADGE
SUMMIT COUNTY
DECEMBER 31, 2017

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1

This page intentionally left blank.



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, (the City) as of and for the year ended December 31, 2017, 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 12, 2018.

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 opinion 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 report 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 12, 2018

CITY OF TALLMADGE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Title Page	
Table of Contents	i-iv
Letter of Transmittal	v-viii
Certificate of Achievement for Excellence in Financial Reporting.....	ix
Listing of Principal City Officials.....	x
Organizational Chart.....	xi

II. FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	5-15
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18-19
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	20-21
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	26
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
General Fund.....	27
Fire/EMS Levy Fund	28
Street Maintenance and Repair Fund	29
Statement of Net Position - Proprietary Funds	30
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....	31
Statement of Cash Flows - Proprietary Funds	32
Statement of Fiduciary Net Position - Fiduciary Funds.....	33
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	34
Notes to the Basic Financial Statements.....	35-83

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of the City’s Proportionate Share of the Net Pension Liability/Net Pension Asset:

Ohio Public Employees Retirement System (OPERS)	86
Ohio Police and Fire (OP&F) Pension Fund	87

Schedule of City Contributions:

Ohio Public Employees Retirement System (OPERS)	88-89
Ohio Police and Fire (OP&F) Pension Fund	90-91

Notes to Required Supplementary Information	92
---	----

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

Combining Statements - Governmental Funds:

Fund Descriptions - Governmental Funds	94-95
--	-------

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund	96-98
--	-------

Combining Balance Sheet - Nonmajor Governmental Funds	100
---	-----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	101
---	-----

Combining Balance Sheet - Nonmajor Special Revenue Funds	102-104
--	---------

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	106-108
--	---------

Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis):

Fire/EMS Levy Fund	109
Street Maintenance and Repair Fund	110
State Highway Fund	111
Community Development Fund	112
Local Government Innovation Grant Fund	113
Abandoned Gas Station Cleanup Grant Fund	114
Alcohol Enforcement and Education Fund	115
Law Enforcement Trust Fund	116
Drug Law Enforcement Fund	117
Law Enforcement Assistance Fund	118
Emergency Medical Service Donation Fund	119
K-9 Unit Donation Fund	120
Police Pension Fund	121
Historical Preservation Fund	122
Bond Retirement Fund	123

Combining Balance Sheet - Nonmajor Capital Projects Funds	124
---	-----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds	125
---	-----

Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis):

Tallmadge Shooting Range Fund	126
General Infrastructure Fund	127
North Avenue Improvement Fund	128

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES (CONTINUED)

Individual Fund Schedules - Proprietary Funds:

Fund Descriptions - Proprietary Funds	129
Individual Fund Schedules of Revenues, Expenses and Changes in Fund Equity Budget and Actual (Non-GAAP Budgetary Basis):	
Sewer Operating Fund.....	130
Water Operating Fund.....	131
Storm Water Fund	132

Individual Fund Schedules - Agency Funds:

Fund Descriptions - Agency Funds.....	133
Statement of Changes in Assets and Liabilities - Agency Funds.....	134

III. STATISTICAL SECTION

Statistical Section - Contents.....	135
Net Position by Component - Last Ten Years (Accrual Basis of Accounting)	136-137
Changes in Net Position - Last Ten Years (Accrual Basis of Accounting).....	138-141
Fund Balances, Governmental Funds - Last Ten Years (Modified Accrual Basis of Accounting)	142-143
Governmental Fund Revenues by Source and Expenditures by Function - Last Ten Years	144-145
Real and Public Utility Property Tax Levies and Collections - Last Ten Years	147
Tangible Personal Property Tax Levies and Collections - Last Ten Years	147
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years	148-149
Property Tax Rates - Direct and Overlapping Governments (Per \$1,000 of Assessed Valuation) - Last Ten Years	150
City-Wide Property Tax Rates (Per \$1,000 of Assessed Valuation) Last Ten Years.....	150
Real Property Principal Taxpayers Current Year and Nine Years Ago	151
Income Tax Revenue Base and Collections - Last Ten Years	152-153
Ratios of Outstanding Debt by Type - Last Ten Years	154-155
Ratios of General Bonded Debt Outstanding - Last Ten Years	156
Special Assessment Tax Levies and Collections - Last Ten Years	156
Computation of Direct and Overlapping Governmental Activities Debt	157
Computation of Legal Debt Margin - Last Ten Years.....	157
Demographic and Economic Statistics - Last Ten Years.....	158
New Housing Starts - Last Ten Years	158

STATISTICAL SECTION (CONTINUED)

Principal Employers - Current Year and Nine Years Ago	159
Miscellaneous Statistics	159
Full Time Equivalent City Government Employees by Function/Program - Last Ten Years	160
Operating Indicators by Function - Last Ten Years.....	161
Capital Asset Statistics by Function - Last Ten Years.....	162

June 12, 2018

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, 2017 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, 2017. 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, 2017 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 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 17 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 2017 population of 17,537 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, both elected to a four-year term. The Mayor also appoints members to several 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, Autosales, 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 2017, the City paid out \$87,750 to companies for new jobs created in under this program.

Net employment because of these expansions and other developments typically amounts to approximately 140 positions yearly. Most 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 2017 experienced an increase of 1.87% 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 completion of the 65 lot Woodridge development and the 56 lot Eastwood Glen development in 2017. Seventy-five percent of the lots in the Woodridge development and 100 percent of the lots in the Eastwood Glen development have been granted permits for new housing starts as of the end of 2017. An additional 41 new lots were added in 2017 in Phase 2 of the Baker's Acres development. We have also seen an uptick in housing for seniors. In 2017, Testa Builders completed construction on the Village at Town Center development as a part of programs sponsored by the Ohio Housing Finance Authority for affordable senior housing. Phase I of the development includes 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 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. 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%. The tax rate has scheduled increases in quarter percent increments until it reaches 2% by 2025. Income tax revenue generated in the JEDD for 2017 exceeded \$1.3 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 is 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 to complete the Insight Rubbermaid project. This 815,000-square foot distribution facility built by Newell Rubbermaid, Inc. created 235 new jobs in our area and infused over \$25 million dollars of investment into the JEDD.

In 2017, the JEDD area saw the sale of Maplecrest Golf Course allowing for further development in the area. A portion of the golf course, which is located directly across from the Cascades of Brimfield, was rezoned commercial and will be home to further retail with anchor stores Meijer and Menards being placed on the front of the property. The back portion of the property was rezoned for light industrial.

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 the 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 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.

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 completed an update of its Comprehensive Plan to meet the current needs of the City in 2017.

MAJOR INITIATIVES

Current

In 2017, the City completed the construction phase of the 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 was \$1.046 million. The City issued a \$1 million note in 2016 to finance its portion of the project. In 2017, the City rolled \$825,000 of the 2016 note into bonds maturing in May 2021.

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. In 2018, the City will be conducting a review of its water and sewer rates to ensure that a system for evaluating future rate increases is in place which provides adequate funding for infrastructure maintenance.

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. The City purchased three pieces of property along its southwest border near the Tallmadge Circle in 2017 and continues to look for opportunities in that area for a possible historic redevelopment district. There are also significant areas for development in the JEDD District including the Karg Industrial Park, the Sunnybrook/Old Forge Road area and the land associated with the Interstate 76/Route 18 interchange.

In 2018, the City will be exploring participation in the development of a council of governments for a county-wide dispatch center with Summit County and the cities of Stow, Cuyahoga Falls, Green and Fairlawn. The first step in this process will be the joint purchase of updated computer aided dispatch software with those communities and the City of Akron estimated for mid-2018.

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, 2016. 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-five consecutive years (1992 - 2016). 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, 2016

Christopher P. Morill

Executive Director/CEO

**CITY OF TALLMADGE, OHIO
LISTING OF PRINCIPAL CITY OFFICIALS
AS OF DECEMBER 31, 2017**

ELECTED OFFICIALS

Mayor
Director of Finance
Director of Law
President of Council
Council Member
Council Member
Council Member
Council Member
Council Member
Council Member

David Kline
Mollie Gilbride
Megan Raber
James Donovan
Rebecca Allman
Carol Kilway
Kim Ray
John Rensel
Craig Sisak
Mary Tricaso

APPOINTED OFFICIALS

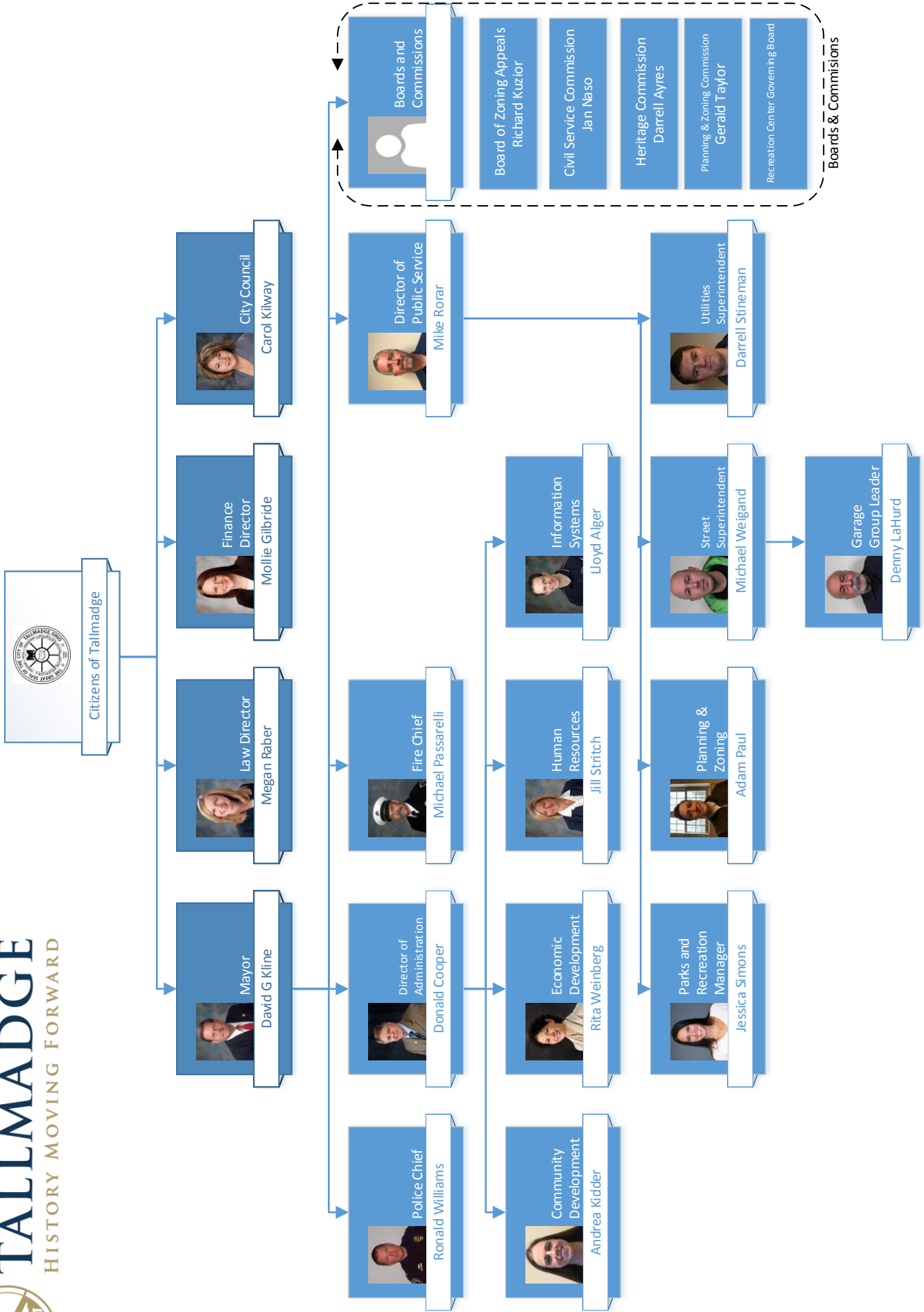
Director of Public Service
Director of Administration
Community Development Manager
Economic Development Manager
Assistant Director of Law
Assistant Director of Finance
Clerk of Council
Deputy Clerk of Council

Michael Rorar
Donald Cooper
Andrea Kidder
Rita Weinberg
John Scavelli
Carissa Burns
Susan Burton
Regina Conti

DEPARTMENT OFFICIALS

Police Chief
Fire Chief
Road Superintendent
Utilities Superintendent
Civil Service Chairman
Manager of Parks and Recreation

Ronald Williams
Michael Passarelli
Michael Weigand
Josh Goodridge
Jan Naso
Jessica Simons



THIS PAGE IS INTENTIONALLY LEFT BLANK

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 the City of Tallmadge, Summit County, Ohio (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Tallmadge'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 such 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 the City of Tallmadge, Summit, Ohio, as of December 31, 2017, 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 and the 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.

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 are 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 this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 12, 2018, 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 12, 2018

THIS PAGE INTENTIONALLY LEFT BLANK.

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (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, 2017. 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 2017 are as follows:

- The total net position of the City decreased \$1,299,720 or 3.11 percent from 2016. Net position of governmental activities decreased \$3,828,876 or 16.11 percent from 2016 and net position of business-type activities increased \$2,529,156 or 14.07 percent from 2016.
- Total assets and deferred outflows of resources decreased \$512,039 from 2016.
- Total current liabilities and deferred inflows of resources decreased \$921,218 from 2016.
- Total long-term liabilities increased \$1,708,899 during 2017.

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, 2017 (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 20-29 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 nineteen 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, and street maintenance and repair 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 35-83 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 86-92 of this report.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)*

The nonmajor governmental funds are presented immediately following the notes to the basic financial statements and can be found beginning on page 93 of this report.

Government-Wide Financial Analysis

The statement of net position serves as a useful indicator of a government's financial position. The table below provides a summary of the City's net position for 2017 and 2016.

	Net Position					
	Governmental	Business-type	Governmental	Business-type	Total	Total
	Activities 2017	Activities 2017	Activities 2016	Activities 2016	2017	2016
Assets						
Current and other assets	\$ 16,110,543	\$ 7,753,052	\$ 16,702,425	\$ 7,279,838	\$ 23,863,595	\$ 23,982,263
Net pension asset	5,311	814	8,504	1,273	6,125	9,777
Capital assets, net	<u>27,146,072</u>	<u>15,856,817</u>	<u>29,685,500</u>	<u>14,335,470</u>	<u>43,002,889</u>	<u>44,020,970</u>
Total assets	<u>43,261,926</u>	<u>23,610,683</u>	<u>46,396,429</u>	<u>21,616,581</u>	<u>66,872,609</u>	<u>68,013,010</u>
Deferred outflows of resources						
Unamortized deferred charges	61,314	-	72,451	-	61,314	72,451
Pension	<u>4,344,525</u>	<u>402,842</u>	<u>3,835,927</u>	<u>271,941</u>	<u>4,747,367</u>	<u>4,107,868</u>
Total deferred outflows of resources	<u>4,405,839</u>	<u>402,842</u>	<u>3,908,378</u>	<u>271,941</u>	<u>4,808,681</u>	<u>4,180,319</u>
Liabilities						
Current and other liabilities	1,207,438	1,100,266	1,527,424	1,670,929	2,307,704	3,198,353
Long-term liabilities:						
Due within one year	1,297,218	117,355	969,425	111,737	1,414,573	1,081,162
Due in more than one year	7,749,366	1,306,187	8,504,137	1,417,178	9,055,553	9,921,315
Net pension liability	<u>15,252,056</u>	<u>975,103</u>	<u>13,286,276</u>	<u>699,633</u>	<u>16,227,159</u>	<u>13,985,909</u>
Total liabilities	<u>25,506,078</u>	<u>3,498,911</u>	<u>24,287,262</u>	<u>3,899,477</u>	<u>29,004,989</u>	<u>28,186,739</u>
Deferred inflows of resources						
Property taxes	2,079,682	-	2,020,529	-	2,079,682	2,020,529
Pension	<u>147,605</u>	<u>14,059</u>	<u>233,740</u>	<u>17,646</u>	<u>161,664</u>	<u>251,386</u>
Total deferred inflows of resources	<u>2,227,287</u>	<u>14,059</u>	<u>2,254,269</u>	<u>17,646</u>	<u>2,241,346</u>	<u>2,271,915</u>

- (Continued)

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)*

Net Position - (Continued)

	Governmental Activities 2017	Business-type Activities 2017	Governmental Activities 2016	Business-type Activities 2016	Total 2017	Total 2016
Net Position						
Net investment in capital assets (See Note 2.V.)	\$ 19,123,730	\$ 14,454,902	\$ 21,380,493	\$ 12,827,739	\$ 33,405,911	\$ 33,875,568
Restricted	806,140	-	1,021,205	-	806,140	1,021,205
Unrestricted (See Note 2.V.)	<u>4,530</u>	<u>6,045,653</u>	<u>1,361,578</u>	<u>5,143,660</u>	<u>6,222,904</u>	<u>6,837,902</u>
Total net position	<u>\$ 19,934,400</u>	<u>\$ 20,500,555</u>	<u>\$ 23,763,276</u>	<u>\$ 17,971,399</u>	<u>\$ 40,434,955</u>	<u>\$ 41,734,675</u>

The City has 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 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

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)*

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, net pension asset and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. At December 31, 2017, the City has reported a net pension liability of \$16,227,159, a net pension asset of \$6,125, deferred outflows of resources of \$4,747,367, and deferred inflows of resources of \$161,664 related to GASB 68.

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources in 2017 by \$40,434,955, compared to \$41,734,675 in 2016, a decrease of 3.11 percent. During 2017, the City’s total assets and deferred outflows of resources decreased by \$512,039 or .71 percent and total liabilities and deferred inflows of resources increased by \$787,681 or 2.59 percent.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)*

The following table shows the changes in net position for 2017 and 2016.

	Change in Net Position					
	Governmental	Business-type	Governmental	Business-type	2017	2016
	Activities 2017	Activities 2017	Activities 2016	Activities 2016	Total	Total
Revenues						
Program revenues:						
Charges for services and sales	\$ 2,653,588	\$ 6,989,000	\$ 2,654,734	\$ 6,237,528	\$ 9,642,588	\$ 8,892,262
Operating grants and contributions	1,467,132	-	1,191,375	-	1,467,132	1,191,375
Capital grants and contributions	428,835	-	4,682,170	1,031,476	428,835	5,713,646
Total program revenues	4,549,555	6,989,000	8,528,279	7,269,004	11,538,555	15,797,283
General revenues:						
Property and other local taxes	2,071,912	-	2,046,484	-	2,071,912	2,046,484
Municipal income taxes	10,242,096	-	10,873,754	-	10,242,096	10,873,754
Grants and entitlements	1,605,087	-	2,636,593	-	1,605,087	2,636,593
Interest	119,726	-	64,428	-	119,726	64,428
Increase in fair value of investments	30,106	-	(36,756)	-	30,106	(36,756)
Miscellaneous	265,074	32,485	161,816	27,835	297,559	189,651
Total general revenues	14,334,001	32,485	15,746,319	27,835	14,366,486	15,774,154
Total revenues	18,883,556	7,021,485	24,274,598	7,296,839	25,905,041	31,571,437
Program Expenses:						
General government	4,590,950	-	4,189,505	-	4,590,950	4,189,505
Security of persons and property						
Police	4,538,862	-	4,470,737	-	4,538,862	4,470,737
Street lighting	35,445	-	34,663	-	35,445	34,663
Fire	3,580,450	-	3,278,321	-	3,580,450	3,278,321
Public health and welfare	73,275	-	78,701	-	73,275	78,701
Transportation	4,450,856	-	3,303,595	-	4,450,856	3,303,595
Community environment	346,400	-	247,564	-	346,400	247,564
Leisure time activity	2,660,058	-	2,474,982	-	2,660,058	2,474,982
Interest and fiscal charges	322,376	-	306,671	-	322,376	306,671
Sewer operating	-	4,107,890	-	4,461,756	4,107,890	4,461,756
Water operating	-	2,039,430	-	2,173,956	2,039,430	2,173,956
Storm water operating	-	458,769	-	487,373	458,769	487,373
Total expenses	20,598,672	6,606,089	18,384,739	7,123,085	27,204,761	25,507,824
Transfers	(2,113,760)	2,113,760	-	-	-	-
Increase (decrease) in net position	(3,828,876)	2,529,156	5,889,859	173,754	(1,299,720)	6,063,613
Net position beginning of year	23,763,276	17,971,399	17,873,417	17,797,645	41,734,675	35,671,062
Net position end of year	\$ 19,934,400	\$ 20,500,555	\$ 23,763,276	\$ 17,971,399	\$ 40,434,955	\$ 41,734,675

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

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 decreased in total by 46.65 percent from 2016. Operating grants and contributions increased 23.15 percent from 2016 due to an increase in operating grants and contributions received for public health and welfare, transportation, community environment and leisure time activity programs. Capital grants and contributions decreased in 2017 due to less grant revenues received during 2017 for the North Avenue improvement project, which greatly reduced transportation capital grants and contributions. General revenues decreased from 2016 by 8.92 percent, which is primarily the result of decreased municipal income taxes and unrestricted grants and entitlements (inheritance taxes).

