



OHIO AUDITOR OF STATE
KEITH FABER



CITY OF TALLMADGE
SUMMIT COUNTY
DECEMBER 31, 2019

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OHIO AUDITOR OF STATE KEITH FABER



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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, 2019, 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 1, 2020 wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and referred to the financial impact of COVID-19 and the ensuing emergency measures that will impact subsequent periods.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

June 1, 2020

CITY OF TALLMADGE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019

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June 1, 2020

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, 2019 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, 2019. 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, 2019 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), the Brimfield Township-City of Tallmadge Joint Economic Development District and the Regional Income Tax Agency. These organizations are described in more detail in the notes to 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 2019 population of 17,582 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 which provide the opportunity and interests that keep Tallmadge a vital part of the marketplace.

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 2019. Prior to 2019, this program was 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. In 2019, the program was amended to primarily focus on attracting new businesses that create additional payroll of \$500,000 per year. Incentives for existing businesses will be considered on a case by case basis. In 2019, the City paid out \$161,967 to companies for new jobs created under this program.

Net employment because of these expansions and other developments has allowed the City's withholding tax to maintain modest growth year over year, averaging 2.9 percent growth per year since 2015. 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's 2% income tax permanent. The income tax collections at the end of fiscal year 2019 experienced an increase of 8.80 percent from the prior fiscal year. Much of the increase was the result of collections from net profit taxes on businesses operating in the City and income taxes paid by individuals. This was a rebound from 2018 figures that had caused the City to see a decrease in collections of 4.05 percent. The withholding tax, which makes up 73 percent of the City's total income tax dollars in 2019, remained steady and saw a 3.97 percent increase. However, in 2019 the City was notified that two major businesses would be eliminating operations in Tallmadge by the end of 2021. This resulted in the City reducing its income tax estimates in the 2020 budget by 3 percent. However, in 2019, the citizens voted to increase the City's income tax rate in 2020 by .25 percent to provide additional funds for safety services. The additional income tax collections from the quarter percent were not included in the 2020 budget.

The City is meeting the demands of a changing population with several residential and commercial developments. An additional 41 new lots were added in 2017 in Phase 2 of the Baker's Acres development with ten percent being completed or under construction. A 208-lot housing development, Tallmadge Reserve, is in the planning stages and expects to break ground on homes in Spring of 2021. Additionally, Phase III of the Village at Town Centre development continued in 2019 with the construction of a two-story medical complex owned by Summa Health Systems. The second floor of the complex was built out and occupied in 2019 with medical offices. The first-floor buildout is expected to be completed in 2020 and operated as an urgent care center.

The City created a Joint Economic Development District (JEDD) effective January 1, 2004 that encompasses 70% of the Township of Brimfield. The JEDD has resulted in additional income tax collections for the City and will continue in the future. This income tax is distributed to both the City and the Township. The City receives 50 percent of the income tax for general operations. The Township receives 50 percent of the annual collections, with 10 percent set aside for the JEDD Maintenance and Capital Improvement Fund. There are significant areas for development in the JEDD in addition to the already established industrial park land adjacent to the Interstate 76/Route 18 interchange. The shared collection rate increased in 2019 by a quarter percent to 1.50 percent. The tax rate has scheduled increases in quarter percent increments until it reaches 2.25 percent by 2028. Income tax revenue generated in the JEDD for 2019 exceeded \$1.7 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 industrial property, and the JEDD area coupled with the demands for development in the City, indicates a promising future for economic development.

The JEDD also continues to be a major component of the economic growth in the City. In addition to the Cascades development which encompasses 114 acres consisting of 216 apartment units, commercial and retail stores, that include Walmart, Lowe's and Kohls, and the Insight Rubbermaid projects 815,000-square foot distribution facility built by Newell Rubbermaid, Inc., the 130 acre Maplecrest Golf Course Development began to take shape in 2019. Retail locations for Meijer and Menards were under construction and are slated to open in 2020. Several fast food establishments that include Starbucks and Burger King opened in 2019 on the property. The back portion of the property was rezoned for light industrial. The developer of the Maplecrest property has also acquired additional property up the Tallmadge-Brimfield corporate boundaries for further commercial development planned.