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 22.03 percent and 24.32 percent of the total governmental activities expenses during 2017 and 2016, respectively. During 2017, the City's police department consisted of 1 Chief, 1 captain, 5 sergeants, 18 patrol officers and 3 full-time office staff. The police department also employs on a part-time basis 5 records clerks, 1 school crossing guard, and 15 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 1.52 percent during 2017.

The City has operated a fire department since 1945. During 2017, the fire department employed 1 full time Chief, 1 full-time Deputy Chief, 3 full-time Battalion Chiefs, 1 full-time fire marshal, 11 full-time paramedics/firefighters, 47 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 17.38 percent and 17.83 percent of the total governmental activities expenses during 2017 and 2016, respectively. Security of persons and property expenses related to the fire department increased 9.21 percent during 2017, which is primarily the result of fire equipment purchases.

The Street Maintenance and Repair department employs 20 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 21.61 and 17.97 percent of the total governmental activities expenses during 2017 and 2016, respectively. Transportation expenses increased 34.73 percent during 2017, due primarily to more road maintenance and repair expenses.

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

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 7,409 water customers, 8,163 sewer customers, and 6,212 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 2017, charges for services in the amount of \$6,989,000 accounted for 76.50 percent of the total business-type revenues compared to 85.48 percent in 2016. During 2017, business-type activities received capital contributions (transfers) from governmental activities for the storm water subsystem in the amount of \$2,213,760. The total expenses for the utilities were \$6,706,089, 5.85 percent less than 2016.

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 \$19,164,418 and expenditures of \$20,593,880.

The City's chief operating fund is the general fund. During 2017, the City's general fund had total revenues and other financing sources of \$14,950,357 and expenditures and other financing uses of \$14,969,281, resulting in a decrease in fund balance of \$18,744. The decrease in fund balance is primarily attributable to decreased municipal income taxes and intergovernmental revenues received during 2017. Expenditures in the general fund increased compared to the prior year, with a 11.53 percent increase.

The City's major special revenue fund, the fire/EMS levy fund, had a decrease in fund balance of \$105,352. Total combined revenues and other financing sources were \$3,170,801 and expenditures were \$3,276,153. Expenditures exceeded revenues, along with transfers of \$1,270,000 from income tax collections.

The City's major special revenue fund, the street maintenance and repair fund had a decrease in fund balance of \$268,455. Total combined revenues and other financing sources were \$3,169,988 and expenditures were \$3,438,443. The City entered into a capital lease transaction during 2017 for the purchase of equipment which will be retired out of the street maintenance and repair fund. Revenues and other financing sources exceeded expenditures with transfers of \$1,550,000 from income tax collections.

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 \$7,021,001, which was greater than operating expenses of \$6,554,835. The total depreciation expense for these business-type funds was \$730,865. The cash and cash equivalents at year end for the proprietary funds total \$5,745,403. Net position of the sewer operating fund increased \$418,058 or 6.82 percent from 2016. During 2017, net position of the water operating fund increased 1.61 percent or \$136,328 to \$8,591,587. In the storm water fund, net position increased \$1,974,770 to \$5,364,599 at December 31, 2017, largely due an increase in depreciable capital assets. The overall increase in net position for all proprietary funds in 2017 was \$2,529,156, an increase of \$2,355,402 compared to 2016.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)*

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 2017. In total the adjustments in appropriations accounted for an increase of 2.21 percent over the total general fund budget. The total actual expenditures and other financing uses at year end were \$15,371,298, which was \$903,102 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 \$903,102 or 5.55 percent. The major variances were in the general government, security of persons and property, leisure time activity and transfers out, which all had positive variances. 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 slightly lower than what was expected. The total variance in general fund revenues and other financing sources was a positive variance of \$38,056 or 0.25 percent.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)*

Capital Assets and Debt Administration

Capital Assets

At the end of 2017, the City had \$43,002,889 (net of accumulated depreciation) invested in land, buildings and improvements, equipment, infrastructure, right of ways, easements and construction in progress. Of this total, \$27,146,072 was reported in governmental activities and \$15,856,817 was reported in business-type activities.

The following table shows 2017 balances compared to 2016:

Capital Assets at December 31 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 3,441,199	\$ 3,271,199	\$ 375,519	\$ 375,519	\$ 3,816,718	\$ 3,646,718
Right of ways/easements	80,218	80,218	260,360	260,360	340,578	340,578
Construction in progress	88,067	5,523,117	-	-	88,067	5,523,117
Buildings and improvements	9,650,936	10,149,232	792,733	854,490	10,443,669	11,003,722
Equipment	2,606,953	2,146,309	327,520	355,501	2,934,473	2,501,810
Infrastructure						
Street subsystem	11,278,699	8,515,425	-	-	11,278,699	8,515,425
Water lines	-	-	5,751,193	5,991,332	5,751,193	5,991,332
Sewer lines	-	-	3,565,298	3,748,783	3,565,298	3,748,783
Storm water subsystem	-	-	4,784,194	2,749,485	4,784,194	2,749,485
Totals	\$ 27,146,072	\$ 29,685,500	\$ 15,856,817	\$ 14,335,470	\$ 43,002,889	\$ 44,020,970

The overall decrease of \$1,018,081 is a result of reduced buildings and improvements being \$560,053 less in 2017 and a large decrease in construction in progress of \$5,435,050. See Note 8 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, 2017 and 2016:

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Special assessment bonds	\$ 255,000	\$ 330,000	\$ -	\$ -
General obligation bonds	7,050,000	6,850,000	-	-
General obligation notes	-	800,000	-	-
OWDA loans	-	-	1,401,915	1,507,731
Capital leases	692,000	428,474	-	-
Total long-term obligations	\$ 7,997,000	\$ 8,408,474	\$ 1,401,915	\$ 1,507,731

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

The long-term outstanding debt for the City of Tallmadge as of December 31, 2017, was \$9,398,915. This balance reflects \$255,000 in special assessment bonds, \$7,050,000 in general obligation bonds, \$1,401,915 in OWDA loans, and \$692,000 in capital lease obligations. This is a decrease in long-term debt of 5.22 percent from 2016. For more detailed information on long-term obligations refer to Note 10 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 \$32,676,943, and the total unvoted net debt limit at the 5.50 percent margin is \$20,823,405.

Economic Factors and Next Year's Budget and Rates

- The City prepared the annual budget using zero based budgeting for 2018. Most departments experienced slight growth in their departmental budgets.
- Employees received a 3% percent pay increase for 2018. Employees will continue to participate in paying a portion of hospitalization.
- In 2018, the City is conducting a study of its utility rates to ensure the continued viability of the City's water and sewer funds.

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, 2017*

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 9,621,803	\$ 5,745,403	\$ 15,367,206
Receivables:			
Income taxes	2,233,430	-	2,233,430
Real and other taxes	2,161,821	-	2,161,821
Accounts	164,335	1,931,721	2,096,056
Accrued interest	38,555	-	38,555
Special assessments	255,000	1,864	256,864
Intergovernmental	1,302,199	-	1,302,199
Materials and supplies inventory	202,932	59,618	262,550
Prepayments	130,468	14,446	144,914
Net pension asset	5,311	814	6,125
Capital assets:			
Nondepreciable capital assets	3,609,484	635,879	4,245,363
Depreciable capital assets, net	23,536,588	15,220,938	38,757,526
Total capital assets, net	<u>27,146,072</u>	<u>15,856,817</u>	<u>43,002,889</u>
Total assets	<u>43,261,926</u>	<u>23,610,683</u>	<u>66,872,609</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	61,314	-	61,314
Pension - OPERS	2,539,790	402,842	2,942,632
Pension - OP&F	1,804,735	-	1,804,735
Total deferred outflows of resources	<u>4,405,839</u>	<u>402,842</u>	<u>4,808,681</u>
Liabilities:			
Accounts payable	408,443	20,643	429,086
Contracts payable	241,126	-	241,126
Accrued wages and benefits payable	333,587	21,351	354,938
Intergovernmental payable	201,489	1,032,783	1,234,272
Accrued interest payable	22,793	25,489	48,282
Long-term liabilities:			
Due within one year	1,297,218	117,355	1,414,573
Due in more than one year	7,749,366	1,306,187	9,055,553
Net pension liability	15,252,056	975,103	16,227,159
Total liabilities	<u>25,506,078</u>	<u>3,498,911</u>	<u>29,004,989</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year . .	2,079,682	-	2,079,682
Pension - OPERS	53,120	14,059	67,179
Pension - OP&F	94,485	-	94,485
Total deferred inflows of resources	<u>2,227,287</u>	<u>14,059</u>	<u>2,241,346</u>
Net position:			
Net investment in capital assets (see Note 2.V) .	19,123,730	14,454,902	33,405,911
Restricted for:			
Capital projects	287,501	-	287,501
Other purposes:			
Fire/EMS levy	4,118	-	4,118
Street maintenance	260,518	-	260,518
State highway	79,265	-	79,265
Community environment	101,597	-	101,597
Law enforcement	38,641	-	38,641
General government	34,500	-	34,500
Unrestricted (see Note 2.V)	4,530	6,045,653	6,222,904
Total net position	<u>\$ 19,934,400</u>	<u>\$ 20,500,555</u>	<u>\$ 40,434,955</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017*

	<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	\$ 4,590,950	\$ 292,870	\$ 10,000	\$ -
Security of persons and property:				
Police	4,538,862	7,441	4,620	-
Street lights	35,445	-	-	-
Fire	3,580,450	378,181	68,390	-
Public health and welfare	73,275	2,564	40,638	-
Transportation	4,450,856	61,247	1,034,793	426,126
Community environment	346,400	56,980	129,046	2,709
Leisure time activity	2,660,058	1,854,305	179,645	-
Interest and fiscal charges	322,376	-	-	-
Total governmental activities	<u>20,598,672</u>	<u>2,653,588</u>	<u>1,467,132</u>	<u>428,835</u>
Business-type activities:				
Sewer operating	4,107,890	4,514,010	-	-
Water operating	2,039,430	2,156,467	-	-
Storm water	458,769	318,523	-	-
Total business-type activities	<u>6,606,089</u>	<u>6,989,000</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 27,204,761</u>	<u>\$ 9,642,588</u>	<u>\$ 1,467,132</u>	<u>\$ 428,835</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
Change in fair value of investments
Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

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
\$ (4,288,080)	\$ -	\$ (4,288,080)
(4,526,801)	-	(4,526,801)
(35,445)	-	(35,445)
(3,133,879)	-	(3,133,879)
(30,073)	-	(30,073)
(2,928,690)	-	(2,928,690)
(157,665)	-	(157,665)
(626,108)	-	(626,108)
(322,376)	-	(322,376)
<u>(16,049,117)</u>	<u>-</u>	<u>(16,049,117)</u>
-	406,120	406,120
-	117,037	117,037
-	(140,246)	(140,246)
<u>-</u>	<u>382,911</u>	<u>382,911</u>
<u>(16,049,117)</u>	<u>382,911</u>	<u>(15,666,206)</u>
701,513	-	701,513
1,270,431	-	1,270,431
99,968	-	99,968
10,242,096	-	10,242,096
1,605,087	-	1,605,087
119,726	-	119,726
30,106	-	30,106
265,074	32,485	297,559
<u>14,334,001</u>	<u>32,485</u>	<u>14,366,486</u>
<u>(2,113,760)</u>	<u>2,113,760</u>	<u>-</u>
<u>12,220,241</u>	<u>2,146,245</u>	<u>14,366,486</u>
(3,828,876)	2,529,156	(1,299,720)
<u>23,763,276</u>	<u>17,971,399</u>	<u>41,734,675</u>
<u>\$ 19,934,400</u>	<u>\$ 20,500,555</u>	<u>\$ 40,434,955</u>

CITY OF TALLMADGE, OHIO

*BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017*

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 7,541,422	\$ 464,288	\$ 794,638
Receivables:			
Income taxes	2,233,430	-	-
Real and other taxes	745,098	1,310,278	-
Accounts	106,013	58,322	-
Interfund loans	143,500	-	-
Accrued interest	38,555	-	-
Special assessments	-	-	-
Intergovernmental	443,331	96,046	413,711
Materials and supplies inventory	92,884	-	110,048
Prepayments	82,444	25,646	21,383
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 11,426,677</u>	<u>\$ 1,954,580</u>	<u>\$ 1,339,780</u>
Liabilities:			
Accounts payable	\$ 240,443	\$ 18,258	\$ 113,667
Contracts payable	-	-	-
Accrued wages and benefits payable	165,994	124,774	41,054
Compensated absences payable	1,017	-	-
Interfund loans payable	-	-	-
Intergovernmental payable	79,844	59,376	17,629
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>487,298</u>	<u>202,408</u>	<u>172,350</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year . . .	716,865	1,260,405	-
Delinquent property tax revenue not available . .	28,233	49,873	-
Accrued interest not available	25,906	-	-
Special assessments revenue not available	-	-	-
Income tax revenue not available	813,728	-	-
Intergovernmental nonexchange transactions . .	202,942	100,465	246,370
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>1,787,674</u>	<u>1,410,743</u>	<u>246,370</u>
Fund balances (see Note 20):			
Nonspendable	175,328	25,646	131,431
Restricted	-	315,783	789,629
Committed	-	-	-
Assigned	1,082,057	-	-
Unassigned (deficit)	7,894,320	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>9,151,705</u>	<u>341,429</u>	<u>921,060</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,426,677</u>	<u>\$ 1,954,580</u>	<u>\$ 1,339,780</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 821,455	\$ 9,621,803
-	2,233,430
106,445	2,161,821
-	164,335
-	143,500
-	38,555
255,000	255,000
349,111	1,302,199
-	202,932
995	130,468
<u>\$ 1,533,006</u>	<u>\$ 16,254,043</u>
\$ 36,075	\$ 408,443
241,126	241,126
1,765	333,587
-	1,017
143,500	143,500
44,640	201,489
<u>467,106</u>	<u>1,329,162</u>
102,412	2,079,682
4,033	82,139
-	25,906
255,000	255,000
-	813,728
106,406	656,183
<u>467,851</u>	<u>3,912,638</u>
995	333,400
493,110	1,598,522
90,160	90,160
66,332	1,148,389
(52,548)	7,841,772
<u>598,049</u>	<u>11,012,243</u>
<u>\$ 1,533,006</u>	<u>\$ 16,254,043</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF TALLMADGE, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017

Total governmental fund balances		\$	11,012,243
<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.			27,146,072
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	813,728	
Delinquent property taxes receivable		82,139	
Intergovernmental receivable		656,183	
Special assessments receivable		255,000	
Accrued interest receivable		25,906	
Total			1,832,956
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(22,793)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.			61,314
Unamortized premiums (discounts) on bond issuances are not recognized in the funds.			(93,162)
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		5,311	
Deferred outflows of resources		4,344,525	
Deferred inflows of resources		(147,605)	
Net pension liability		(15,252,056)	
Total			(11,049,825)
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		(955,405)	
General obligation bonds payable		(7,050,000)	
Special assessment bonds payable		(255,000)	
Capital lease payable		(692,000)	
Total			(8,952,405)
Net position of governmental activities		\$	<u>19,934,400</u>

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, 2017*

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>
Revenues:			
Property and other taxes	\$ 696,591	\$ 1,261,874	\$ -
Municipal income taxes	10,156,843	-	-
Intergovernmental.	1,387,547	194,886	1,113,480
Investment income.	118,397	-	524
Fines, licenses and permits.	329,169	-	-
Special assessments	4,354	-	5,039
Charges for services.	1,849,346	378,181	82,250
Change in fair value of investments.	30,106	-	-
Miscellaneous	262,839	65,860	85,764
Total revenues	<u>14,835,192</u>	<u>1,900,801</u>	<u>1,287,057</u>
Expenditures:			
Current:			
General government	3,969,120	-	-
Security of persons and property:			
Police	3,732,091	-	-
Street lights	35,445	-	-
Fire.	-	3,203,192	-
Public health and welfare.	-	-	70,959
Transportation	285,546	-	1,695,127
Community environment	186,422	-	-
Leisure time activity	1,786,835	-	313,680
Capital outlay	789,981	35,073	1,203,236
Debt service:			
Principal retirement.	3,702	34,653	146,395
Interest and fiscal charges	389	3,235	9,046
Bond issuance costs.	-	-	-
Total expenditures	<u>10,789,531</u>	<u>3,276,153</u>	<u>3,438,443</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,045,661</u>	<u>(1,375,352)</u>	<u>(2,151,386)</u>
Other financing sources (uses):			
Bond issuance.	-	-	-
Capital lease transaction.	115,345	-	332,931
Transfers in	-	1,270,000	1,550,000
Transfers (out).	(4,179,750)	-	-
Total other financing sources (uses)	<u>(4,064,405)</u>	<u>1,270,000</u>	<u>1,882,931</u>
Net change in fund balances	(18,744)	(105,352)	(268,455)
Fund balances at beginning of year	9,170,449	446,781	1,189,515
Fund balances at end of year.	<u>\$ 9,151,705</u>	<u>\$ 341,429</u>	<u>\$ 921,060</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 99,265	\$ 2,057,730
-	10,156,843
934,237	3,630,150
43	118,964
7,363	336,532
85,030	94,423
-	2,309,777
-	30,106
15,430	429,893
<u>1,141,368</u>	<u>19,164,418</u>
19,000	3,988,120
374,149	4,106,240
-	35,445
874	3,204,066
-	70,959
58,725	2,039,398
135,463	321,885
-	2,100,515
689,505	2,717,795
1,500,000	1,684,750
287,037	299,707
25,000	25,000
<u>3,089,753</u>	<u>20,593,880</u>
<u>(1,948,385)</u>	<u>(1,429,462)</u>
825,000	825,000
-	448,276
1,459,750	4,279,750
-	(4,179,750)
<u>2,284,750</u>	<u>1,373,276</u>
336,365	(56,186)
261,684	11,068,429
<u>\$ 598,049</u>	<u>\$ 11,012,243</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, 2017*

Net change in fund balances - total governmental funds \$ (56,186)

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 exceeded capital outlays in the current period.