The City is in the processing to adapting to the ever-changing economic landscape that has been created by the COVID-19 pandemic. At this time, the City is estimating that its 2020 revenue estimates will be short by 10-15 percent of projections. The City has initially cut several capital projects from its 2020 budget to make up a large portion of that shortfall and is reviewing its operating budget to make additional cuts as the need develops.

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 and in 2017. In 2019, the City began the process of updating its zoning code to match the Comprehensive Plan.

MAJOR INITIATIVES

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 2019, the City completed 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. In 2020, the City will use the model that was developed during that study to evaluate the need for any utility rate increases.

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 2020, the City will continue 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 was be the joint purchase of an updated computer aided dispatch software with those communities and the City of Akron which was completed in 2018 and is in the planning phases for implementation.

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, 2018. 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-seven consecutive years (1992 - 2018). 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 her staff. As Director of Finance, I would like to express my sincere appreciation to my 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, 2018

Christopher P. Morill

Executive Director/CEO

**CITY OF TALLMADGE, OHIO
LISTING OF PRINCIPAL CITY OFFICIALS
AS OF DECEMBER 31, 2019**

ELECTED OFFICIALS

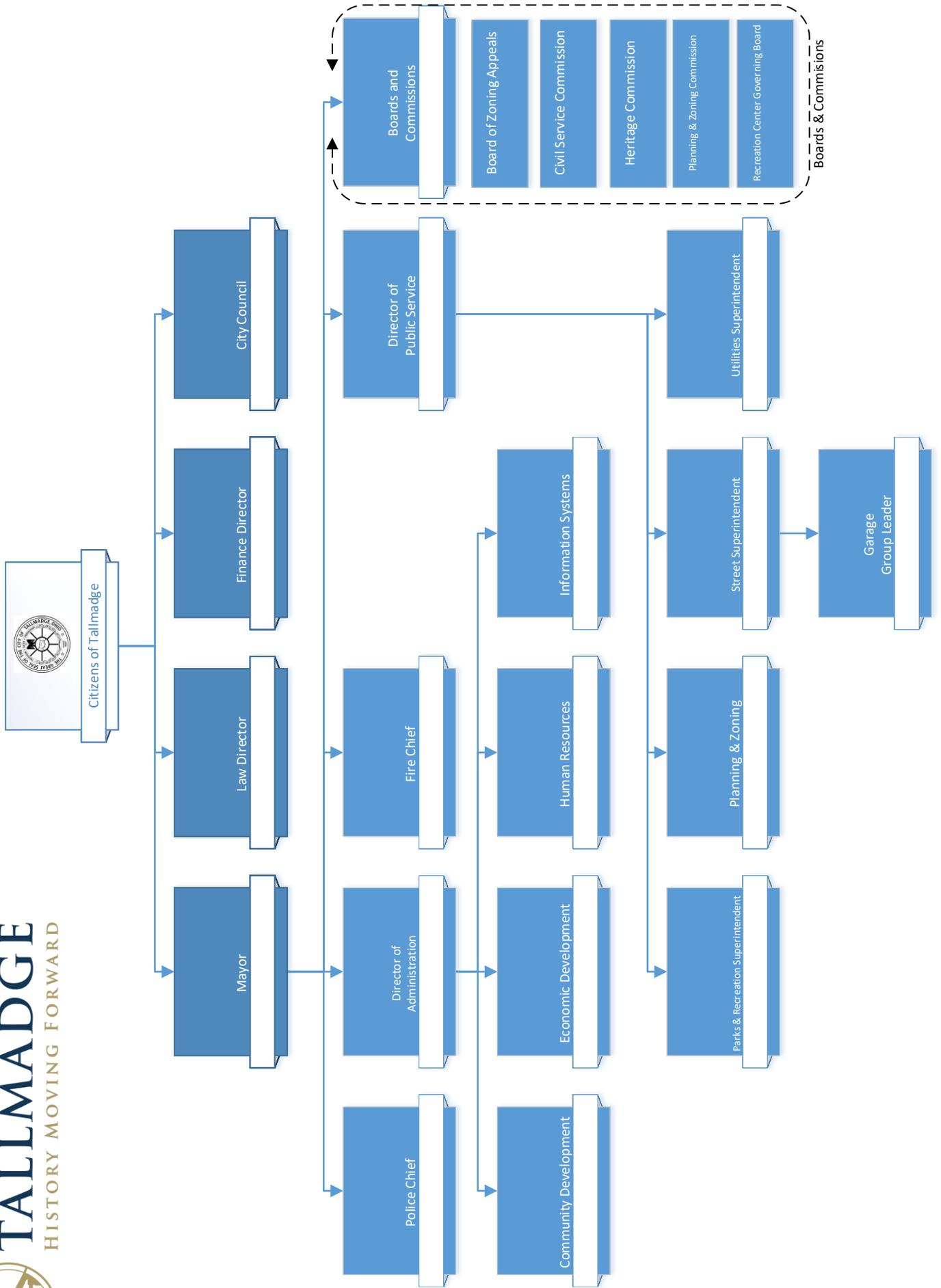
Mayor	David Kline
Director of Finance	Mollie Gilbride
Director of Law	Megan Raber
President of Council	Carol Kilway
Council Member	Rebecca Allman
Council Member	Michael Carano
Council Member	James Donovan
Council Member	Dennis Loughry
Council Member	Craig Sisak
Council Member	Mary Tricaso

APPOINTED OFFICIALS

Director of Public Service	Michael Rorar
Director of Administration	Donald Cooper
Community Development Manager	Andrea Kidder
Economic Development Manager	Unfilled
Assistant Director of Law	Melody Briand
Assistant Director of Finance	Carissa Burns
Clerk of Council	Susan Burton
Deputy Clerk of Council	Regina Conti

DEPARTMENT OFFICIALS

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



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FINANCIAL SECTION

OHIO AUDITOR OF STATE KEITH FABER



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700 Chase Tower
Canton, Ohio 44702-1509
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EastRegion@ohioauditor.gov

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Tallmadge, Summit County, Ohio as of December 31, 2019, and the respective changes in its financial position and where applicable, its 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.

Emphasis of Matter

As discussed in Note 3.B to the financial statements, during the year ended December 31, 2019, the City adopted new accounting guidance in Governmental Accounting Standard Board (GASB) Statement No. 84, *Fiduciary Activities*. In addition, as discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit 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 relates 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 1, 2020, 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 "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

June 1, 2020

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CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (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, 2019. 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 2019 are as follows:

- The total net position of the City increased \$4,375,554 or 14.27% from 2018's restated net position. Net position of governmental activities increased \$4,687,208 or 54.54% from 2018's restated net position and business-type activities decreased \$311,654 or 1.41% from 2018. See Note 3.B in the notes to the financial statements for the restatement required for the implementation of GASB Statement No. 84.
- Total assets and deferred outflows of resources increased \$3,127,202 from 2018's restated net position.
- Total current liabilities and deferred inflows of resources decreased \$1,164,509 from 2018's restated net position.
- Total long-term liabilities decreased \$83,843 during 2019.

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, 2019 (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 eighteen 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 custodial 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 35-88 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/asset, pension contributions, net other postemployment benefits (OPEB) liability, and OPEB contributions. The required supplementary information can be found on pages 90-104 of this report.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)*

The nonmajor governmental funds are presented immediately following the notes to the basic financial statements and can be found beginning on page 105 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 2019 and 2018. The net position at December 31, 2018 has been restated as described in Note 3.B in the notes to the basic financial statements.