Capital asset additions	\$ 1,428,972	
Current year depreciation	(1,666,935)	
Total		(237,963)

Capital contributions from governmental activities to business-type activities is a decrease in net position. (2,213,760)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (87,705)

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

Income taxes	85,253	
Real and other taxes	14,181	
Intergovernmental revenues	(294,481)	
Special assessments	(87,144)	
Investment income	1,329	
Total		(280,862)

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. (1,273,276)

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. 1,684,750

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

Accrued interest payable	4,982	
Amortization of deferred amounts on refunding	(11,137)	
Amortization of bond premium	9,764	
Amortization of bond discount	(1,278)	
Total		2,331

Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,160,291

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. (2,534,531)

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. 8,035

Change in net position of governmental activities \$ (3,828,876)

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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes	\$ 699,347	\$ 698,404	\$ 696,591	\$ (1,813)
Municipal income taxes	10,724,963	10,710,501	10,514,058	(196,443)
Intergovernmental.	1,219,431	1,217,786	1,391,231	173,445
Investment income.	42,933	42,875	123,360	80,485
Fines, licenses and permits	392,044	391,515	331,667	(59,848)
Special assessments	5,007	5,000	4,354	(646)
Charges for services.	1,823,413	1,820,954	1,845,448	24,494
Miscellaneous.	173,691	173,457	250,880	77,423
Total revenues	15,080,829	15,060,492	15,157,589	97,097
Expenditures:				
Current:				
General government	4,454,747	4,544,746	4,289,885	254,861
Security of persons and property	4,065,285	4,065,286	3,837,149	228,137
Transportation	291,279	291,279	232,320	58,959
Community environment	192,097	192,097	185,094	7,003
Leisure time activity	2,026,125	2,026,125	1,861,927	164,198
Capital outlay	676,318	753,218	710,173	43,045
Total expenditures	11,705,851	11,872,751	11,116,548	756,203
Excess of revenues over expenditures	3,374,978	3,187,741	4,041,041	853,300
Other financing sources (uses):				
Sale of capital assets.	1,000	1,000	11,959	10,959
Advances in	70,095	70,000	-	(70,000)
Advances (out) and not repaid	-	(75,000)	(75,000)	-
Transfers (out).	(4,216,899)	(4,326,649)	(4,179,750)	146,899
Total other financing sources (uses)	(4,145,804)	(4,330,649)	(4,242,791)	87,858
Net change in fund balances	(770,826)	(1,142,908)	(201,750)	941,158
Fund balance at beginning of year.	6,795,987	6,795,987	6,795,987	-
Prior year encumbrances appropriated	437,420	437,420	437,420	-
Fund balance at end of year	\$ 6,462,581	\$ 6,090,499	\$ 7,031,657	\$ 941,158

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, 2017*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes	\$ 1,276,781	\$ 1,261,760	\$ 1,261,874	\$ 114
Intergovernmental.	197,206	194,886	194,886	-
Charges for services.	404,762	400,000	388,609	(11,391)
Miscellaneous.	53,631	53,000	65,860	12,860
Total revenues	<u>1,932,380</u>	<u>1,909,646</u>	<u>1,911,229</u>	<u>1,583</u>
Expenditures:				
Current:				
Security of persons and property	3,229,160	3,249,160	3,201,773	47,387
Capital outlay	<u>139,000</u>	<u>139,000</u>	<u>130,441</u>	<u>8,559</u>
Total expenditures	<u>3,368,160</u>	<u>3,388,160</u>	<u>3,332,214</u>	<u>55,946</u>
Excess of expenditures over revenues	<u>(1,435,780)</u>	<u>(1,478,514)</u>	<u>(1,420,985)</u>	<u>57,529</u>
Other financing sources:				
Transfers in	<u>1,285,120</u>	<u>1,270,000</u>	<u>1,270,000</u>	<u>-</u>
Total other financing sources	<u>1,285,120</u>	<u>1,270,000</u>	<u>1,270,000</u>	<u>-</u>
Net change in fund balances	(150,660)	(208,514)	(150,985)	57,529
Fund balance at beginning of year.	497,683	497,683	497,683	-
Prior year encumbrances appropriated	<u>13,728</u>	<u>13,728</u>	<u>13,728</u>	<u>-</u>
Fund balance at end of year	<u>\$ 360,751</u>	<u>\$ 302,897</u>	<u>\$ 360,426</u>	<u>\$ 57,529</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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 1,021,811	\$ 1,040,000	\$ 1,098,328	\$ 58,328
Investment income	1,277	1,300	524	(776)
Special assessments	11,790	12,000	5,039	(6,961)
Charges for services.	59,933	61,000	82,250	21,250
Miscellaneous.	58,459	59,500	85,264	25,764
Total revenues	<u>1,153,270</u>	<u>1,173,800</u>	<u>1,271,405</u>	<u>97,605</u>
Expenditures:				
Current:				
Public health and welfare.	89,858	89,858	70,315	19,543
Transportation	2,003,942	2,003,942	1,768,114	235,828
Leisure time activity	352,454	352,454	315,634	36,820
Capital outlay	1,020,107	1,070,107	1,030,750	39,357
Total expenditures	<u>3,466,361</u>	<u>3,516,361</u>	<u>3,184,813</u>	<u>331,548</u>
Excess of expenditures over revenues	<u>(2,313,091)</u>	<u>(2,342,561)</u>	<u>(1,913,408)</u>	<u>429,153</u>
Other financing sources:				
Sale of capital assets.	-	-	500	500
Transfers in	1,655,530	1,685,000	1,550,000	(135,000)
Total other financing sources.	<u>1,655,530</u>	<u>1,685,000</u>	<u>1,550,500</u>	<u>(134,500)</u>
Net change in fund balances	(657,561)	(657,561)	(362,908)	294,653
Fund balance at beginning of year.	862,229	862,229	862,229	-
Prior year encumbrances appropriated	167,409	167,409	167,409	-
Fund balance at end of year	<u>\$ 372,077</u>	<u>\$ 372,077</u>	<u>\$ 666,730</u>	<u>\$ 294,653</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 2,457,639	\$ 3,092,316	\$ 195,448	\$ 5,745,403
Receivables:				
Accounts	1,283,359	553,821	94,541	1,931,721
Special assessments	1,864	-	-	1,864
Materials and supplies inventory	29,809	29,809	-	59,618
Prepayments	5,980	5,980	2,486	14,446
Total current assets	<u>3,778,651</u>	<u>3,681,926</u>	<u>292,475</u>	<u>7,753,052</u>
Noncurrent assets:				
Net pension asset	339	346	129	814
Capital assets:				
Nondepreciable capital assets	94,403	152,639	388,837	635,879
Depreciable capital assets, net.	<u>3,866,770</u>	<u>6,562,465</u>	<u>4,791,703</u>	<u>15,220,938</u>
Total capital assets, net.	<u>3,961,173</u>	<u>6,715,104</u>	<u>5,180,540</u>	<u>15,856,817</u>
Total noncurrent assets	<u>3,961,512</u>	<u>6,715,450</u>	<u>5,180,669</u>	<u>15,857,631</u>
Total assets	<u>7,740,163</u>	<u>10,397,376</u>	<u>5,473,144</u>	<u>23,610,683</u>
Deferred outflows of resources:				
Pension - OPERS	<u>169,516</u>	<u>173,703</u>	<u>59,623</u>	<u>402,842</u>
Liabilities:				
Current liabilities:				
Accounts payable	4,805	15,360	478	20,643
Accrued wages and benefits payable	8,456	8,488	4,407	21,351
Intergovernmental payable	931,941	98,921	1,921	1,032,783
Compensated absences payable	3,718	3,717	-	7,435
Current portion of OWDA loans payable	-	109,920	-	109,920
Accrued interest payable	-	25,489	-	25,489
Total current liabilities	<u>948,920</u>	<u>261,895</u>	<u>6,806</u>	<u>1,217,621</u>
Long-term liabilities:				
Compensated absences payable	7,096	7,096	-	14,192
OWDA loans payable	-	1,291,995	-	1,291,995
Net pension liability	<u>405,948</u>	<u>415,087</u>	<u>154,068</u>	<u>975,103</u>
Total long-term liabilities	<u>413,044</u>	<u>1,714,178</u>	<u>154,068</u>	<u>2,281,290</u>
Total liabilities	<u>1,361,964</u>	<u>1,976,073</u>	<u>160,874</u>	<u>3,498,911</u>
Deferred inflows of resources:				
Pension - OPERS	<u>3,346</u>	<u>3,419</u>	<u>7,294</u>	<u>14,059</u>
Net position:				
Net investment in capital assets	3,961,173	5,313,189	5,180,540	14,454,902
Unrestricted	<u>2,583,196</u>	<u>3,278,398</u>	<u>184,059</u>	<u>6,045,653</u>
Total net position	<u>\$ 6,544,369</u>	<u>\$ 8,591,587</u>	<u>\$ 5,364,599</u>	<u>\$ 20,500,555</u>

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, 2017*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Operating revenues:				
Charges for services	\$ 4,514,010	\$ 2,156,467	\$ 318,523	\$ 6,989,000
Other operating revenues	11,454	19,291	1,256	32,001
Total operating revenues.	<u>4,525,464</u>	<u>2,175,758</u>	<u>319,779</u>	<u>7,021,001</u>
Operating expenses:				
Personal services	412,475	419,201	160,572	992,248
Contract services.	3,337,915	1,102,141	116,871	4,556,927
Materials and supplies.	107,836	72,818	1,344	181,998
Depreciation.	222,365	328,656	179,844	730,865
Other	27,299	65,360	138	92,797
Total operating expenses.	<u>4,107,890</u>	<u>1,988,176</u>	<u>458,769</u>	<u>6,554,835</u>
Operating income (loss)	<u>417,574</u>	<u>187,582</u>	<u>(138,990)</u>	<u>466,166</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges.	-	(51,254)	-	(51,254)
Special assessments	484	-	-	484
Total nonoperating revenues (expenses).	<u>484</u>	<u>(51,254)</u>	<u>-</u>	<u>(50,770)</u>
Income (loss) before transfers and capital contributions	<u>418,058</u>	<u>136,328</u>	<u>(138,990)</u>	<u>415,396</u>
Transfers out.	-	-	(100,000)	(100,000)
Capital contributions	-	-	2,213,760	2,213,760
Change in net position	418,058	136,328	1,974,770	2,529,156
Net position at beginning of year.	<u>6,126,311</u>	<u>8,455,259</u>	<u>3,389,829</u>	<u>17,971,399</u>
Net position at end of year	<u>\$ 6,544,369</u>	<u>\$ 8,591,587</u>	<u>\$ 5,364,599</u>	<u>\$ 20,500,555</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, 2017*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Cash flows from operating activities:				
Cash received from customers	\$ 4,422,199	\$ 2,105,753	\$ 312,575	\$ 6,840,527
Cash received from other operations	11,454	19,291	1,256	32,001
Cash payments for personal services	(352,827)	(358,436)	(139,152)	(850,415)
Cash payments for contractual services	(3,730,432)	(1,274,351)	(120,748)	(5,125,531)
Cash payments for materials and supplies	(113,378)	(78,360)	(1,344)	(193,082)
Cash payments for other expenses	(27,299)	(65,360)	(138)	(92,797)
Net cash provided by operating activities	<u>209,717</u>	<u>348,537</u>	<u>52,449</u>	<u>610,703</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(18,326)	(20,126)	-	(38,452)
Special assessments	2,349	-	-	2,349
Principal retirement on OWDA loans	-	(105,816)	-	(105,816)
Interest and fiscal charges	-	(53,089)	-	(53,089)
Cash used in transfers out	-	-	(100,000)	(100,000)
Net cash used in capital and related financing activities	<u>(15,977)</u>	<u>(179,031)</u>	<u>(100,000)</u>	<u>(295,008)</u>
Net increase (decrease) in cash and cash equivalents	193,740	169,506	(47,551)	315,695
Cash and cash equivalents at beginning of year	<u>2,263,899</u>	<u>2,922,810</u>	<u>242,999</u>	<u>5,429,708</u>
Cash and cash equivalents at end of year	<u>\$ 2,457,639</u>	<u>\$ 3,092,316</u>	<u>\$ 195,448</u>	<u>\$ 5,745,403</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 417,574	\$ 187,582	\$ (138,990)	\$ 466,166
Adjustments:				
Depreciation	222,365	328,656	179,844	730,865
Changes in assets and liabilities:				
(Increase) in accounts receivable	(91,811)	(50,714)	(5,948)	(148,473)
(Increase) in materials and supplies inventory	(5,542)	(5,542)	-	(11,084)
(Increase) decrease in prepayments	(29)	(29)	231	173
Decrease in net pension asset	175	178	106	459
(Increase) in deferred outflows - pension - OPERS	(59,697)	(61,732)	(9,472)	(130,901)
Increase (decrease) in accounts payable	(40,703)	1,492	(3,877)	(43,088)
Increase (decrease) in accrued wages and benefits	(734)	(985)	1,098	(621)
Increase (decrease) in intergovernmental payable	(351,736)	(173,758)	375	(525,119)
Increase in compensated absences payable	222	221	-	443
Increase in net pension liability	123,413	127,015	25,042	275,470
Increase (decrease) in deferred inflows - pension - OPERS	(3,780)	(3,847)	4,040	(3,587)
Net cash provided by operating activities	<u>\$ 209,717</u>	<u>\$ 348,537</u>	<u>\$ 52,449</u>	<u>\$ 610,703</u>

Non-Cash Transactions:

The Storm Water fund received \$2,213,760 in capital contributions from governmental activities during 2017.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2017

	<u>Private-Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 36,005	\$ 421,287
Receivables:		
Income taxes.	-	117,322
Accrued interest	<u>90</u>	<u>448</u>
Total assets	<u>36,095</u>	<u>539,057</u>
Liabilities:		
Deposits held and due to others	<u>-</u>	<u>539,057</u>
Total liabilities.	<u>-</u>	<u>\$ 539,057</u>
Net position:		
Held in trust	<u>36,095</u>	
Total net position	<u>\$ 36,095</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, 2017*

	<u>Private-Purpose Trust</u>
Additions:	
Investment income	\$ 278
Change in fair value of investments	71
Total additions	<u>349</u>
Deductions:	
Intergovernmental	<u>1,000</u>
Total deductions	<u>1,000</u>
Change in net position	(651)
Net position at beginning of year	<u>36,746</u>
Net position at end of year	<u>\$ 36,095</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, 2017*

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 17 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, 2017*

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, 2017*

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.

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, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted or assigned to expenditures for principal and interest on debt.

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 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.

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, 2017*

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, 2017*

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, see Note 13 for deferred outflows of resources related the City's net pension liability. 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, 2017, but which were levied to finance 2018 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, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, See Note 13 for deferred inflows of resources related to the City's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

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

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 2017, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), negotiable and nonnegotiable certificates of deposit (CDs), a U.S. Government money market mutual fund, commercial paper, Federal Farm Credit Bank (FFCB) securities, Fannie Mae (FNMA) securities, and Federal Home Loan Mortgage Corporation (FHLMC) securities. Investments are reported at fair value, except for nonnegotiable certificates of deposit, which are reported at cost. Fair value is based on quoted market prices.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

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

The City invested in STAR Ohio during 2017. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2017 amounted to \$118,397, which includes \$58,856 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 expended/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 acquisition 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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

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

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 - 60

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

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 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, 2017, 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.

On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance in the governmental funds.

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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

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

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.

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.

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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

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

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are for sewer, water, and storm water utility programs. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activity of the funds. All revenues and expenses not meeting these definitions are reported as non-operating.

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 2017.

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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

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

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 2017, the storm water fund received contributions of capital in the amount of \$2,213,760 from governmental activities.

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 \$856 and \$3,135, 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.

X. 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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

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

Y. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2017, the City has implemented GASB Statement No. 80, *“Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14”*, GASB Statement No. 81 *“Irrevocable Split-Interest Agreements”*, and GASB Statement No. 82, *“Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73”*.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the City.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the City.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the City.

B. Deficit Fund Balances

Fund balances at December 31, 2017 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Police Pension	\$ 25,767
Local Government Innovation Grant	9,000
Abandoned Gas Station Cleanup Grant	17,781

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

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.

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).

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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, 2017, the carrying amount of all City deposits was \$6,750,104 and the bank balance of all City deposits was \$6,808,885. Of the bank balance, \$4,500,000 was covered by the FDIC and \$2,308,885 was covered by the Ohio Pooled Collateral System (OPCS).

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. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of December 31, 2017, the City had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	<u>Investment Maturity</u>			
		<u>6 months or less</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Amortized cost:</i>					
STAR Ohio	\$ 4,042,694	\$ 4,042,694	\$ -	\$ -	\$ -
<i>Fair value:</i>					
U.S. Government money market	5,007	5,007	-	-	-
Commercial paper	2,367,045	2,367,045	-	-	-
Negotiable CD's	729,066	-	245,450	-	483,616
FFCB	344,953	-	-	344,953	-
FNMA	1,339,539	-	346,549	-	992,990
FHLMC	246,090	-	-	246,090	-
Total	<u>\$ 9,074,394</u>	<u>\$ 6,414,746</u>	<u>\$ 591,999</u>	<u>\$ 591,043</u>	<u>\$ 1,476,606</u>

The City's investments in the U.S. Government money market are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in commercial paper, negotiable CDs, FFCB, FNMA, and FHLMC securities are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The investment in commercial paper carries ratings of P-1 by Moodys and A-1+ and A-1 by Standard & Poor's. The investment in FFCB, FNMA, and FHLMC securities carries ratings of Aaa by Moodys and AA+ by Standard & Poor's. The U.S. government money market and negotiable CDs were not rated. The negotiable CDs are covered by FDIC. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State Statute.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2017:

<u>Investment type</u>	<u>Measurement</u>	
	<u>Value</u>	<u>% to total</u>
STAR Ohio	\$ 4,042,694	44.56
U.S. Government money market	5,007	0.06
Commercial paper	2,367,045	26.08
Negotiable CD's	729,066	8.03
FFCB	344,953	3.80
FNMA	1,339,539	14.76
FHLMC	<u>246,090</u>	<u>2.71</u>
Total	<u>\$ 9,074,394</u>	<u>100.00</u>

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, 2017:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,750,104
Investments	<u>9,074,394</u>
Total	<u>\$ 15,824,498</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 9,621,803
Business type activities	5,745,403
Private-purpose trust fund	36,005
Agency funds	<u>421,287</u>
Total	<u>\$ 15,824,498</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 5 - INTERFUND TRANSACTIONS

- A. Routine general fund transfers consist of \$1,270,000 to the fire/EMS levy special revenue fund, \$1,550,000 to the street maintenance and repair special revenue fund, \$870,000 to the bond retirement debt service fund, \$250,000 to the police pension special revenue, and \$74,000 to the general infrastructure reserve capital projects fund. The general fund also transferred \$65,750 and \$100,000 to the community development special revenue fund and north avenue improvement capital projects fund to finance the projects accounted for within the funds.

The storm water fund transferred \$100,000 to the north avenue improvement capital projects fund during 2017 to finance a portion of the retirement of the general obligation note that matured on April 27, 2017 (see Note 11 for detail).

	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Major funds</u>		
General	\$ -	\$ 4,179,750
Fire/EMS levy	1,270,000	-
Street maintenance and repair	1,550,000	-
Storm water	-	100,000
	<u>2,820,000</u>	<u>4,279,750</u>
<u>Nonmajor governmental funds</u>		
Community development	65,750	-
Police pension	250,000	-
Bond retirement	870,000	-
General infrastructure reserve	74,000	-
North avenue improvement	200,000	-
	<u>1,459,750</u>	<u>-</u>
Total nonmajor governmental funds	<u>1,459,750</u>	<u>-</u>
Total	<u>\$ 4,279,750</u>	<u>\$ 4,279,750</u>

- B. The interfund balances at December 31, 2017, as reported on the fund financial statements consist of the following interfund loan receivable/payables:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds:	
	Local government innovation grant	\$ 43,500
	Abandoned gas station cleanup grant	100,000
	Total	<u>\$ 143,500</u>

The primary purpose of the interfund loans is to cover expenditures in the local government innovation grant and abandoned gas station grant special revenue funds. The interfund balances are expected to be repaid within the next year once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances between governmental funds at December 31, 2017, are reported on the statement of net position.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 6 - RECEIVABLES

Receivables at December 31, 2017, 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 \$180,000 in the bond retirement fund. The City had no material outstanding delinquencies at December 31, 2017.

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. 2017 public utility property taxes became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

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, 2017 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 2017 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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 6 - RECEIVABLES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2017 was \$6.15 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2017 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 302,896,240
Commercial/industrial/mineral	69,464,320
<u>Public utility</u>	
Personal	<u>6,246,800</u>
Total assessed value	<u>\$ 378,607,360</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.

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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 6 - RECEIVABLES - (Continued)

C. Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental activities:</u>	<u>Amounts</u>
Local government	\$ 234,513
Homestead and rollback	157,047
JEDD income tax	143,394
Community development grant	28,925
Recycle grant	17,537
Local government innovation grant	43,500
Abandoned gas station clean up grant	600
Congestion mitigation and air quality improvement funding	237,261
Miscellaneous	12,047
Permissive tax	11,361
Auto license tax	84,638
Gas tax and municipal cents per gallon tax	331,376
Total	<u>\$ 1,302,199</u>

NOTE 7 - TAX ABATEMENTS

The County provides tax abatements through the Tallmadge Community Reinvestment Area (CRA). This program relates to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

The City has entered into agreements to abate property taxes through this CRA program. During 2017, the City's property tax revenues were reduced by \$35,597 as a result of these agreements.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance			Balance
<u>Governmental activities:</u>	<u>12/31/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/17</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,271,199	\$ 170,000	\$ -	\$ 3,441,199
Right of ways	80,218	-	-	80,218
Construction in progress	<u>5,523,117</u>	<u>-</u>	<u>(5,435,050)</u>	<u>88,067</u>
Total capital assets, not being depreciated	<u>8,874,534</u>	<u>170,000</u>	<u>(5,435,050)</u>	<u>3,609,484</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	17,847,666	-	(1,575)	17,846,091
Equipment	8,663,528	924,494	(345,064)	9,242,958
Infrastructure - streets subsystem	<u>21,834,520</u>	<u>3,555,768</u>	<u>(123,074)</u>	<u>25,267,214</u>
Total capital assets, being depreciated	<u>48,345,714</u>	<u>4,480,262</u>	<u>(469,713)</u>	<u>52,356,263</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(7,698,434)	(497,745)	1,024	(8,195,155)
Equipment	(6,517,219)	(429,274)	310,488	(6,636,005)
Infrastructure - streets subsystem	<u>(13,319,095)</u>	<u>(739,916)</u>	<u>70,496</u>	<u>(13,988,515)</u>
Total accumulated depreciation	<u>(27,534,748)</u>	<u>(1,666,935)</u>	<u>382,008</u>	<u>(28,819,675)</u>
Total capital assets, being depreciated, net	<u>20,810,966</u>	<u>2,813,327</u>	<u>(87,705)</u>	<u>23,536,588</u>
Governmental activities capital assets, net	<u>\$ 29,685,500</u>	<u>\$ 2,983,327</u>	<u>\$ (5,522,755)</u>	<u>\$ 27,146,072</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 172,933
Security of persons and property - police	100,541
Security of persons and property - fire	117,574
Public health and welfare	2,316
Transportation	932,542
Community environment	480
Leisure time activity	<u>340,549</u>
Total depreciation expense	<u>\$ 1,666,935</u>

THIS SPACE IS INTENTIONALLY LEFT BLANK

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 8 - CAPITAL ASSETS - (Continued)

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance			Balance
<u>Business-type activities:</u>	<u>12/31/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/17</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 375,519	\$ -	\$ -	\$ 375,519
Right of ways/easements	<u>260,360</u>	<u>-</u>	<u>-</u>	<u>260,360</u>
Total capital assets, not being depreciated	<u>635,879</u>	<u>-</u>	<u>-</u>	<u>635,879</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	2,107,625	-	-	2,107,625
Equipment	1,535,349	38,452	(50,147)	1,523,654
Infrastructure				
Water lines	11,523,638	-	-	11,523,638
Sewer lines	9,160,132	-	-	9,160,132
Storm water subsystem	<u>4,990,313</u>	<u>2,213,760</u>	<u>-</u>	<u>7,204,073</u>
Total capital assets, being depreciated	<u>29,317,057</u>	<u>2,252,212</u>	<u>(50,147)</u>	<u>31,519,122</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(1,253,135)	(61,757)	-	(1,314,892)
Equipment	(1,179,848)	(66,433)	50,147	(1,196,134)
Infrastructure				
Water lines	(5,532,306)	(240,139)	-	(5,772,445)
Sewer lines	(5,411,349)	(183,485)	-	(5,594,834)
Storm water subsystem	<u>(2,240,828)</u>	<u>(179,051)</u>	<u>-</u>	<u>(2,419,879)</u>
Total accumulated depreciation	<u>(15,617,466)</u>	<u>(730,865)</u>	<u>50,147</u>	<u>(16,298,184)</u>
Total capital assets, being depreciated, net	<u>13,699,591</u>	<u>1,521,347</u>	<u>-</u>	<u>15,220,938</u>
Business-type activities capital assets, net	<u>\$ 14,335,470</u>	<u>\$ 1,521,347</u>	<u>\$ -</u>	<u>\$ 15,856,817</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 8 - CAPITAL ASSETS - (Continued)

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

Sewer operating	\$ 222,365
Water operating	328,656
Storm water	<u>179,844</u>
Total depreciation expense	<u>\$ 730,865</u>

NOTE 9 - CAPITAL LEASES

In prior years, the City entered into capital leases for an ambulance and street equipment. During 2017, the City entered into new capital leases for street equipment and copier equipment. The capital lease for the ambulance will be paid out of the fire/EMS levy special revenue fund, the capital lease for copier equipment will be paid out of the general fund and the capital lease for the street equipment will be paid from the street maintenance and repair special revenue fund. Capital assets were capitalized at the present value of the minimum lease payments at the time the leases were entered into. Of the City's \$692,000 capital lease obligation outstanding at December 31, 2017, \$74,911 was related to equipment that was not capitalized, as a portion of the equipment leased under the 2017 copier equipment lease was below the capitalization threshold.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Assets:	
Equipment	\$ 956,806
Less: accumulated depreciation	<u>(116,248)</u>
Total	<u>\$ 840,558</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, 2017:

<u>Year Ended</u>	<u>Governmental Activities</u>
2018	\$ 217,875
2019	217,875
2020	179,987
2021	94,508
2022	<u>20,456</u>
Total	730,701
Less: amount representing interest	<u>(38,701)</u>
Present value of net minimum lease payments	<u>\$ 692,000</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 10 - LONG-TERM OBLIGATIONS

The interest rate, original issue amount and date of maturity of each of the City's bonds outstanding at December 31, 2017 are as follows:

	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity Date</u>
<u>Special assessment bonds</u>			
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
2017 North avenue improvement	1.850%	825,000	5/1/2021

The changes in long-term obligations for business-type activities during the year were as follows:

Business-type activities:	<u>Balance 12/31/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/17</u>	<u>Amounts Due in One Year</u>
<u>OWDA loans</u>					
Northeast water system	\$ 1,051,229	\$ -	\$ (60,475)	\$ 990,754	\$ 63,319
South Avenue waterline	456,502	-	(45,341)	411,161	46,601
Tota OWDA loans	<u>1,507,731</u>	<u>-</u>	<u>(105,816)</u>	<u>1,401,915</u>	<u>109,920</u>
Net pension liability	699,633	275,470	-	975,103	-
Compensated absences	21,184	7,435	(6,992)	21,627	7,435
Total business-type activities long-term obligations	<u>\$ 2,228,548</u>	<u>\$ 282,905</u>	<u>\$ (112,808)</u>	<u>\$ 2,398,645</u>	<u>\$ 117,355</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The changes in long-term obligations for governmental activities during the year were as follows:

Governmental activities:	Balance			Balance	Amounts
	<u>12/31/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17</u>	<u>Due in</u> <u>One Year</u>
<u>General obligation bonds</u>					
2001 City building improvement	\$ 750,000	\$ -	\$ (135,000)	\$ 615,000	\$ 140,000
2010 Storm water improvement refunding	340,000	-	(165,000)	175,000	175,000
2010 Recreation various improvement	2,985,000	-	(170,000)	2,815,000	175,000
2015 Recreation center refunding	2,775,000	-	(155,000)	2,620,000	160,000
2017 North avenue improvement	<u>-</u>	<u>825,000</u>	<u>-</u>	<u>825,000</u>	<u>200,000</u>
Total general obligation bonds	<u>6,850,000</u>	<u>825,000</u>	<u>(625,000)</u>	<u>7,050,000</u>	<u>850,000</u>
<u>Special assessment bonds</u>					
2000 West avenue street improvement	<u>330,000</u>	<u>-</u>	<u>(75,000)</u>	<u>255,000</u>	<u>75,000</u>
<u>General obligation notes</u>					
2016 North avenue improvement	<u>800,000</u>	<u>-</u>	<u>(800,000)</u>	<u>-</u>	<u>-</u>
<u>Other long-term obligations</u>					
Capital lease	428,474	448,276	(184,750)	692,000	200,671
Net pension liability	13,286,276	1,965,780	-	15,252,056	-
Compensated absences	<u>963,440</u>	<u>170,530</u>	<u>(177,548)</u>	<u>956,422</u>	<u>171,547</u>
Total governmental activities long-term obligations	<u>\$ 22,658,190</u>	<u>\$ 3,409,586</u>	<u>\$ (1,862,298)</u>	<u>\$ 24,205,478</u>	<u>\$ 1,297,218</u>
Add: Unamortized premium on bond issue				110,311	
Less: Unamortized discount on bond issue				<u>(17,149)</u>	
Total reported on statement of net position				<u>\$ 24,298,640</u>	

Special Assessment Bonds Payable:

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, 2017*

NOTE 10 - 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. Annual principal and interest payments on the Northeast water system loan is expected to require 30.78 percent of net revenues and 7.30 percent of total revenues. The total principal and interest remaining to be paid on the OWDA loans is \$1,721,196. Principal and interest paid for the current year was \$158,905, total net revenues were \$516,238 and total revenues were \$2,175,758.

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.

2010 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.

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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Long-Term Notes Payable

On April 27, 2016, the City issued long-term notes in the amount of \$800,000 for North Avenue improvement. The notes had an annual interest rate of 1.00% and matured on April 27, 2017. The notes were retired using proceeds from the 2017 North Avenue improvement bond issue.

2017 North Avenue Improvement Bonds Payable:

On April 26, 2017, the City issued \$825,000 in general obligation bonds payable for permanent improvements on North Avenue. These bonds bear an interest rate of 1.85% and mature on May 1, 2021.

Capital Lease Obligations:

Capital leases outstanding at December 31, 2017 includes the purchase of an ambulances paid from the fire/EMS levy special revenue fund, copiers paid from the general fund, and two sets of street equipment paid from the street maintenance and repair special revenue fund. See Note 9 to the basic financial statements for detail.

Net Pension Liability:

See Note 13 to the basic financial statements 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.

As of December 31, 2017, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$32,676,943 (net of unamortized debt) and the unvoted legal debt margin was \$20,823,405. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2017 are as follows:

Year Ended	Governmental Activities					
	General Obligation Bonds			West Avenue Special Assessment		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 850,000	\$ 241,090	\$ 1,091,090	\$ 75,000	\$ 15,300	\$ 90,300
2019	695,000	215,944	910,944	80,000	10,800	90,800
2020	720,000	195,031	915,031	100,000	6,000	106,000
2021	730,000	173,033	903,033	-	-	-
2022	375,000	152,065	527,065	-	-	-
2023 - 2027	2,035,000	567,014	2,602,014	-	-	-
2028 - 2031	1,645,000	154,975	1,799,975	-	-	-
Total	<u>\$ 7,050,000</u>	<u>\$ 1,699,152</u>	<u>\$ 8,749,152</u>	<u>\$ 255,000</u>	<u>\$ 32,100</u>	<u>\$ 287,100</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Year Ended	Business-type Activities OWDA Loan		
	Principal	Interest	Total
2018	\$ 109,920	\$ 50,033	\$ 159,953
2019	114,194	46,176	160,370
2020	118,643	42,162	160,805
2021	123,277	37,985	161,262
2022	128,102	33,637	161,739
2023 - 2027	602,525	98,907	701,432
2028 - 2029	205,254	10,381	215,635
Total	<u>\$ 1,401,915</u>	<u>\$ 319,281</u>	<u>\$ 1,721,196</u>

NOTE 11 - SHORT-TERM NOTES PAYABLE

The City's short-term general obligation note activity for the year ended December 31, 2017, was as follows:

	Balance 12/31/2016	Issued	Retired	Balance 12/31/2017
<u>Governmental fund notes</u>				
North avenue improvement - 1.00%	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ -</u>

The short-term notes outstanding at December 31, 2016 were paid in full in 2017 when the notes were refinanced with bonds on April 26, 2017.

NOTE 12 - 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 2017, 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, 2017 through December 31, 2017. 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 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, 2017*

NOTE 12 - 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 has elected to provide employee medical, prescription, dental and vision benefits through a health insurance consortium comprised of other public entities beginning on July 1, 2017. The Jefferson Health Plan is the consortium that administers the provision of medical, dental, vision, hospitalization, and prescription drug benefits for all claims incurred during membership in the Jefferson Health Plan. A third-party administrator contracted by the Jefferson Health Plan provides administrative services in connection with the processing and payment of claims. The City is responsible for the first \$75,000 in claims, the Jefferson Health Plan is responsible for cumulative claim payments up to a maximum reimbursement of \$1,425,000, and cumulative claim payments over \$1,500,000 are eligible for reimbursement from the Jefferson Health Plan's umbrella stop-loss policy, currently Sun Life. Fixed premiums for the calendar year are determined by the Jefferson Health Plan and paid to the third-party administrator.

NOTE 13 - 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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 3.00% 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 2.25%.

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 1.00% 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 2.25% 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.

THIS SPACE IS INTENTIONALLY LEFT BLANK

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0 %
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 the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$569,009 for 2017. Of this amount, \$72,419 is reported as intergovernmental payable.

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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% 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 OPF 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:

	Police	Firefighters
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee	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 \$666,864 for 2017. Of this amount \$82,114 is reported as intergovernmental payable.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2016, 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, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. 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:

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.03101500%	0.01989000%	0.02555700%	0.13389800%	
Proportion of the net pension liability/asset current measurement date	<u>0.03232700%</u>	<u>0.01080200%</u>	<u>0.02684100%</u>	<u>0.14029700%</u>	
Change in proportionate share	<u>0.00131200%</u>	<u>-0.00908800%</u>	<u>0.00128400%</u>	<u>0.00639900%</u>	
Proportionate share of the net pension liability	\$ 7,340,912	\$ -	\$ -	\$ 8,886,247	\$ 16,227,159
Proportionate share of the net pension asset	-	(6,013)	(112)	-	(6,125)
Pension expense	1,614,054	4,344	138	1,133,018	2,751,554

THIS SPACE IS INTENTIONALLY LEFT BLANK

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ 9,950	\$ -	\$ 1,141	\$ 2,514	\$ 13,605
Net difference between projected and actual earnings on pension plan investments	1,093,231	1,468	98	864,150	1,958,947
Changes of assumptions	1,164,357	1,465	125	-	1,165,947
Changes in employer's proportionate percentage/difference between employer contributions	101,788	-	-	271,207	372,995
City contributions subsequent to the measurement date	553,794	1,539	13,676	666,864	1,235,873
Total deferred outflows of resources	<u>\$ 2,923,120</u>	<u>\$ 4,472</u>	<u>\$ 15,040</u>	<u>\$ 1,804,735</u>	<u>\$ 4,747,367</u>
Deferred inflows of resources					
Differences between expected and actual experience	\$ 43,688	\$ 3,076	\$ -	\$ 20,460	\$ 67,224
Changes in employer's proportionate percentage/difference between employer contributions	20,415	-	-	74,025	94,440
Total deferred outflows of resources	<u>\$ 64,103</u>	<u>\$ 3,076</u>	<u>\$ -</u>	<u>\$ 94,485</u>	<u>\$ 161,664</u>

\$1,235,873 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, 2018.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2018	\$ 950,853	\$ 285	\$ 198	\$ 364,080	\$ 1,315,416
2019	993,865	285	198	364,078	1,358,426
2020	392,548	223	194	284,721	677,686
2021	(32,043)	(297)	157	(23,791)	(55,974)
2022	-	(243)	160	48,973	48,890
Thereafter	-	(396)	457	5,325	5,386
Total	\$ 2,305,223	\$ (143)	\$ 1,364	\$ 1,043,386	\$ 3,349,830

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 was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, for the defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

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.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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 annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

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 2016 and the long-term expected real rates of return:

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.75 %
Domestic equities	20.70	6.34
Real estate	10.00	4.75
Private equity	10.00	8.97
International equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.50%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. A discount rate of 8.00% was used in the previous measurement period. 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 contractually required rates, as actuarially determined. 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 for the Traditional Pension Plan, Combined Plan and Member-Directed Plan 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 7.50%, 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 (6.50%) or one-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 11,214,883	\$ 7,340,912	\$ 4,112,641
Combined Plan	432	(6,012)	(11,018)
Member-Directed Plan	268	(112)	(268)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016 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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation date	January 1, 2016
Actuarial cost method	Entry age normal
Investment rate of return	8.25%
Projected salary increases	4.25% - 11.00%
Payroll increases	3.75%
Inflation assumptions	3.25%
Cost of living adjustments	2.60% and 3.00% simple

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 for the five-year period ended December 31, 2011. The recommended assumption changes based on this experience study were adopted by OPF's Board and were effective beginning with the January 1, 2012 actuarial valuation.

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 expected. 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.

THIS SPACE IS INTENTIONALLY LEFT BLANK

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2016 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.46 %	5.21 %
Non-US Equity	16.00	4.66	5.40
Core Fixed Income *	20.00	1.67	2.37
Global Inflation			
Protected Securities *	20.00	0.49	2.33
High Yield	15.00	3.33	4.48
Real Estate	12.00	4.71	5.65
Private Markets	8.00	7.31	7.99
Timber	5.00	6.87	6.87
Master Limited Partnerships	8.00	6.92	7.36
Total	120.00 %		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OPF'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%. 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%. 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%, 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%), or one percentage point higher (9.25%) than the current rate.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 11,835,460	\$ 8,886,247	\$ 6,386,793

Changes Between Measurement Date and Report Date - In October 2017, the OPF Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25% to 8.00%. Although the exact amount of these changes is not known, it has the potential to impact to the City's net pension liability.

NOTE 14 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS administers three separate pension plans: The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; the Member Directed Plan - a defined contribution plan; and the Combined Plan - a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) 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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2017, 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 2017 was 1.00%.

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, 2017, 2016, and 2015 were \$48,188, \$88,066, and \$79,032, respectively; 88.27% has been contributed for 2017 and 100% has been contributed for 2016 and 2017. The remaining 2017 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.

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 health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2017 thru December 31, 2017. 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.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$9,532 and \$6,482 for the year ended December 31, 2017, \$9,057 and \$5,755 for the year ended December 31, 2016, and \$8,717 and \$5,392, for the year ended December 31, 2015. 100% has been contributed for 2016 and 2015. 88.20% has been contributed for police and 87.71% has been contributed for firefighters for 2017. The remaining 2017 post-employment health care benefits liability has been reported as intergovernmental payable on the basic financial statements.

NOTE 15 - 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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS - (Continued)

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 16 - 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);
- (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).

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>
Budget basis	\$ (201,750)	\$ (150,985)	\$ (362,908)
Net adjustment for revenue accruals	(322,397)	(10,428)	15,652
Net adjustment for expenditure accruals	(185,272)	(47,801)	(381,538)
Net adjustment for other financing sources	178,386	-	332,431
Adjustment for encumbrances	<u>512,289</u>	<u>103,862</u>	<u>127,908</u>
GAAP basis	<u>\$ (18,744)</u>	<u>\$ (105,352)</u>	<u>\$ (268,455)</u>

NOTE 17 - 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 anybody shall be retained by that party.

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 294 municipalities throughout the State of Ohio. The City began using RITA for its income tax collection services in December 2009.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

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 2017, the City contributed \$3,457 to the Akron Metropolitan Area Transportation Study, which represents the City's formula share.

NOTE 18 - CONTRACTUAL COMMITMENTS

On December 31, 2017, the City had a total of \$5,058,548 in contractual commitments to the City of Stow for dispatch services covering a multi-year period.

NOTE 19 - 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, 2017.