	Net Position					
			(Restated)			
	Governmental Activities 2019	Business-type Activities 2019	Governmental Activities 2018	Business-type Activities 2018	Total 2019	(Restated) Total 2018
Assets						
Current and other assets	\$ 16,677,413	\$ 9,778,524	\$ 15,497,041	\$ 9,020,205	\$ 26,455,937	\$ 24,517,246
Net pension asset	1,892	326	4,205	598	2,218	4,803
Capital assets, net	<u>25,259,532</u>	<u>15,426,403</u>	<u>26,825,674</u>	<u>16,049,518</u>	<u>40,685,935</u>	<u>42,875,192</u>
Total assets	<u>41,938,837</u>	<u>25,205,253</u>	<u>42,326,920</u>	<u>25,070,321</u>	<u>67,144,090</u>	<u>67,397,241</u>
Deferred outflows of resources						
Unamortized deferred charges	49,817	-	53,998	-	49,817	53,998
Pension	5,714,208	487,124	2,774,851	170,083	6,201,332	2,944,934
OPEB	<u>1,249,366</u>	<u>103,413</u>	<u>1,192,392</u>	<u>32,251</u>	<u>1,352,779</u>	<u>1,224,643</u>
Total deferred outflows of resources	<u>7,013,391</u>	<u>590,537</u>	<u>4,021,241</u>	<u>202,334</u>	<u>7,603,928</u>	<u>4,223,575</u>
Liabilities						
Current and other liabilities	788,726	844,687	916,489	613,731	1,633,413	1,530,220
Long-term liabilities:						
Due within one year	1,263,521	133,921	1,262,324	117,918	1,397,442	1,380,242
Due in more than one year:						
Net pension liability	19,603,563	1,322,811	13,279,589	630,087	20,926,374	13,909,676
Net OPEB liability	4,837,362	604,713	11,132,434	421,186	5,442,075	11,553,620
Other long-term liabilities	<u>6,271,799</u>	<u>1,090,174</u>	<u>7,178,786</u>	<u>1,189,383</u>	<u>7,361,973</u>	<u>8,368,169</u>
Total liabilities	<u>32,764,971</u>	<u>3,996,306</u>	<u>33,769,622</u>	<u>2,972,305</u>	<u>36,761,277</u>	<u>36,741,927</u>
Deferred inflows of resources						
Property taxes	2,289,540	-	2,247,906	-	2,289,540	2,247,906
Pension	175,933	32,865	1,419,208	182,333	208,798	1,601,541
OPEB	<u>441,229</u>	<u>12,567</u>	<u>318,078</u>	<u>52,311</u>	<u>453,796</u>	<u>370,389</u>
Total deferred inflows of resources	<u>2,906,702</u>	<u>45,432</u>	<u>3,985,192</u>	<u>234,644</u>	<u>2,952,134</u>	<u>4,219,836</u>

- (Continued)

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)*

Net Position - (Continued)

			(Restated)		Total 2019	(Restated) Total 2018
	Governmental Activities 2019	Business-type Activities 2019	Governmental Activities 2018	Business-type Activities 2018		
Net Position						
Net investment in capital assets	\$ 18,867,627	\$ 14,223,000	\$ 19,498,663	\$ 14,757,523	\$ 33,090,627	\$ 34,256,186
Restricted	186,000	-	274,037	-	186,000	274,037
Unrestricted	<u>(5,773,072)</u>	<u>7,531,052</u>	<u>(11,179,353)</u>	<u>7,308,183</u>	<u>1,757,980</u>	<u>(3,871,170)</u>
Total net position (restated)	<u>\$ 13,280,555</u>	<u>\$ 21,754,052</u>	<u>\$ 8,593,347</u>	<u>\$ 22,065,706</u>	<u>\$ 35,034,607</u>	<u>\$ 30,659,053</u>

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." 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 OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net pension asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)*

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities 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 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 and the net OPEB liability/asset are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources in 2019 by \$35,034,607, compared to \$30,659,053 in 2018 (restated), an increase of 14.27%. During 2019, the City's total assets and deferred outflows of resources increased by \$3,127,202 and total liabilities and deferred inflows of resources decreased by \$1,248,352.