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, 2017*

NOTE 20 - 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	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 92,884	\$ -	\$ 110,048	\$ -	\$ 202,932
Prepayments	<u>82,444</u>	<u>25,646</u>	<u>21,383</u>	<u>995</u>	<u>130,468</u>
Total nonspendable	<u>175,328</u>	<u>25,646</u>	<u>131,431</u>	<u>995</u>	<u>333,400</u>
Restricted:					
Security of persons and property					
Police	-	-	-	38,641	38,641
Fire	-	315,783	-	4,118	319,901
Transportation					
Street maintenance and repair	-	-	789,629	-	789,629
State highway	-	-	-	95,959	95,959
Community environment					
Community development	-	-	-	72,672	72,672
Capital outlay					
Tallmadge shooting range	-	-	-	149,805	149,805
North avenue improvement	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,915</u>	<u>131,915</u>
Total restricted	<u>-</u>	<u>315,783</u>	<u>789,629</u>	<u>493,110</u>	<u>1,598,522</u>
Committed:					
Capital outlay					
General infrastructure	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,160</u>	<u>90,160</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,160</u>	<u>90,160</u>

- (Continued)

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017*

NOTE 20 - FUND BALANCE - (Continued)

Fund balance	General	Fire/EMS Levy	Street Maintenance and Repair	Nonmajor Governmental Funds	Total Governmental Funds
<i>-(Continued)</i>					
Assigned:					
General government					
Mayor/administration	\$ 5,720	\$ -	\$ -	\$ -	\$ 5,720
Finance director	6,565	-	-	-	6,565
Law director	24,427	-	-	-	24,427
General administration	210,193	-	-	-	210,193
Miscellaneous	26,556	-	-	-	26,556
Security of persons and property					
Police	56,552	-	-	-	56,552
Leisure time activities	64,200	-	-	-	64,200
Community environment	638	-	-	-	638
Transportation	242	-	-	-	242
Capital outlay	34,191	-	-	-	34,191
Debt service	-	-	-	66,332	66,332
Subsequent year appropriations	652,773	-	-	-	652,773
Total assigned	<u>1,082,057</u>	<u>-</u>	<u>-</u>	<u>66,332</u>	<u>1,148,389</u>
Unassigned	<u>7,894,320</u>	<u>-</u>	<u>-</u>	<u>(52,548)</u>	<u>7,841,772</u>
Total fund balances	<u>\$ 9,151,705</u>	<u>\$ 341,429</u>	<u>\$ 921,060</u>	<u>\$ 598,049</u>	<u>\$ 11,012,243</u>

NOTE 21 - 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	\$ 429,284
Fire/EMS levy fund	86,083
Street maintenance and repair fund	45,735
Other governmental	<u>135,487</u>
Total	<u>\$ 696,589</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

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 FOUR YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.032327%	0.031015%	0.031214%	0.031214%
City's proportionate share of the net pension liability	\$ 7,340,912	\$ 5,372,189	\$ 3,764,757	\$ 3,679,724
City's covered payroll	\$ 4,047,733	\$ 3,888,100	\$ 3,841,117	\$ 3,806,762
City's proportionate share of the net pension liability as a percentage of its covered payroll	181.36%	138.17%	98.01%	96.66%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	81.08%	86.45%	86.36%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.010802%	0.019890%	0.018151%	0.018151%
City's proportionate share of the net pension asset	\$ 6,013	\$ 9,679	\$ 6,989	\$ 1,905
City's covered payroll	\$ 42,050	\$ 63,500	\$ 66,350	\$ 49,831
City's proportionate share of the net pension asset as a percentage of its covered payroll	14.30%	15.24%	10.53%	3.82%
Plan fiduciary net position as a percentage of the total pension asset	116.55%	116.90%	114.83%	104.56%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.026841%	0.025557%	n/a	n/a
City's proportionate share of the net pension asset	\$ 112	\$ 98	n/a	n/a
City's covered payroll	\$ 139,337	\$ 143,017	n/a	n/a
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.08%	0.07%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	103.40%	103.91%	n/a	n/a

Note: Information prior to 2014 was not available for the Traditional and Combined Plan and information prior to 2016 was not available for the Member Directed Plan. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

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 FOUR YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.14029700%	0.13389800%	0.13607910%	0.13607910%
City's proportionate share of the net pension liability	\$ 8,886,247	\$ 8,613,720	\$ 7,049,465	\$ 6,627,479
City's covered payroll	\$ 2,962,276	\$ 2,775,815	\$ 2,780,230	\$ 2,627,275
City's proportionate share of the net pension liability as a percentage of its covered payroll	299.98%	310.31%	253.56%	252.26%
Plan fiduciary net position as a percentage of the total pension liability	68.36%	66.77%	72.20%	73.00%

Note: Information prior to 2014 was not unavailable. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 553,794	\$ 485,728	\$ 466,572	\$ 460,934
Contributions in relation to the contractually required contribution	<u>(553,794)</u>	<u>(485,728)</u>	<u>(466,572)</u>	<u>(460,934)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,259,954	\$ 4,047,733	\$ 3,888,100	\$ 3,841,117
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 1,539	\$ 5,046	\$ 7,620	\$ 7,962
Contributions in relation to the contractually required contribution	<u>(1,539)</u>	<u>(5,046)</u>	<u>(7,620)</u>	<u>(7,962)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 11,838	\$ 42,050	\$ 63,500	\$ 66,350
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 13,676	\$ 13,237	\$ 17,162	
Contributions in relation to the contractually required contribution	<u>(13,676)</u>	<u>(13,237)</u>	<u>(17,162)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
City's covered payroll	\$ 136,760	\$ 139,337	\$ 180,653	
Contributions as a percentage of covered payroll	10.00%	9.50%	9.50%	

Note: Information prior to 2010 was not available for the Combined Plan and information prior to 2015 was not available for the Member Directed Plan. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 494,879	\$ 373,957	\$ 371,901	\$ 360,610	\$ 346,236	\$ 294,802
<u>(494,879)</u>	<u>(373,957)</u>	<u>(371,901)</u>	<u>(360,610)</u>	<u>(346,236)</u>	<u>(294,802)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,806,762	\$ 3,739,570	\$ 3,719,010	\$ 4,044,224	\$ 4,261,366	\$ 4,211,457
13.00%	10.00%	10.00%	8.92%	8.13%	7.00%
\$ 6,478	\$ 3,647	\$ 3,177	\$ 5,877		
<u>(6,478)</u>	<u>(3,647)</u>	<u>(3,177)</u>	<u>(5,877)</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ 49,831	\$ 45,874	\$ 39,962	\$ 60,671		
13.00%	7.95%	7.95%	9.69%		

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Police:</i>				
Contractually required contribution	\$ 362,218	\$ 344,157	\$ 322,516	\$ 332,006
Contributions in relation to the contractually required contribution	<u>(362,218)</u>	<u>(344,157)</u>	<u>(322,516)</u>	<u>(332,006)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,906,411	\$ 1,811,353	\$ 1,697,453	\$ 1,747,400
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 304,646	\$ 270,467	\$ 253,415	\$ 242,715
Contributions in relation to the contractually required contribution	<u>(304,646)</u>	<u>(270,467)</u>	<u>(253,415)</u>	<u>(242,715)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,296,366	\$ 1,150,923	\$ 1,078,362	\$ 1,032,830
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 262,827	\$ 205,395	\$ 213,092	\$ 214,275	\$ 219,079	\$ 227,421
<u>(262,827)</u>	<u>(205,395)</u>	<u>(213,092)</u>	<u>(214,275)</u>	<u>(219,079)</u>	<u>(227,421)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,654,735	\$ 1,610,941	\$ 1,671,310	\$ 1,680,588	\$ 1,718,267	\$ 1,783,694
15.88%	12.75%	12.75%	12.75%	12.75%	12.75%
\$ 198,236	\$ 166,385	\$ 161,837	\$ 162,917	\$ 165,604	\$ 150,997
<u>(198,236)</u>	<u>(166,385)</u>	<u>(161,837)</u>	<u>(162,917)</u>	<u>(165,604)</u>	<u>(150,997)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 972,540	\$ 964,551	\$ 938,186	\$ 944,446	\$ 960,023	\$ 875,345
20.38%	17.25%	17.25%	17.25%	17.25%	17.25%

CITY OF TALLMADGE, OHIO

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017*

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. 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.

Local Government Innovation Grant Fund

To account for the proceeds received from the Local Government Innovation program for a study to examine cost savings from the use of alternative fuels.

Abandoned Gas Station Cleanup Grant Fund

To account for the proceeds received from the Ohio Development Services Agency's Abandoned Gas Station Cleanup Grant Program for the remediation of an abandoned gas station.

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.

CITY OF TALLMADGE, OHIO

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

Nonmajor Special Revenue Funds (Continued)

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.

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.

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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Real estate (public utility)	\$ 699,347	\$ 698,404	\$ 696,591	\$ (1,813)
Municipal income taxes	10,724,963	10,710,501	10,514,058	(196,443)
Intergovernmental				
Local government	466,336	465,707	473,443	7,736
Rollback	105,142	105,000	106,918	1,918
JEDD income taxes	625,773	624,929	732,290	107,361
Miscellaneous	22,180	22,150	78,580	56,430
Investment income	42,933	42,875	123,360	80,485
Fines, licenses and permits	392,044	391,515	331,667	(59,848)
Special assessments	5,007	5,000	4,354	(646)
Charges for services	1,823,413	1,820,954	1,845,448	24,494
Miscellaneous	173,691	173,457	250,880	77,423
Total revenues	<u>15,080,829</u>	<u>15,060,492</u>	<u>15,157,589</u>	<u>97,097</u>
Expenditures:				
Current:				
General government				
Mayor/Administration				
Personnel	618,270	618,270	566,152	52,118
Operating	92,729	92,729	92,548	181
Total Mayor/Administration	<u>710,999</u>	<u>710,999</u>	<u>658,700</u>	<u>52,299</u>
Finance Director				
Personnel	491,326	491,326	445,265	46,061
Operating	293,489	293,489	243,616	49,873
Total Finance Director	<u>784,815</u>	<u>784,815</u>	<u>688,881</u>	<u>95,934</u>
Law Director				
Personnel	292,988	292,988	278,762	14,226
Operating	57,600	57,600	49,999	7,601
Total Law Director	<u>350,588</u>	<u>350,588</u>	<u>328,761</u>	<u>21,827</u>
Service Director				
Personnel	301,345	306,345	301,577	4,768
Operating	75,418	75,418	62,352	13,066
Total Service Director	<u>376,763</u>	<u>381,763</u>	<u>363,929</u>	<u>17,834</u>
Manager of Information Service				
Personnel	166,232	171,232	169,553	1,679
Operating	463,071	463,071	462,031	1,040
Total Manager of Information Service	<u>629,303</u>	<u>634,303</u>	<u>631,584</u>	<u>2,719</u>
Council				
Personnel	196,968	196,968	181,734	15,234
Operating	15,031	15,031	14,361	670
Total Council	<u>211,999</u>	<u>211,999</u>	<u>196,095</u>	<u>15,904</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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civil Service				
Personnel	\$ 28,991	\$ 28,991	\$ 26,671	\$ 2,320
Operating	2,150	2,150	1,443	707
Total Civil Service	31,141	31,141	28,114	3,027
Custodian				
Personnel	82,634	82,634	64,176	18,458
Operating	158,383	158,383	139,298	19,085
Total Custodian	241,017	241,017	203,474	37,543
General Administration				
Operating	1,085,972	1,165,971	1,172,553	(6,582)
Total General Administration	1,085,972	1,165,971	1,172,553	(6,582)
Boards and Commissions				
Personnel	5,000	5,000	3,065	1,935
Operating	1,000	1,000	26	974
Total Boards and Commissions	6,000	6,000	3,091	2,909
Historical Church				
Personnel	14,100	14,100	11,026	3,074
Operating	12,050	12,050	3,677	8,373
Total Historical Church	26,150	26,150	14,703	11,447
Total general government.	4,454,747	4,544,746	4,289,885	254,861
Security of persons and property				
Police				
Personnel	3,114,237	3,114,238	2,949,173	165,065
Operating	909,048	909,048	852,531	56,517
Total Police	4,023,285	4,023,286	3,801,704	221,582
Street lighting				
Operating	42,000	42,000	35,445	6,555
Total Street lighting	42,000	42,000	35,445	6,555
Total security of persons and property	4,065,285	4,065,286	3,837,149	228,137
Transportation				
Garage				
Personnel	193,900	193,900	188,896	5,004
Operating	97,379	97,379	43,424	53,955
Total transportation	291,279	291,279	232,320	58,959
Community environment				
Zoning				
Personnel	150,397	150,397	147,317	3,080
Operating	41,700	41,700	37,777	3,923
Total Zoning	192,097	192,097	185,094	7,003
Total community environment	192,097	192,097	185,094	7,003

- 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, 2017*

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Leisure time activities				
Community Center				
Personnel	\$ 19,774	\$ 19,774	\$ 11,342	\$ 8,432
Operating	65,657	65,657	55,222	10,435
Total Community Center	<u>85,431</u>	<u>85,431</u>	<u>66,564</u>	<u>18,867</u>
Recreation Center				
Personnel	1,021,083	1,021,083	948,938	72,145
Operating	638,436	638,436	593,437	44,999
Total Recreation Center	<u>1,659,519</u>	<u>1,659,519</u>	<u>1,542,375</u>	<u>117,144</u>
Maca Pool				
Personnel	137,411	137,411	119,258	18,153
Operating	143,764	143,764	133,730	10,034
Total Maca Pool	<u>281,175</u>	<u>281,175</u>	<u>252,988</u>	<u>28,187</u>
Total leisure time activities	<u>2,026,125</u>	<u>2,026,125</u>	<u>1,861,927</u>	<u>164,198</u>
Capital outlay				
Police equipment	120,318	120,318	111,740	8,578
Vehicle	25,000	25,000	19,779	5,221
Recreation equipment	115,000	261,900	254,598	7,302
Maintenance equipment	246,000	126,000	125,681	319
Land acquisition	170,000	170,000	170,000	-
Community bulletin board	-	50,000	28,375	21,625
Total capital outlay	<u>676,318</u>	<u>753,218</u>	<u>710,173</u>	<u>43,045</u>
Total expenditures	<u>11,705,851</u>	<u>11,872,751</u>	<u>11,116,548</u>	<u>756,203</u>
Excess of revenues over expenditures	<u>3,374,978</u>	<u>3,187,741</u>	<u>4,041,041</u>	<u>853,300</u>
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	11,959	10,959
Advances in				
Abandoned gas station cleanup grant	70,095	70,000	-	(70,000)
Advances out				
Abandoned gas station cleanup grant	-	(75,000)	(75,000)	-
Transfers out				
Police pension	(261,899)	(261,899)	(250,000)	11,899
Fire/EMS levy	(1,250,000)	(1,270,000)	(1,270,000)	-
General infrastructure reserve	(60,000)	(74,000)	(74,000)	-
Street maintenance and repair	(1,635,000)	(1,685,000)	(1,550,000)	135,000
North avenue improvement	(100,000)	(100,000)	(100,000)	-
Community development	(40,000)	(65,750)	(65,750)	-
Bond retirement	(870,000)	(870,000)	(870,000)	-
Total other financing (uses)	<u>(4,145,804)</u>	<u>(4,330,649)</u>	<u>(4,242,791)</u>	<u>87,858</u>
Net change in fund balance	(770,826)	(1,142,908)	(201,750)	941,158
Fund balance at beginning of year	6,795,987	6,795,987	6,795,987	-
Prior year encumbrances appropriated	437,420	437,420	437,420	-
Fund balance at end of year	\$ 6,462,581	\$ 6,090,499	\$ 7,031,657	\$ 941,158

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 373,597	\$ 66,332	\$ 381,526	\$ 821,455
Receivables:				
Real and other taxes	106,445	-	-	106,445
Special assessments.	-	255,000	-	255,000
Intergovernmental	111,850	-	237,261	349,111
Prepayments	995	-	-	995
Total assets	<u>\$ 592,887</u>	<u>\$ 321,332</u>	<u>\$ 618,787</u>	<u>\$ 1,533,006</u>
Liabilities:				
Accounts payable	\$ 36,075	\$ -	\$ -	\$ 36,075
Contracts payable	-	-	241,126	241,126
Accrued wages and benefits payable	1,765	-	-	1,765
Interfund payable	143,500	-	-	143,500
Intergovernmental payable	44,640	-	-	44,640
Total liabilities	<u>225,980</u>	<u>-</u>	<u>241,126</u>	<u>467,106</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	102,412	-	-	102,412
Delinquent property tax revenue not available	4,033	-	-	4,033
Special assessments revenue not available	-	255,000	-	255,000
Intergovernmental nonexchange transactions	100,625	-	5,781	106,406
Total deferred inflows of resources.	<u>207,070</u>	<u>255,000</u>	<u>5,781</u>	<u>467,851</u>
Fund Balances:				
Nonspendable	995	-	-	995
Restricted for:				
Security of persons and property:				
Police	38,641	-	-	38,641
Fire	4,118	-	-	4,118
Transportation	95,959	-	-	95,959
Community environment	72,672	-	-	72,672
Capital outlay.	-	-	281,720	281,720
Committed	-	-	90,160	90,160
Assigned	-	66,332	-	66,332
Unassigned (deficit)	(52,548)	-	-	(52,548)
Total fund balances	<u>159,837</u>	<u>66,332</u>	<u>371,880</u>	<u>598,049</u>
Total liabilities, deferred inflows of resources and fund balances.	<u>\$ 592,887</u>	<u>\$ 321,332</u>	<u>\$ 618,787</u>	<u>\$ 1,533,006</u>

CITY OF TALLMADGE, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property and other taxes	\$ 99,265	\$ -	\$ -	\$ 99,265
Intergovernmental	208,405	-	725,832	934,237
Investment income	43	-	-	43
Fines, licenses and permits	7,363	-	-	7,363
Special assessments	-	85,030	-	85,030
Miscellaneous	10,486	2,235	2,709	15,430
Total revenues	325,562	87,265	728,541	1,141,368
Expenditures:				
Current:				
General government	19,000	-	-	19,000
Security of persons and property:				
Police	374,149	-	-	374,149
Fire	874	-	-	874
Transportation	58,725	-	-	58,725
Community environment	135,463	-	-	135,463
Capital outlay	-	-	689,505	689,505
Debt service:				
Principal retirement	-	700,000	800,000	1,500,000
Interest and fiscal charges	-	278,396	8,641	287,037
Bond issuance costs	-	-	25,000	25,000
Total expenditures	588,211	978,396	1,523,146	3,089,753
Excess of expenditures over revenues	(262,649)	(891,131)	(794,605)	(1,948,385)
Other financing sources:				
Bond issuance	-	-	825,000	825,000
Transfers in	315,750	870,000	274,000	1,459,750
Total other financing sources	315,750	870,000	1,099,000	2,284,750
Net change in fund balances	53,101	(21,131)	304,395	336,365
Fund balances at beginning of year	106,736	87,463	67,485	261,684
Fund balances at end of year	\$ 159,837	\$ 66,332	\$ 371,880	\$ 598,049

CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017*

	<u>State Highway</u>	<u>Community Development</u>	<u>Local Government Innovation Grant</u>	<u>Abandoned Gas Station Cleanup Grant</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 87,278	\$ 108,747	\$ 34,500	\$ 82,219
Receivables:				
Real and other taxes.	-	-	-	-
Intergovernmental.	31,201	28,925	43,500	600
Prepayments	995	-	-	-
Total assets	<u>\$ 119,474</u>	<u>\$ 137,672</u>	<u>\$ 78,000</u>	<u>\$ 82,819</u>
Liabilities:				
Accounts payable.	\$ -	\$ 36,075	\$ -	\$ -
Accrued wages and benefits payable	1,765	-	-	-
Interfund payable	-	-	43,500	100,000
Intergovernmental payable	779	-	-	-
Total liabilities.	<u>2,544</u>	<u>36,075</u>	<u>43,500</u>	<u>100,000</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	-	-	-	-
Delinquent property tax revenue not available	-	-	-	-
Intergovernmental nonexchange transactions	19,976	28,925	43,500	600
Total deferred inflows of resources	<u>19,976</u>	<u>28,925</u>	<u>43,500</u>	<u>600</u>
Fund Balances:				
Nonspendable	995	-	-	-
Restricted for:				
Security of persons and property:				
Police	-	-	-	-
Fire	-	-	-	-
Transportation.	95,959	-	-	-
Community environment	-	72,672	-	-
Unassigned (deficit)	-	-	(9,000)	(17,781)
Total fund balances.	<u>96,954</u>	<u>72,672</u>	<u>(9,000)</u>	<u>(17,781)</u>
Total liabilities, deferred inflows of resources and fund balances.	<u>\$ 119,474</u>	<u>\$ 137,672</u>	<u>\$ 78,000</u>	<u>\$ 82,819</u>

<u>Alcohol Enforcement and Education</u>	<u>Law Enforcement Trust</u>	<u>Drug Law Enforcement</u>	<u>Law Enforcement Assistance</u>	<u>Emergency Medical Service Donation</u>	<u>K-9 Unit Donation</u>
\$ 6,887	\$ 4,759	\$ 12,580	\$ 10,580	\$ 4,118	\$ 3,835
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 6,887</u>	<u>\$ 4,759</u>	<u>\$ 12,580</u>	<u>\$ 10,580</u>	<u>\$ 4,118</u>	<u>\$ 3,835</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,887	4,759	12,580	10,580	-	3,835
-	-	-	-	4,118	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,887</u>	<u>4,759</u>	<u>12,580</u>	<u>10,580</u>	<u>4,118</u>	<u>3,835</u>
<u>\$ 6,887</u>	<u>\$ 4,759</u>	<u>\$ 12,580</u>	<u>\$ 10,580</u>	<u>\$ 4,118</u>	<u>\$ 3,835</u>