The table on the following page shows the changes in net position for 2019 and 2018. The net position at December 31, 2018 has been restated as described in Note 3.B in the notes to the basic financial statements.

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CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)*

	Change in Net Position					
			(Restated)			
	Governmental	Business-type	Governmental	Business-type		(Restated)
	Activities	Activities	Activities	Activities	2019	2018
	2019	2019	2018	2018	Total	Total
Revenues						
Program revenues:						
Charges for services and sales	\$ 2,928,827	\$ 7,078,110	\$ 3,162,477	\$ 7,275,469	\$ 10,006,937	\$ 10,437,946
Operating grants and contributions	1,961,633	-	1,528,418	-	1,961,633	1,528,418
Capital grants and contributions	2,523	87,451	44,240	934,330	89,974	978,570
Total program revenues	4,892,983	7,165,561	4,735,135	8,209,799	12,058,544	12,944,934
General revenues:						
Property and other local taxes	2,232,791	-	2,167,776	-	2,232,791	2,167,776
Municipal income taxes	11,161,240	-	10,110,310	-	11,161,240	10,110,310
Grants and entitlements	1,930,092	-	1,719,143	-	1,930,092	1,719,143
Interest	333,463	-	270,484	-	333,463	270,484
Change in fair value of investments	52,485	-	(30,230)	-	52,485	(30,230)
Miscellaneous	349,086	43,842	391,938	31,750	392,928	423,688
Total general revenues	16,059,157	43,842	14,629,421	31,750	16,102,999	14,661,171
Total revenues	20,952,140	7,209,403	19,364,556	8,241,549	28,161,543	27,606,105
Program Expenses:						
General government	5,203,616	-	4,885,634	-	5,203,616	4,885,634
Security of persons and property						
Police	1,809,260	-	5,095,099	-	1,809,260	5,095,099
Street lighting	35,126	-	37,309	-	35,126	37,309
Fire	1,065,306	-	3,956,386	-	1,065,306	3,956,386
Public health and welfare	94,931	-	87,955	-	94,931	87,955
Transportation	4,352,004	-	4,089,726	-	4,352,004	4,089,726
Community environment	324,278	-	389,036	-	324,278	389,036
Leisure time activity	3,115,698	-	2,680,260	-	3,115,698	2,680,260
Interest and fiscal charges	264,713	-	273,292	-	264,713	273,292
Sewer operating	-	4,737,178	-	3,715,964	4,737,178	3,715,964
Water operating	-	2,192,291	-	2,090,577	2,192,291	2,090,577
Storm water operating	-	591,588	-	454,543	591,588	454,543
Total expenses	16,264,932	7,521,057	21,494,697	6,261,084	23,785,989	27,755,781
Increase (decrease) in net position	4,687,208	(311,654)	(2,130,141)	1,980,465	4,375,554	(149,676)
Net position beginning of year (restated)	8,593,347	22,065,706	10,723,488	20,085,241	30,659,053	30,808,729
Net position end of year	\$ 13,280,555	\$ 21,754,052	\$ 8,593,347	\$ 22,065,706	\$ 35,034,607	\$ 30,659,053

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (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 increased in total by 3.33% from 2018. Operating grants and contributions increased 28.34% from 2018 due to an increase in operating grants and contributions received for public safety, public health and welfare, transportation and leisure time activity programs. Capital grants and contributions decreased in 2019 due to grant funding received during 2018 for the North Avenue improvement project. General revenues increased from 2018 by 9.77%, which is primarily the result of increased property and other local taxes, unrestricted grants and entitlements (collections from the Brimfield Township-City of Tallmadge JEDD), and investment income.