Continued

CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017*

	Police Pension	Totals
	<u> </u>	<u> </u>
Assets:		
Equity in pooled cash and cash equivalents.	\$ 18,094	\$ 373,597
Receivables:		
Real and other taxes.	106,445	106,445
Intergovernmental.	7,624	111,850
Prepayments	<u>-</u>	<u>995</u>
Total assets	<u>\$ 132,163</u>	<u>\$ 592,887</u>
Liabilities:		
Accounts payable.	\$ -	\$ 36,075
Accrued wages and benefits payable	-	1,765
Interfund payable	-	143,500
Intergovernmental payable	<u>43,861</u>	<u>44,640</u>
Total liabilities.	<u>43,861</u>	<u>225,980</u>
Deferred inflows of resources:		
Property taxes levied for the next fiscal year	102,412	102,412
Delinquent property tax revenue not available	4,033	4,033
Intergovernmental nonexchange transactions	<u>7,624</u>	<u>100,625</u>
Total deferred inflows of resources	<u>114,069</u>	<u>207,070</u>
Fund Balances:		
Nonspendable	-	995
Restricted for:		
Security of persons and property:		
Police	-	38,641
Fire	-	4,118
Transportation.	-	95,959
Community environment	-	72,672
Unassigned (deficit)	<u>(25,767)</u>	<u>(52,548)</u>
Total fund balances.	<u>(25,767)</u>	<u>159,837</u>
Total liabilities, deferred inflows of resources and fund balances.	<u>\$ 132,163</u>	<u>\$ 592,887</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF TALLMADGE, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017*

	State Highway	Community Development	Local Government Innovation Grant	Abandoned Gas Station Cleanup Grant
Revenues:				
Property and other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	64,193	78,253	-	46,068
Investment income.	43	-	-	-
Fines, licenses and permits.	-	-	-	-
Miscellaneous	456	-	-	-
Total revenues.	64,692	78,253	-	46,068
Expenditures:				
Current:				
General government.	-	-	9,000	-
Security of persons and property:				
Police	-	-	-	-
Fire	-	-	-	-
Transportation	58,725	-	-	-
Community environment	-	74,482	-	60,981
Total expenditures.	58,725	74,482	9,000	60,981
Excess (deficiency) of revenues over (under) expenditures	5,967	3,771	(9,000)	(14,913)
Other financing sources:				
Transfers in	-	65,750	-	-
Total other financing sources	-	65,750	-	-
Net change in fund balances	5,967	69,521	(9,000)	(14,913)
Fund balances (deficit) at beginning of year.	90,987	3,151	-	(2,868)
Fund balances (deficit) at end of year	\$ 96,954	\$ 72,672	\$ (9,000)	\$ (17,781)

Alcohol Enforcement and Education	Law Enforcement Trust	Drug Law Enforcement	Law Enforcement Assistance	Emergency Medical Service Donation	K-9 Unit Donation	Police Pension
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,265
-	-	-	4,620	-	-	15,271
-	-	-	-	-	-	-
685	1,225	5,453	-	-	-	-
-	-	-	-	30	-	-
<u>685</u>	<u>1,225</u>	<u>5,453</u>	<u>4,620</u>	<u>30</u>	<u>-</u>	<u>114,536</u>
-	-	-	-	-	-	-
-	-	-	-	-	877	373,272
-	-	-	-	874	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	874	877	373,272
<u>685</u>	<u>1,225</u>	<u>5,453</u>	<u>4,620</u>	<u>(844)</u>	<u>(877)</u>	<u>(258,736)</u>
-	-	-	-	-	-	250,000
-	-	-	-	-	-	250,000
685	1,225	5,453	4,620	(844)	(877)	(8,736)
<u>6,202</u>	<u>3,534</u>	<u>7,127</u>	<u>5,960</u>	<u>4,962</u>	<u>4,712</u>	<u>(17,031)</u>
<u>\$ 6,887</u>	<u>\$ 4,759</u>	<u>\$ 12,580</u>	<u>\$ 10,580</u>	<u>\$ 4,118</u>	<u>\$ 3,835</u>	<u>\$ (25,767)</u>

Continued

CITY OF TALLMADGE, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017*

	<u>Historical Preservation</u>	<u>Totals</u>
Revenues:		
Property and other taxes	\$ -	\$ 99,265
Intergovernmental	-	208,405
Investment income.	-	43
Fines, licenses and permits.	-	7,363
Miscellaneous	10,000	10,486
	<hr/>	<hr/>
Total revenues.	10,000	325,562
Expenditures:		
Current:		
General government.	10,000	19,000
Security of persons and property:		
Police	-	374,149
Fire	-	874
Transportation	-	58,725
Community environment	-	135,463
	<hr/>	<hr/>
Total expenditures.	10,000	588,211
Excess (deficiency) of revenues over (under) expenditures	<hr/>	<hr/>
	-	(262,649)
Other financing sources:		
Transfers in	<hr/>	<hr/>
	-	315,750
Total other financing sources	<hr/>	<hr/>
	-	315,750
Net change in fund balances	-	53,101
Fund balances (deficit) at beginning of year.	<hr/>	<hr/>
	-	106,736
Fund balances (deficit) at end of year	<hr/> <hr/>	<hr/> <hr/>
	\$ -	\$ 159,837

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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,276,781	\$ 1,261,760	\$ 1,261,874	\$ 114
Intergovernmental	197,206	194,886	194,886	-
Charges for services	404,762	400,000	388,609	(11,391)
Miscellaneous.	53,631	53,000	65,860	12,860
Total revenues	<u>1,932,380</u>	<u>1,909,646</u>	<u>1,911,229</u>	<u>1,583</u>
Expenditures:				
Current:				
Security of persons and property				
Fire				
Personnel	2,871,479	2,891,479	2,866,196	25,283
Operating	<u>357,681</u>	<u>357,681</u>	<u>335,577</u>	<u>22,104</u>
Total fire	<u>3,229,160</u>	<u>3,249,160</u>	<u>3,201,773</u>	<u>47,387</u>
Capital outlay				
Equipment.	<u>139,000</u>	<u>139,000</u>	<u>130,441</u>	<u>8,559</u>
Total expenditures	<u>3,368,160</u>	<u>3,388,160</u>	<u>3,332,214</u>	<u>55,946</u>
Excess of expenditures over revenues	<u>(1,435,780)</u>	<u>(1,478,514)</u>	<u>(1,420,985)</u>	<u>57,529</u>
Other financing sources:				
Transfers in.	<u>1,285,120</u>	<u>1,270,000</u>	<u>1,270,000</u>	<u>-</u>
Total other financing sources	<u>1,285,120</u>	<u>1,270,000</u>	<u>1,270,000</u>	<u>-</u>
Net change in fund balance.	(150,660)	(208,514)	(150,985)	57,529
Fund balance at beginning of year	497,683	497,683	497,683	-
Prior year encumbrances appropriated	<u>13,728</u>	<u>13,728</u>	<u>13,728</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 360,751</u>	<u>\$ 302,897</u>	<u>\$ 360,426</u>	<u>\$ 57,529</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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,021,811	\$ 1,040,000	\$ 1,098,328	\$ 58,328
Investment income	1,277	1,300	524	(776)
Special assessments.	11,790	12,000	5,039	(6,961)
Charges for services.	59,933	61,000	82,250	21,250
Miscellaneous.	58,459	59,500	85,264	25,764
Total revenues.	1,153,270	1,173,800	1,271,405	97,605
Expenditures:				
Current:				
Public health and welfare				
Personnel	53,171	53,171	46,362	6,809
Operating	36,687	36,687	23,953	12,734
Total public health and welfare	89,858	89,858	70,315	19,543
Transportation				
Personnel	1,162,038	1,162,038	1,075,311	86,727
Operating	841,904	841,904	692,803	149,101
Total transportation	2,003,942	2,003,942	1,768,114	235,828
Leisure time activities				
Personnel	228,454	228,454	195,176	33,278
Operating	124,000	124,000	120,458	3,542
Total leisure time activities.	352,454	352,454	315,634	36,820
Capital outlay				
Road program.	1,020,107	1,070,107	1,030,750	39,357
Capital outlay	1,020,107	1,070,107	1,030,750	39,357
Total expenditures.	3,466,361	3,516,361	3,184,813	331,548
Excess of expenditures over revenues.	(2,313,091)	(2,342,561)	(1,913,408)	429,153
Other financing sources:				
Transfers in.	1,655,530	1,685,000	1,550,000	(135,000)
Sale of capital assets	-	-	500	500
Total other financing sources.	1,655,530	1,685,000	1,550,500	(134,500)
Net change in fund balance.	(657,561)	(657,561)	(362,908)	294,653
Fund balance at beginning of year	862,229	862,229	862,229	-
Prior year encumbrances appropriated	167,409	167,409	167,409	-
Fund balance at end of year	\$ 372,077	\$ 372,077	\$ 666,730	\$ 294,653

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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 63,000	\$ 63,000	\$ 63,289	\$ 289
Investment income	100	100	43	(57)
Miscellaneous.	-	-	456	456
Total revenues.	<u>63,100</u>	<u>63,100</u>	<u>63,788</u>	<u>688</u>
Expenditures:				
Current:				
Transportation				
Personnel	67,288	67,288	56,056	11,232
Operating	<u>2,050</u>	<u>2,050</u>	<u>1,993</u>	<u>57</u>
Total expenditures.	<u>69,338</u>	<u>69,338</u>	<u>58,049</u>	<u>11,289</u>
Net change in fund balance	(6,238)	(6,238)	5,739	11,977
Fund balance at beginning of year.	<u>81,529</u>	<u>81,529</u>	<u>81,529</u>	<u>-</u>
Fund balance at end of year	<u>\$ 75,291</u>	<u>\$ 75,291</u>	<u>\$ 87,268</u>	<u>\$ 11,977</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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 63,788	\$ 64,250	\$ 78,253	\$ 14,003
Total revenues	63,788	64,250	78,253	14,003
Expenditures:				
Current:				
Community environment				
Operating	104,400	130,150	75,557	54,593
Total expenditures	104,400	130,150	75,557	54,593
Excess (deficiency) of revenues over (under) expenditures.	(40,612)	(65,900)	2,696	68,596
Other financing sources:				
Transfers in.	40,462	65,750	65,750	-
Total other financing sources.	40,462	65,750	65,750	-
Net change in fund balance.	(150)	(150)	68,446	68,596
Fund balance (deficit) at beginning of year.	(19,699)	(19,699)	(19,699)	-
Prior year encumbrances appropriated . .	24,400	24,400	24,400	-
Fund balance at end of year	<u>\$ 4,551</u>	<u>\$ 4,551</u>	<u>\$ 73,147</u>	<u>\$ 68,596</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LOCAL GOVERNMENT INNOVATION GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 45,000	\$ 45,000	\$ -	\$ (45,000)
Total revenues	45,000	45,000	-	(45,000)
Expenditures:				
Current:				
General government				
Operating	43,500	43,500	43,500	-
Total expenditures	43,500	43,500	43,500	-
Excess (deficiency) of revenues over (under) expenditures.	1,500	1,500	(43,500)	(45,000)
Other financing (uses):				
Advance out	(45,000)	(45,000)	-	45,000
Total other financing (uses).	(45,000)	(45,000)	-	45,000
Net change in fund balance	(43,500)	(43,500)	(43,500)	-
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated . .	43,500	43,500	43,500	-
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)
ABANDONED GAS STATION CLEANUP GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 57,143	\$ 100,000	\$ 46,068	\$ (53,932)
Total revenues	<u>57,143</u>	<u>100,000</u>	<u>46,068</u>	<u>(53,932)</u>
Expenditures:				
Current:				
Community environment				
Operating	<u>75,000</u>	<u>100,000</u>	<u>99,946</u>	<u>54</u>
Total expenditures	<u>75,000</u>	<u>100,000</u>	<u>99,946</u>	<u>54</u>
Excess of expenditures over revenues	<u>(17,857)</u>	<u>-</u>	<u>(53,878)</u>	<u>(53,878)</u>
Other financing sources (uses):				
Advance in	42,857	75,000	75,000	-
Advance (out)	(25,000)	(100,000)	-	100,000
Total other financing sources (uses)	<u>17,857</u>	<u>(25,000)</u>	<u>75,000</u>	<u>100,000</u>
Net change in fund balance.	-	(25,000)	21,122	46,122
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated . .	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 46,122</u>	<u>\$ 46,122</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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, licenses and permits	\$ -	\$ -	\$ 685	\$ 685
Total revenues	-	-	685	685
Net change in fund balance.	-	-	685	685
Fund balance at beginning of year	6,202	6,202	6,202	-
Fund balance at end of year.	<u>\$ 6,202</u>	<u>\$ 6,202</u>	<u>\$ 6,887</u>	<u>\$ 685</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, 2017*

	<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	\$ 2,000	\$ 2,000	\$ 1,225	\$ (775)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>1,225</u>	<u>(775)</u>
Expenditures:				
Current:				
Security of persons and property				
Operating	<u>2,000</u>	<u>2,000</u>	<u>1,500</u>	<u>500</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,500</u>	<u>500</u>
Net change in fund balance.	-	-	(275)	(275)
Fund balance at beginning of year	<u>3,534</u>	<u>3,534</u>	<u>3,534</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 3,534</u>	<u>\$ 3,534</u>	<u>\$ 3,259</u>	<u>\$ (275)</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, 2017*

	<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	\$ 5,000	\$ 5,000	\$ 5,453	\$ 453
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>5,453</u>	<u>453</u>
Expenditures:				
Current:				
Security of persons and property				
Operating	<u>5,000</u>	<u>5,000</u>	<u>3,875</u>	<u>1,125</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>3,875</u>	<u>1,125</u>
Net change in fund balance.	-	-	1,578	1,578
Fund balance at beginning of year	<u>7,127</u>	<u>7,127</u>	<u>7,127</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 7,127</u>	<u>\$ 7,127</u>	<u>\$ 8,705</u>	<u>\$ 1,578</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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ -	\$ -	\$ 4,620	\$ 4,620
Total revenues	-	-	4,620	4,620
Net change in fund balance.	-	-	4,620	4,620
Fund balance at beginning of year	<u>5,960</u>	<u>5,960</u>	<u>5,960</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 5,960</u>	<u>\$ 5,960</u>	<u>\$ 10,580</u>	<u>\$ 4,620</u>

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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 500	\$ 500	\$ 30	\$ (470)
Total revenues	500	500	30	(470)
Expenditures:				
Current:				
Security of persons and property				
Operating	2,000	2,000	874	1,126
Total expenditures	2,000	2,000	874	1,126
Net change in fund balance.	(1,500)	(1,500)	(844)	656
Fund balance at beginning of year	4,962	4,962	4,962	-
Fund balance at end of year.	<u>\$ 3,462</u>	<u>\$ 3,462</u>	<u>\$ 4,118</u>	<u>\$ 656</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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 500	\$ 500	\$ -	\$ (500)
Total revenues	500	500	-	(500)
Expenditures:				
Current:				
Security of persons and property				
Operating	2,300	2,300	975	1,325
Total expenditures	2,300	2,300	975	1,325
Net change in fund balance.	(1,800)	(1,800)	(975)	825
Fund balance at beginning of year	4,810	4,810	4,810	-
Fund balance at end of year.	\$ 3,010	\$ 3,010	\$ 3,835	\$ 825

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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 102,864	\$ 102,814	\$ 99,265	\$ (3,549)
Intergovernmental	15,007	15,000	15,271	271
Total revenues	<u>117,871</u>	<u>117,814</u>	<u>114,536</u>	<u>(3,278)</u>
Expenditures:				
Current:				
Security of persons and property				
Personnel	379,899	379,899	373,584	6,315
Operating	<u>2,600</u>	<u>2,600</u>	<u>1,521</u>	<u>1,079</u>
Total expenditures	<u>382,499</u>	<u>382,499</u>	<u>375,105</u>	<u>7,394</u>
Excess of expenditures over revenues	<u>(264,628)</u>	<u>(264,685)</u>	<u>(260,569)</u>	<u>4,116</u>
Other financing sources:				
Transfers in.	262,027	261,899	250,000	(11,899)
Total other financing sources.	<u>262,027</u>	<u>261,899</u>	<u>250,000</u>	<u>(11,899)</u>
Net change in fund balance.	(2,601)	(2,786)	(10,569)	(7,783)
Fund balance at beginning of year	<u>28,663</u>	<u>28,663</u>	<u>28,663</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 26,062</u>	<u>\$ 25,877</u>	<u>\$ 18,094</u>	<u>\$ (7,783)</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, 2017*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Miscellaneous.	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Total revenues.	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Expenditures:				
Current:				
General government				
Operating	10,000	10,000	10,000	-
Total expenditures.	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments	\$ 85,000	\$ 85,000	\$ 85,030	\$ 30
Miscellaneous.	-	-	2,235	2,235
Total revenues.	<u>85,000</u>	<u>85,000</u>	<u>87,265</u>	<u>2,265</u>
Expenditures:				
Current:				
Debt service:				
Principal retirement.	700,000	700,000	700,000	-
Interest and fiscal charges.	<u>281,000</u>	<u>281,000</u>	<u>278,396</u>	<u>2,604</u>
Total expenditures.	<u>981,000</u>	<u>981,000</u>	<u>978,396</u>	<u>2,604</u>
Excess of expenditures over revenues	<u>(896,000)</u>	<u>(896,000)</u>	<u>(891,131)</u>	<u>4,869</u>
Other financing sources:				
Transfers in.	<u>870,000</u>	<u>870,000</u>	<u>870,000</u>	<u>-</u>
Total other financing sources	<u>870,000</u>	<u>870,000</u>	<u>870,000</u>	<u>-</u>
Net change in fund balance.	(26,000)	(26,000)	(21,131)	4,869
Fund balance at beginning of year	<u>87,463</u>	<u>87,463</u>	<u>87,463</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 61,463</u>	<u>\$ 61,463</u>	<u>\$ 66,332</u>	<u>\$ 4,869</u>

CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2017*

	Tallmadge Shooting Range	General Infrastructure	North Avenue Improvement	Totals
Assets:				
Equity in pooled cash and cash equivalents.	\$ 149,805	\$ 92,580	\$ 139,141	\$ 381,526
Receivables:				
Intergovernmental.	-	-	237,261	237,261
Total assets.	<u>\$ 149,805</u>	<u>\$ 92,580</u>	<u>\$ 376,402</u>	<u>\$ 618,787</u>
Liabilities:				
Contracts payable.	\$ -	\$ 2,420	\$ 238,706	\$ 241,126
Deferred inflows of resources:				
Intergovernmental nonexchange transactions.	-	-	5,781	5,781
Fund Balances:				
Restricted for:				
Capital outlay.	149,805	-	131,915	281,720
Committed:				
Capital outlay.	-	90,160	-	90,160
Total fund balances.	<u>149,805</u>	<u>90,160</u>	<u>131,915</u>	<u>371,880</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 149,805</u>	<u>\$ 92,580</u>	<u>\$ 376,402</u>	<u>\$ 618,787</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, 2017*

	Tallmadge Shooting Range	General Infrastructure	North Avenue Improvement	Totals
Revenues:				
Intergovernmental.	\$ -	\$ -	\$ 725,832	\$ 725,832
Miscellaneous.	-	2,709	-	2,709
Total revenues	-	2,709	725,832	728,541
Expenditures:				
Capital outlay.	-	156,849	532,656	689,505
Debt service:				
Principal retirement	-	-	800,000	800,000
Interest and fiscal charges.	-	-	8,641	8,641
Bond issuance costs	-	-	25,000	25,000
Total expenditures	-	156,849	1,366,297	1,523,146
Excess of expenditures over revenues.	-	(154,140)	(640,465)	(794,605)
Other financing sources:				
Bond issuance.	-	-	825,000	825,000
Transfers in	-	74,000	200,000	274,000
Total other financing sources	-	74,000	1,025,000	1,099,000
Net change in fund balances.	-	(80,140)	384,535	304,395
Fund balances (deficit) at beginning of year	149,805	170,300	(252,620)	67,485
Fund balances at end of year.	\$ 149,805	\$ 90,160	\$ 131,915	\$ 371,880

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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Capital outlay	\$ 149,805	\$ 149,805	\$ -	\$ 149,805
Total expenditures	149,805	149,805	-	149,805
Net change in fund balance	(149,805)	(149,805)	-	149,805
Fund balance at beginning of year	<u>149,805</u>	<u>149,805</u>	<u>149,805</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,805</u>	<u>\$ 149,805</u>

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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous.	\$ -	\$ -	\$ 2,709	\$ 2,709
Total revenues.	<u>-</u>	<u>-</u>	<u>2,709</u>	<u>2,709</u>
Expenditures:				
Capital outlay	<u>192,492</u>	<u>206,492</u>	<u>158,430</u>	<u>48,062</u>
Total expenditures	<u>192,492</u>	<u>206,492</u>	<u>158,430</u>	<u>48,062</u>
Excess of expenditures over revenues	<u>(192,492)</u>	<u>(206,492)</u>	<u>(155,721)</u>	<u>50,771</u>
Other financing sources:				
Transfers in	<u>60,000</u>	<u>74,000</u>	<u>74,000</u>	<u>-</u>
Total other financing sources	<u>60,000</u>	<u>74,000</u>	<u>74,000</u>	<u>-</u>
Net change in fund balance	(132,492)	(132,492)	(81,721)	50,771
Fund balance at beginning of year	113,808	113,808	113,808	-
Prior year encumbrances appropriated. . .	<u>56,492</u>	<u>56,492</u>	<u>56,492</u>	<u>-</u>
Fund balance at end of year	<u>\$ 37,808</u>	<u>\$ 37,808</u>	<u>\$ 88,579</u>	<u>\$ 50,771</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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,019,734	\$ 860,031	\$ 573,491	\$ (286,540)
Total revenues.	<u>1,019,734</u>	<u>860,031</u>	<u>573,491</u>	<u>(286,540)</u>
Expenditures:				
Capital outlay.	1,022,162	1,138,629	1,085,565	53,064
Debt service:				
Principal retirement.	900,000	900,000	900,000	-
Interest and fiscal charges	10,000	10,000	10,000	-
Bond issue costs	<u>45,000</u>	<u>20,000</u>	<u>25,000</u>	<u>(5,000)</u>
Total expenditures.	<u>1,977,162</u>	<u>2,068,629</u>	<u>2,020,565</u>	<u>48,064</u>
Excess of expenditures over revenues	<u>(957,428)</u>	<u>(1,208,598)</u>	<u>(1,447,074)</u>	<u>(238,476)</u>
Other financing sources:				
Bond issuance	948,555	800,000	825,000	(25,000)
Transfers in.	118,569	100,000	100,000	-
Total other financing sources.	<u>1,067,124</u>	<u>900,000</u>	<u>925,000</u>	<u>(25,000)</u>
Net change in fund balance	109,696	(308,598)	(522,074)	(213,476)
Fund balance (deficit) at beginning of year.	(682,553)	(682,553)	(682,553)	-
Prior year encumbrances appropriated. . .	<u>1,047,162</u>	<u>1,047,162</u>	<u>1,047,162</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 474,305</u>	<u>\$ 56,011</u>	<u>\$ (157,465)</u>	<u>\$ (213,476)</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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 4,268,000	\$ 4,268,000	\$ 4,422,199	\$ 154,199
Special assessments	3,600	3,600	2,349	(1,251)
Miscellaneous	8,500	8,500	11,454	2,954
Total revenues	<u>4,280,100</u>	<u>4,280,100</u>	<u>4,436,002</u>	<u>155,902</u>
Expenses:				
Personal services.	382,055	382,055	353,200	28,855
Materials and supplies	65,555	65,555	41,793	23,762
Contractual services	4,326,237	4,326,237	4,268,542	57,695
Other	53,553	53,553	28,253	25,300
Capital outlay				
Vehicle.	23,000	23,000	18,326	4,674
Sewer rehabilitation.	60,000	60,000	37,758	22,242
Sewer cleaning & televising	40,000	40,000	25,025	14,975
Water meter replacement	12,500	12,500	11,259	1,241
Debt service:				
Principal retirement	40,000	40,000	-	40,000
Total expenses	<u>5,002,900</u>	<u>5,002,900</u>	<u>4,784,156</u>	<u>218,744</u>
Net change in fund equity	(722,800)	(722,800)	(348,154)	374,646
Fund equity at beginning of year.	1,578,626	1,578,626	1,578,626	-
Prior year encumbrances appropriated . . .	685,273	685,273	685,273	-
Fund equity at end of year	<u>\$ 1,541,099</u>	<u>\$ 1,541,099</u>	<u>\$ 1,915,745</u>	<u>\$ 374,646</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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,990,725	\$ 1,990,725	\$ 2,105,753	\$ 115,028
Miscellaneous	11,000	11,000	19,291	8,291
Total revenues.	<u>2,001,725</u>	<u>2,001,725</u>	<u>2,125,044</u>	<u>123,319</u>
Expenses:				
Personal services.	382,055	382,055	358,809	23,246
Materials and supplies	74,557	74,557	71,936	2,621
Contractual services	1,584,007	1,584,007	1,395,486	188,521
Other	82,598	122,598	66,362	56,236
Capital outlay				
Vehicle	23,000	23,000	18,326	4,674
Water meter replacement	12,500	12,500	10,770	1,730
Knollwood water line replacement	20,338	20,338	-	20,338
Debt service:				
Principal retirement.	105,816	105,816	105,816	-
Interest and fiscal charges.	63,184	63,184	53,089	10,095
Total expenses	<u>2,348,055</u>	<u>2,388,055</u>	<u>2,080,594</u>	<u>307,461</u>
Net change in fund equity	(346,330)	(386,330)	44,450	430,780
Fund equity at beginning of year.	2,851,482	2,851,482	2,851,482	-
Prior year encumbrances appropriated	71,328	71,328	71,328	-
Fund equity at end of year	<u>\$ 2,576,480</u>	<u>\$ 2,536,480</u>	<u>\$ 2,967,260</u>	<u>\$ 430,780</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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 320,000	\$ 320,000	\$ 312,575	\$ (7,425)
Miscellaneous	-	-	1,256	1,256
Total revenues.	<u>320,000</u>	<u>320,000</u>	<u>313,831</u>	<u>(6,169)</u>
Expenses:				
Personal services.	168,219	168,219	139,176	29,043
Materials and supplies	5,000	5,000	9,139	(4,139)
Contractual services	93,824	93,824	91,697	2,127
Other	1,000	1,000	138	862
Capital outlay				
Ditching work	83,300	83,300	55,742	27,558
Debt service:				
Principal retirement	100,000	100,000	100,000	-
Total expenses	<u>451,343</u>	<u>451,343</u>	<u>395,892</u>	<u>55,451</u>
Net change in fund equity	(131,343)	(131,343)	(82,061)	49,282
Fund equity at beginning of year.	200,875	200,875	200,875	-
Prior year encumbrances appropriated	<u>42,124</u>	<u>42,124</u>	<u>42,124</u>	<u>-</u>
Fund equity at end of year	<u>\$ 111,656</u>	<u>\$ 111,656</u>	<u>\$ 160,938</u>	<u>\$ 49,282</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, 2017*

	Beginning Balance 12/31/2016	Additions	Reductions	Ending Balance 12/31/2017
Revolving				
Assets:				
Equity in pooled cash and cash equivalents	\$ 111,920	\$ 127,108	\$ 108,617	\$ 130,411
Total assets.	<u>\$ 111,920</u>	<u>\$ 127,108</u>	<u>\$ 108,617</u>	<u>\$ 130,411</u>
Liabilities:				
Accounts payable	\$ 413	\$ -	\$ 413	\$ -
Deposits held and due to others	111,507	127,108	108,204	130,411
Total liabilities.	<u>\$ 111,920</u>	<u>\$ 127,108</u>	<u>\$ 108,617</u>	<u>\$ 130,411</u>
Joint Economic Development District				
Assets:				
Equity in pooled cash and cash equivalents	\$ 267,671	\$ 598,896	\$ 589,986	\$ 276,581
Income taxes receivable	130,284	117,322	130,284	117,322
Accrued interest receivable	496	448	496	448
Total assets.	<u>\$ 398,451</u>	<u>\$ 716,666</u>	<u>\$ 720,766</u>	<u>\$ 394,351</u>
Liabilities:				
Deposits held and due to others	\$ 398,451	\$ 716,666	\$ 720,766	\$ 394,351
Total liabilities.	<u>\$ 398,451</u>	<u>\$ 716,666</u>	<u>\$ 720,766</u>	<u>\$ 394,351</u>
Fire Repair/Removal				
Assets:				
Equity in pooled cash and cash equivalents	\$ 14,295	\$ 16,133	\$ 16,133	\$ 14,295
Total assets.	<u>\$ 14,295</u>	<u>\$ 16,133</u>	<u>\$ 16,133</u>	<u>\$ 14,295</u>
Liabilities:				
Deposits held and due to others	\$ 14,295	\$ 16,133	\$ 16,133	\$ 14,295
Total liabilities.	<u>\$ 14,295</u>	<u>\$ 16,133</u>	<u>\$ 16,133</u>	<u>\$ 14,295</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 393,886	\$ 742,137	\$ 714,736	\$ 421,287
Income taxes receivable	130,284	117,322	130,284	117,322
Accrued interest receivable	496	448	496	448
Total assets.	<u>\$ 524,666</u>	<u>\$ 859,907</u>	<u>\$ 845,516</u>	<u>\$ 539,057</u>
Liabilities:				
Accounts payable	\$ 413	\$ -	\$ 413	\$ -
Deposits held and due to others	524,253	859,907	845,103	539,057
Total liabilities.	<u>\$ 524,666</u>	<u>\$ 859,907</u>	<u>\$ 845,516</u>	<u>\$ 539,057</u>

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.	136
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.	147
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.	154
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.	158
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.	160

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			
	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 18,719,874	\$ 17,647,995	\$ 18,369,056	\$ 18,529,391
Restricted	1,902,468	2,973,347	1,683,821	1,514,275
Unrestricted	1,694,536	2,226,868	4,290,037	5,878,178
Total governmental activities net position	<u>\$ 22,316,878</u>	<u>\$ 22,848,210</u>	<u>\$ 24,342,914</u>	<u>\$ 25,921,844</u>
Business-type activities				
Net investment in capital assets	\$ 13,978,571	\$ 13,666,756	\$ 13,520,720	\$ 13,039,068
Unrestricted	7,662,014	7,383,084	7,276,621	7,246,755
Total business-type activities net position	<u>\$ 21,640,585</u>	<u>\$ 21,049,840</u>	<u>\$ 20,797,341</u>	<u>\$ 20,285,823</u>
Primary government				
Net investment in capital assets	\$ 31,213,445	\$ 29,944,751	\$ 30,677,297	\$ 30,495,949
Restricted	1,902,468	2,973,347	1,683,821	1,514,275
Unrestricted	10,841,550	10,979,952	12,779,137	14,197,443
Total primary government net position	<u>\$ 43,957,463</u>	<u>\$ 43,898,050</u>	<u>\$ 45,140,255</u>	<u>\$ 46,207,667</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.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 17,813,396	\$ 17,423,842	\$ 17,400,202	\$ 17,237,094	\$ 21,380,493	\$ 19,123,730
2,257,902	1,741,398	938,818	1,089,332	1,021,205	806,140
6,688,846	8,651,613	(13,710)	(453,009)	1,361,578	4,530
<u>\$ 26,760,144</u>	<u>\$ 27,816,853</u>	<u>\$ 18,325,310</u>	<u>\$ 17,873,417</u>	<u>\$ 23,763,276</u>	<u>\$ 19,934,400</u>
\$ 12,947,885	\$ 13,040,099	\$ 12,480,844	\$ 12,275,784	\$ 12,827,739	\$ 14,454,902
6,008,069	5,547,959	5,058,591	5,521,861	5,143,660	6,045,653
<u>\$ 18,955,954</u>	<u>\$ 18,588,058</u>	<u>\$ 17,539,435</u>	<u>\$ 17,797,645</u>	<u>\$ 17,971,399</u>	<u>\$ 20,500,555</u>
\$ 29,828,740	\$ 29,676,369	\$ 29,881,046	\$ 29,025,245	\$ 33,875,568	\$ 33,405,911
2,257,902	1,741,398	938,818	1,089,332	1,021,205	806,140
13,629,456	14,987,144	5,044,881	5,556,485	6,837,902	6,222,904
<u>\$ 45,716,098</u>	<u>\$ 46,404,911</u>	<u>\$ 35,864,745</u>	<u>\$ 35,671,062</u>	<u>\$ 41,734,675</u>	<u>\$ 40,434,955</u>

TABLE 2

CITY OF TALLMADGE, OHIO

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

	Year Ended			
	2008	2009	2010	2011
Expenses				
Governmental activities:				
General government	\$ 3,253,790	\$ 3,254,377	\$ 3,075,749	\$ 3,182,528
Security of persons and property				
Police	3,816,522	3,822,765	3,707,305	3,814,646
Street lights	39,208	28,469	33,874	38,378
Fire	2,585,492	2,901,712	2,633,358	2,619,214
Public health and welfare	72,170	49,994	67,526	65,616
Transportation	3,778,324	2,655,392	3,132,926	2,496,576
Community environment	657,143	355,154	313,757	235,743
Leisure time activity	1,817,187	2,003,019	2,066,476	2,046,925
Interest and fiscal charges	482,825	479,892	455,252	482,500
Total governmental activities expenses	<u>16,502,661</u>	<u>15,550,774</u>	<u>15,486,223</u>	<u>14,982,126</u>
Business-type activities:				
Sewer operating	1,785,418	1,805,970	1,822,095	3,408,512
Water operating	1,890,821	1,700,746	1,808,067	1,880,466
Storm water	243,329	466,800	508,817	507,385
Total business-type activities expenses	<u>3,919,568</u>	<u>3,973,516</u>	<u>4,138,979</u>	<u>5,796,363</u>
Total primary government expenses	<u>\$ 20,422,229</u>	<u>\$ 19,524,290</u>	<u>\$ 19,625,202</u>	<u>\$ 20,778,489</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 193,794	\$ 310,336	\$ 441,489	\$ 407,928
Security of persons and property				
Police	3,067	17,732	9,438	19,112
Fire	321,641	405,050	358,781	396,854
Public health and welfare	1,346	7,935	2,790	2,538
Transportation	30,254	239,805	50,195	46,256
Community environment	251,070	127,858	151,381	47,321
Leisure time activity	1,457,708	1,562,356	1,614,573	1,750,273
Operating grants and contributions	854,695	828,557	932,825	954,482
Capital grants and contributions	151,646	500,000	1,465,130	426,352
Total governmental program revenues	<u>3,265,221</u>	<u>3,999,629</u>	<u>5,026,602</u>	<u>4,051,116</u>
Business-type activities:				
Charges for services:				
Sewer operating	1,518,955	1,481,699	1,739,256	3,032,289
Water operating	1,721,534	1,577,632	1,726,179	1,922,162
Storm water	317,288	312,841	309,293	324,368
Capital grants and contributions	-	-	100,000	-
Total business-type activities program revenues	<u>3,557,777</u>	<u>3,372,172</u>	<u>3,874,728</u>	<u>5,278,819</u>
Total primary government program revenue	<u>\$ 6,822,998</u>	<u>\$ 7,371,801</u>	<u>\$ 8,901,330</u>	<u>\$ 9,329,935</u>
Net (Expense)/Revenue				
Governmental activities	\$ (13,237,440)	\$ (11,551,145)	\$ (10,459,621)	\$ (10,931,010)
Business-type activities	(361,791)	(601,344)	(264,251)	(517,544)
Total primary government net expense	<u>\$ (13,599,231)</u>	<u>\$ (12,152,489)</u>	<u>\$ (10,723,872)</u>	<u>\$ (11,448,554)</u>

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	3,266,514	\$ 3,564,772	\$ 3,796,832	\$ 4,013,860	\$ 4,189,505	\$ 4,590,950
	3,537,529	3,717,588	3,834,635	4,100,747	4,470,737	4,538,862
	148,496	30,364	27,287	35,335	34,663	35,445
	2,511,315	2,671,188	2,934,683	3,181,762	3,278,321	3,580,450
	59,265	70,758	73,335	72,192	78,701	73,275
	3,763,869	3,483,558	4,172,815	3,862,300	3,303,595	4,450,856
	148,111	161,310	147,887	126,520	247,564	346,400
	2,141,666	2,142,722	2,174,630	2,315,093	2,474,982	2,660,058
	438,561	415,825	390,861	331,527	306,671	322,376
	<u>16,015,326</u>	<u>16,258,085</u>	<u>17,552,965</u>	<u>18,039,336</u>	<u>18,384,739</u>	<u>20,598,672</u>
	4,110,699	3,847,032	3,884,775	4,007,772	4,461,756	4,107,890
	2,044,350	1,903,383	2,409,488	1,927,721	2,173,956	2,039,430
	364,964	445,813	378,463	406,712	487,373	458,769
	<u>6,520,013</u>	<u>6,196,228</u>	<u>6,672,726</u>	<u>6,342,205</u>	<u>7,123,085</u>	<u>6,606,089</u>
\$	<u>22,535,339</u>	<u>22,454,313</u>	<u>24,225,691</u>	<u>24,381,541</u>	<u>25,507,824</u>	<u>27,204,761</u>
\$	407,030	\$ 398,855	\$ 380,786	\$ 356,067	\$ 324,132	\$ 292,870
	11,083	5,665	25,948	4,272	25,856	7,441
	371,784	404,330	405,140	458,369	404,113	378,181
	1,824	3,821	2,163	2,942	2,565	2,564
	57,466	54,232	45,612	57,514	59,880	61,247
	35,799	29,781	39,824	38,520	44,575	56,980
	1,743,332	1,752,221	1,655,897	1,675,577	1,793,613	1,854,305
	1,510,826	1,096,602	1,456,971	1,269,128	1,191,375	1,467,132
	10,000	10,513	18,673	232,040	4,682,170	428,835
	<u>4,149,144</u>	<u>3,756,020</u>	<u>4,031,014</u>	<u>4,094,429</u>	<u>8,528,279</u>	<u>4,549,555</u>
	2,920,769	3,495,275	3,742,246	3,806,251	3,923,707	4,514,010
	1,926,826	1,998,973	1,972,805	2,192,281	2,008,569	2,156,467
	298,770	311,614	327,676	323,013	305,252	318,523
	28,660	-	-	-	1,031,476	-
	<u>5,175,025</u>	<u>5,805,862</u>	<u>6,042,727</u>	<u>6,321,545</u>	<u>7,269,004</u>	<u>6,989,000</u>
\$	<u>9,324,169</u>	<u>9,561,882</u>	<u>10,073,741</u>	<u>10,415,974</u>	<u>15,797,283</u>	<u>11,538,555</u>
\$	(11,866,182)	\$ (12,502,065)	\$ (13,521,951)	\$ (13,944,907)	\$ (9,856,460)	\$ (16,049,117)
	(1,344,988)	(390,366)	(629,999)	(20,660)	145,919	382,911
\$	<u>(13,211,170)</u>	<u>(12,892,431)</u>	<u>(14,151,950)</u>	<u>(13,965,567)</u>	<u>(9,710,541)</u>	<u>(15,666,206)</u>

TABLE 2

CITY OF TALLMADGE, OHIO

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

	Year Ended			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 2,447,935	\$ 2,225,056	\$ 2,258,920	\$ 2,264,267
Income taxes	8,118,368	7,226,715	7,455,553	7,957,003
Unrestricted grants and contributions	1,968,428	2,223,903	2,148,650	2,317,116
Investment earnings	210,924	141,630	43,871	32,582
Miscellaneous	223,833	265,173	47,331	96,496
Transfers	48,401	-	-	-
Increase (Decrease) in fair value of investments	-	-	-	-
Total governmental activities	<u>13,017,889</u>	<u>12,082,477</u>	<u>11,954,325</u>	<u>12,667,464</u>
Business-type activities:				
Investment earnings	139,449	-	-	-
Miscellaneous	10,317	10,599	11,752	6,026
Transfers	(48,401)	-	-	-
Total business-type activities	<u>101,365</u>	<u>10,599</u>	<u>11,752</u>	<u>6,026</u>
Total primary government	<u>\$ 13,119,254</u>	<u>\$ 12,093,076</u>	<u>\$ 11,966,077</u>	<u>\$ 12,673,490</u>
Change in Net Position				
Governmental activities	\$ (219,551)	\$ 531,332	\$ 1,494,704	\$ 1,736,454
Business-type activities	(260,426)	(590,745)	(252,499)	(511,518)
Total primary government	<u>\$ (479,977)</u>	<u>\$ (59,413)</u>	<u>\$ 1,242,205</u>	<u>\$ 1,224,936</u>

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	2,030,192	\$ 2,077,781	\$ 2,051,246	\$ 2,036,907	\$ 2,046,484	\$ 2,071,912
	8,685,855	9,423,158	9,166,550	9,836,002	10,873,754	10,242,096
	1,854,900	1,810,363	1,426,170	1,684,506	2,636,593	1,605,087
	39,407	34,549	34,733	43,929	64,428	119,726
	94,128	212,923	166,274	152,030	161,816	265,074
	-	-	-	(260,360)	-	(2,113,760)
	-	-	-	-	(36,756)	30,106
	<u>12,704,482</u>	<u>13,558,774</u>	<u>12,844,973</u>	<u>13,493,014</u>	<u>15,746,319</u>	<u>12,220,241</u>
	-	-	-	-	-	-
	15,119	22,470	28,492	18,510	27,835	32,485
	-	-	-	260,360	-	2,113,760
	<u>15,119</u>	<u>22,470</u>	<u>28,492</u>	<u>278,870</u>	<u>27,835</u>	<u>2,146,245</u>
\$	<u>12,719,601</u>	<u>13,581,244</u>	<u>12,873,465</u>	<u>13,771,884</u>	<u>15,774,154</u>	<u>14,366,486</u>
\$	838,300	\$ 1,056,709	\$ (676,978)	\$ (451,893)	\$ 5,889,859	\$ (3,828,876)
	(1,329,869)	(367,896)	(601,507)	258,210	173,754	2,529,156
\$	<u>(491,569)</u>	<u>688,813</u>	<u>(1,278,485)</u>	<u>(193,683)</u>	<u>6,063,613</u>	<u>(1,299,720)</u>

TABLE 3

CITY OF TALLMADGE, OHIO

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ 95,421
Assigned	-	-	-	235,992
Unassigned	-	-	-	5,359,392
Reserved	318,914	374,719	166,229	-
Unreserved	2,671,181	3,104,686	4,629,330	-
Total general fund	<u>\$ 2,990,095</u>	<u>\$ 3,479,405</u>	<u>\$ 4,795,559</u>	<u>\$ 5,690,805</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ 82,573
Restricted	-	-	-	1,199,294
Assigned	-	-	-	68,361
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	(142,958)
Reserved	887,039	192,535	444,792	-
Unreserved (deficit), reported in:				
Special revenue funds	629,334	840,684	910,367	-
Debt service funds	14,778	37,899	50,880	-
Capital projects funds	212,208	834,219	(175,793)	-
Total all other governmental funds	<u>\$ 1,743,359</u>	<u>\$ 1,905,337</u>	<u>\$ 1,230,246</u>	<u>\$ 1,207,270</u>

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

2012	2013	2014	2015	2016	2017
\$ 103,426	\$ 109,310	\$ 111,300	\$ 71,993	\$ 224,368	\$ 175,328
206,371	1,985,047	1,605,527	332,881	721,654	1,082,057
5,985,065	6,113,312	5,297,977	6,436,553	8,224,427	7,894,320
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 6,294,862</u>	<u>\$ 8,207,669</u>	<u>\$ 7,014,804</u>	<u>\$ 6,841,427</u>	<u>\$ 9,170,449</u>	<u>\$ 9,151,705</u>
\$ 59,759	\$ 59,476	\$ 54,022	\$ 69,664	\$ 164,524	\$ 158,072
1,953,464	1,462,666	1,899,015	1,997,588	1,748,212	1,598,522
47,224	69,696	76,219	99,839	87,463	66,332
-	-	407,000	288,398	170,300	90,160
(29,818)	(489)	-	-	(272,519)	(52,548)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,030,629</u>	<u>\$ 1,591,349</u>	<u>\$ 2,436,256</u>	<u>\$ 2,455,489</u>	<u>\$ 1,897,980</u>	<u>\$ 1,860,538</u>

TABLE 4

CITY OF TALLMADGE, OHIO

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

	2008	2009	2010	2011
Revenues				
Property and other taxes	\$ 2,453,020	\$ 2,241,114	\$ 2,228,915	\$ 2,252,159
Municipal income taxes	7,873,334	7,156,634	7,657,243	7,893,880
Intergovernmental	3,132,224	3,589,375	4,563,381	3,385,703
Investment income	209,745	141,559	49,542	33,536
Fines, licenses, and permits	372,776	438,045	548,635	425,414
Special assessments	115,781	109,413	115,095	115,692
Charges for services	1,837,708	2,188,832	2,036,244	2,201,320
Increase (Decrease) in fair value of investments	-	-	-	-
Miscellaneous	149,833	322,541	49,131	99,492
Total revenues	16,144,421	16,187,513	17,248,186	16,407,196
Expenditures				
Current:				
General government	3,092,863	3,062,640	2,995,338	3,051,404
Security of persons and property				
Police	3,835,309	3,808,963	3,647,373	3,675,245
Street lighting	39,208	28,469	33,874	38,378
Fire	2,304,753	2,644,911	2,490,438	2,474,408
Public health and welfare	69,512	48,878	66,410	64,500
Transportation	1,943,729	1,847,529	1,534,582	1,480,892
Community environment	744,291	355,637	307,770	277,805
Leisure time activity	1,234,503	1,726,060	1,732,010	1,691,805
Capital outlay	4,334,123	1,068,156	2,658,464	1,639,318
Debt service				
Principal retirement	534,792	4,396,214	619,374	781,055
Interest and fiscal charges	439,747	515,389	485,365	470,975
Bond issue costs	-	-	118,828	-
Total expenditures	18,572,830	19,502,846	16,689,826	15,645,785
Excess of revenues over (under) expenditures	(2,428,409)	(3,315,333)	558,360	761,411
Other financing sources (uses)				
Capital lease transaction	-	144,277	-	110,859
Sale of bonds	-	-	5,320,000	-
Sale of notes	3,800,000	3,800,000	-	-
Premium on bond/note issuances	8,702	22,344	15,190	-
Discount on bond issuance	-	-	(26,842)	-
Refunding of notes	-	-	(3,800,000)	-
Payment to refunded bond escrow agent	-	-	(1,425,645)	-
Sale of assets	4,000	-	-	-
Transfers in	3,751,926	2,618,165	2,877,000	3,196,000
Transfers (out)	(3,751,926)	(2,618,165)	(2,877,000)	(3,196,000)
Total other financing sources (uses)	3,812,702	3,966,621	82,703	110,859
Net change in fund balances	\$ 1,384,293	\$ 651,288	\$ 641,063	\$ 872,270
Capital expenditures	3,348,476	964,180	1,880,986	1,219,682
Debt service as a percentage of noncapital expenditures (2)	6.40%	26.49%	7.46%	8.68%

(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.

	2012	2013	2014	2015	2016	2017
\$	2,023,704	\$ 2,109,423	\$ 2,059,317	\$ 2,059,080	\$ 2,052,791	\$ 2,057,730
	8,359,821	9,256,758	9,560,660	9,844,999	10,628,415	10,156,843
	3,537,553	2,957,933	2,729,999	3,086,741	7,022,306	3,630,150
	29,455	33,485	33,822	42,885	59,239	118,964
	413,255	370,469	391,916	356,831	366,002	336,532
	108,045	134,432	110,603	107,432	99,975	94,423
	2,185,009	2,227,877	2,123,555	2,165,699	2,270,401	2,309,777
	-	-	-	-	(36,756)	30,106
	206,861	361,207	333,527	271,263	334,532	429,893
	16,863,703	17,451,584	17,343,399	17,934,930	22,796,905	19,164,418
	3,054,651	3,414,974	3,632,420	3,682,315	3,895,399	3,988,120
	3,424,600	3,566,511	3,737,673	3,941,589	3,950,057	4,106,240
	32,020	30,364	27,287	35,335	34,663	35,445
	2,521,518	2,551,371	2,746,929	2,921,254	2,879,469	3,204,066
	58,149	69,642	71,619	69,876	76,385	70,959
	2,105,228	1,254,060	1,812,826	1,964,913	1,892,975	2,039,398
	141,516	163,581	145,941	126,047	242,047	321,885
	1,799,907	1,802,674	1,865,931	1,978,136	2,074,446	2,100,515
	1,237,448	1,967,917	2,500,947	2,382,717	6,040,590	2,717,795
	775,851	731,542	749,212	819,943	845,564	1,684,750
	448,306	425,421	400,572	346,052	300,618	299,707
	-	-	-	110,335	-	25,000
	15,599,194	15,978,057	17,691,357	18,378,512	22,232,213	20,593,880
	1,264,509	1,473,527	(347,958)	(443,582)	564,692	(1,429,462)
	162,907	-	-	179,104	406,821	448,276
	-	-	-	2,925,000	-	825,000
	-	-	-	-	800,000	-
	-	-	-	128,790	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	(2,943,456)	-	-
	-	-	-	-	-	-
	4,335,205	3,654,275	5,588,777	4,819,200	4,027,250	4,279,750
	(4,335,205)	(3,654,275)	(5,588,777)	(4,819,200)	(4,027,250)	(4,179,750)
	162,907	-	-	289,438	1,206,821	1,373,276
\$	1,427,416	\$ 1,473,527	\$ (347,958)	\$ (154,144)	\$ 1,771,513	\$ (56,186)
	393,428	581,540	928,737	1,048,247	6,515,158	1,428,972
	8.05%	7.51%	6.86%	6.73%	7.29%	10.35%

THIS PAGE IS INTENTIONALLY LEFT BLANK

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
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
2016	2,298,861	2,252,662	97.99%	38,860	2,291,522	99.68%	46,199
2017	2,312,158	2,264,620	97.94%	48,077	2,312,697	100.02%	47,539

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
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	-
2016	-	-	N/A	-	-	N/A	-
2017	-	-	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
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
2016*	1,064,701,144	370,364,200	6,517,716	5,735,590
2017*	1,070,985,951	372,360,560	7,098,636	6,246,800

Note:

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

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

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

For 2009 through 2011, tangible 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	Assessed
Estimated Actual	Assessed	Estimated Actual	Assessed	Direct	Value as a
Value (C)	Value	Value	Value	Tax Rate	Percentage of
					Actual Value
\$ 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%
-	-	1,071,218,860	376,099,790	6.15	35.11%
-	-	1,078,084,587	378,607,360	6.15	35.12%

TABLE 8

CITY OF TALLMADGE, OHIO

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

Collection Year	County Levy	School Levy	Akron/Summit Library	Tallmadge City	Total Levy	Debt Service
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
1 2016	14.16	77.03	2.60	6.15	99.94	11.02
2 2016	14.16	55.34	2.00	6.15	77.65	0.68
1 2017	14.16	75.35	2.56	6.15	98.22	9.99
2 2017	14.16	54.10	2.00	6.15	76.41	0.74

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

Collection Year	Inside Operating	Outside Operating	Police Pension	Fire/Ambulance	Total Tax Rate
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
2016	2.10	N/A	0.30	3.75	6.15
2017	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, 2017	
Name of Taxpayer	Nature of Business	Valuation	Percent of Total
Big Zilla Development LLC	Retail Property Management	\$ 3,658,470	0.98%
Eastwood Square Associates LTD	Retail Property Management	2,225,900	0.60%
Tallmadge Oaks LTD	Apartment Complex	2,040,080	0.55%
Saxon Village Limited	Apartment Complex	1,645,870	0.44%
MK Menlo Property Owner LLC	Retail Property Management	1,555,520	0.42%
Tallmadge Associates	Retail Property Management	1,506,910	0.40%
Mindale Farms Co.	Agriculture	1,485,930	0.40%
Heather Knoll Rental Properties LLC	Apartment Complex	1,947,730	0.52%
GE Tallmadge Portfolio LP	Grocery	1,312,910	0.35%
Tallmadge Senior Housing LTD	Apartment Complex	1,263,170	0.34%
Total		<u>\$ 18,642,490</u>	<u>5.00%</u>
Total Assessed Valuation - Real Property		<u>\$ 372,360,560</u>	
		December 31, 2008	
Name of Taxpayer	Nature of Business	Valuation	Percent of Total
GE Tallmadge Portfolio LP	Grocery	\$ 3,344,300	0.83%
Eastwood Square Associates LTD	Retail Property Management	2,516,820	0.62%
Big Zilla Development LLC	Retail Property Management	2,423,270	0.60%
Tallmadge Oaks LTD	Apartment Complex	2,317,100	0.57%
Heather Knoll Rental Properties LLC	Apartment Complex	1,809,510	0.45%
Saxon Village Limited	Apartment Complex	1,770,780	0.45%
OHI Asset Essex OH LLC	Nursing Home	1,615,550	0.41%
Myers Family Limited Partnership Limited	Light Manufacturing	1,589,950	0.39%
DWEK Ohio LLC	Retail Property Management	1,364,980	0.34%
Tallmadge Acres Apartments Inc.	Apartment Complex	1,261,690	0.31%
Total		<u>\$ 20,013,950</u>	<u>4.95%</u>
Total Assessed Valuation - Real Property		<u>\$ 405,268,120</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
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%
2016	2.00%	10,973,929	7,996,704	72.87%	1,623,956	14.80%
2017	2.00%	11,178,777	8,200,825	73.36%	1,593,715	14.26%

Sources: City of Tallmadge Income Tax Department (2008-2009)
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
\$	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%
	1,329,950	12.12%	23,319	0.21%
	1,381,598	12.36%	2,639	0.02%

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
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
2016	6,951,648	330,000	800,000	428,474	-	1,507,731	-
2017	7,143,162	255,000	-	692,000	-	1,401,915	-

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
\$ 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
10,017,853	491,001,456	2.04%	17,512	572
9,492,077	528,635,328	1.80%	17,537	541

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
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
2016	6,951,648	1,071,218,860	0.65%	17,512	397
2017	7,143,162	1,078,084,587	0.66%	17,537	407

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
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%	-
2016	211,265	n/a	n/a	204,649	96.87%	6,617
2017	167,012	n/a	n/a	158,622	94.98%	2,640

Source: Summit County, Ohio; County Fiscal Officer

* The delinquent billed amount was not available for 2014 - 2017.

TABLE 15

CITY OF TALLMADGE, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2017

Jurisdiction	Governmental Activities Debt	Percentage Overlapping	Applicable to the City
Direct:			
City of Tallmadge	\$ 8,090,162	100.00%	\$ 8,090,162
Overlapping Debt:			
Summit County	42,675,000	3.25%	1,386,938
Portage County	13,765,500	0.42%	57,815
Stow/Munroe Falls City School District	3,342,551	0.01%	334
Tallmadge City School District	57,897,544	99.82%	57,793,328
Field Local School District	20,197,918	2.08%	420,117
Akron/Summit Library	14,680,000	4.91%	720,788
Total Overlapping Debt	152,558,513		60,379,320
Total Direct and Overlapping Debt	\$ 160,648,675		\$ 68,469,482

Source: Debt outstanding for overlapping government - Ohio Municipal Advisory Council
as of January 1, 2018

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
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%
2016	40,982,825	21,467,194	6,951,648	87,463	34,118,640	21,467,194	16.96%
2017	39,753,773	20,823,405	7,143,162	66,332	32,676,943	20,823,405	17.97%

Source: Summit County, Ohio; County Fiscal Officer

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

* Legal debt margin includes unamortized debt.

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
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%
2016	17,512	491,001,456	28,038	5.0%	4.9%	4.7%
2017	17,537	528,635,328	30,144	4.6%	4.7%	4.1%

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
2008	31	10
2009	6	-
2010	23	-
2011	24	-
2012	12	-
2013	19	-
2014	12	-
2015	20	-
2016	50	12
2017	61	-

Sources: City of Tallmadge Building Department (2008-2010, 2017)
Summit County Department of Building Standards (2012-2016)

Note: Summit County Department of Building Standards webpage under construction 4/23/18

TABLE 19

CITY OF TALLMADGE, OHIO

*PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO*

	2017			2008		
	Employees**	Rank	Percentage of Total City Employment	Employees**	Rank	Percentage of Total City Employment
Auto Sales	*	1	*	*	1	*
Tallmadge Public Schools	279	2	3.4%	342	2	4.9%
Steere Enterprises	235	3	2.9%	190	3	2.7%
Waltco Truck Equipment Co.	172	4	2.1%	120	5	1.7%
S.D. Myers Inc.	162	5	2.0%	101	7	1.4%
East End Welding	108	6	1.3%	90	9	1.3%
City of Tallmadge	95	7	1.2%	108	8	1.5%
WardJet	91	8	1.1%	-	-	-
The Martin Wheel Co., Inc.	90	9	1.1%	79	10	1.1%
L.D. Carlson	82	10	1.0%	-	-	-
Giant Eagle	-	-	-	131	4	1.9%
Owens Corning	-	-	-	82	6	1.2%
Total	1,314		16.0%	1,243		17.8%

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, 2017*

Founded	1806
Incorporated as Village	1936
Incorporated as City	1951
Town Hall erected	1859
Form of government	Charter
Population	17,537
Area	7,413 Dwelling units
	13.5 Square miles
	8,915 Acres
Education:	
Elementary schools	2 K-2, 3-5
Middle school	1 6-8
High school	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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Council	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Mayor	6.0	6.0	5.5	4.5	5.0	5.0	4.5	4.5	5.0	6.0
Finance	9.5	10.0	6.5	6.5	6.5	6.5	6.0	6.0	6.0	7.0
Law	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Service	5.5	3.0	2.0	3.0	3.0	3.0	3.0	3.0	3.5	4.5
Information Systems	1.0	1.0	1.0	1.0	1.0	1.5	1.5	2.0	2.0	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	42.0	48.5	34.0	34.0	32.0	34.5	37.5	34.5	40.5	40.0
Fire	39.0	38.0	39.0	39.5	38.0	38.5	41.5	40.5	39.5	42.5
Leisure Time Activities										
MACA Pool	-	15.0	15.5	14.5	17.5	16.0	16.5	16.0	15.5	18.0
Recreation Center	63.0	65.5	61.5	62.5	63.0	62.5	65.0	64.5	60.0	70.5
Community Environment										
Building & Zoning	8.5	9.5	8.5	2.0	2.0	2.0	2.0	2.0	2.5	3.0
Transportation										
Garage	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	7.0
Street	20.5	20.0	17.0	18.0	18.0	19.0	20.0	18.5	19.0	19.0
Utilities										
Utilities Services	8.5	8.5	8.0	6.0	7.0	6.0	6.5	6.5	7.0	6.0
Total	<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>	<u>216.5</u>	<u>237.0</u>

Source: City of Tallmadge Finance Department

TABLE 22

CITY OF TALLMADGE, OHIO

OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Security of Persons and Property										
Police										
Physical Arrests	752	850	819	730	671	593	582	556	795	773
Parking Violations	12	26	22	14	7	16	17	20	22	6
Traffic Violations	1,257	995	1,091	1,526	1,219	995	859	733	673	471
Fire										
Emergency Response Calls	2,266	2,268	2,260	2,371	2,337	2,544	2,456	2,680	2,889	2,938
Fires Extinguished	35	32	26	22	65	27	22	27	28	34
Inspections Conducted	626	1,024	921	822	748	753	881	658	570	788
Transportation										
Street resurfacing miles	3.12	-	3.14	1.82	6.75	5.23	5.60	6.70	3.00	3.00
Leisure Time Activities										
Trees Planted	30	-	-	2	-	-	-	-	-	-
Recreation Center Memberships*										
Annual	1,319	1,305	1,935	1,579	3,250	3,694	4,285	4,844	5,323	5,839
Monthly	2,866	2,767	2,665	2,590	2,100	1,908	1,402	1,545	1,231	1,273
Swimming Pool Memberships**										
Adult	N/A	833	1,139	1,110	1,081	975	996	970	971	1,146
Child	N/A	433	751	740	792	709	776	823	783	853
Water										
Customers Served	7,309	7,028	7,207	7,063	7,126	7,091	7,302	7,208	7,330	7,409
New Connections	77	13	18	14	20	25	29	130	62	97
Water Main Breaks	17	16	21	12	13	18	14	13	28	13
Avg. Daily Consumption (gpd) million gallons per day	1.30	1.20	1.30	1.30	1.30	1.20	1.10	1.10	1.20	1.20
Peak Daily Consumption (gpd) million gallons per day	1.70	1.80	1.60	1.60	2.00	1.70	2.00	1.70	1.50	1.40
Sewer										
Customers Served	5,751	5,781	5,779	7,990	7,991	7,981	7,981	7,888	8,001	8,163
Storm Water										
Customers Served	5,919	5,999	5,866	5,932	5,948	6,039	6,059	6,095	6,143	6,212

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

**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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	21.0	23.0	21.0	19.0	21.0	19.0	21.0	20.0	20.0	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	-	1.0	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)	96.3	96.3	96.3	96.3	96.3	96.3	96.1	96.1	99.1	99.1
Traffic Signals	188.0	188.0	188.0	187.0	187.0	187.0	187.0	187.0	186.0	189.0
Water										
Water Mains (miles)	84.5	84.5	86.1	86.1	86.1	87.0	87.0	87.0	88.1	88.1
Sewer										
Sanitary Sewers (miles)	60.7	60.7	60.7	60.7	60.7	60.7	60.7	60.7	61.1	61.1

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 26, 2018**