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% 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% 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 11.12% and 23.70% of the total governmental activities expenses during 2019 and 2018, respectively. During 2019, the City's police department consisted of one Chief, one captain, four sergeants, eighteen patrol officers and four full-time office staff. The police department also employs on a part-time basis seven records clerks and sixteen 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 decreased 64.49% during 2019, which is primarily the result of a new stipend-based health care model implemented by Ohio Police and Fire (OP&F). A net decrease in expenses of \$3,496,395 related to the change in the City's net OPEB liability and related deferred inflows and outflows of resources for police OP&F was reported in 2019.

The City has operated a fire department since 1945. During 2019, 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, 50 part-time paramedics/firefighters, 1 full-time clerk and 1 part-time clerk. The Fire/EMS department is accounted for in a separate fund which receives tax proceeds from a 3.75 mill property tax levy. The fire expenses account for 6.55% and 18.41% of the total governmental activities expenses during 2019 and 2018, respectively. Security of persons and property expenses related to the fire department decreased 73.07% during 2019, which is primarily the result of a new stipend-based health care model implemented by OP&F. A net decrease in expenses of \$3,039,225 related to the change in the City's net OPEB liability and related deferred inflows and outflows of resources for fire OP&F was reported in 2019.

The Street Maintenance and Repair department employs 19 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 26.76% and 19.03% of the total governmental activities expenses during 2019 and 2018, respectively. Transportation expenses increased 6.41% during 2019, due primarily to more road maintenance and repair expenses.

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (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 7,479 water customers, 8,340 sewer customers, and 6,262 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 2019, charges for services in the amount of \$7,078,110 accounted for 98.18% of the total business-type revenues compared to 88.28% in 2018. The total expenses for the utilities were \$7,521,057, 20.12% more than 2018.

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 \$20,600,403 and expenditures of \$19,752,011.

The City's chief operating fund is the general fund. During 2019, the City's general fund had total revenues and other financing sources of \$16,598,239 and expenditures and other financing uses of \$15,716,166, resulting in an increase in fund balance of \$882,073. The increase in fund balance is primarily attributable to an increase in overall revenues, and a decrease in transfers out to other funds during 2019. Expenditures in 2019 were comparable to 2018 as restated, decreasing by 0.92%.

The City's major special revenue fund, the fire/EMS levy fund, had a decrease in fund balance of \$28,337. Total combined revenues and other financing sources were \$3,552,532 and expenditures were \$3,580,869. Expenditures exceeded revenues and other financing sources with transfers of \$1,460,000 from income tax collections. The City entered into a capital lease transaction during 2019 in the amount of \$22,755 for the lease purchase of a vehicle, which will be paid from the fire/EMS levy fund.

The City's other major special revenue fund, the street maintenance and repair fund had an increase in fund balance of \$199,681. Total combined revenues and other financing sources were \$3,327,915 and expenditures were \$3,128,234. The City entered into a capital lease transaction during 2019 in the amount of \$41,110 for the lease purchase of two vehicles, which will be paid from the street maintenance and repair fund. Revenues and other financing sources exceeded expenditures with transfers of \$1,680,000 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 \$7,121,952, which was less than operating expenses of \$7,474,982. The total depreciation expense for these business-type funds was \$763,649. The cash and cash equivalents at year end for the proprietary funds total \$6,968,836. Net position of the sewer operating fund increased \$33,578 or 0.44% from 2018. During 2019, net position of the water operating fund decreased 1.10% or \$8,710,403 to \$8,615,006. In the storm water fund, net position decreased \$249,835 to \$5,450,381 at December 31, 2019. The overall decrease in net position for all proprietary funds in 2019 was \$311,654, which is primarily the result of operating expenses exceeding utility collections.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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 2019. In total the adjustments in appropriations accounted for an increase of 0.97% over the total general fund budget. The total actual expenditures and other financing uses at year end were \$16,324,517, which was \$607,405 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 \$607,405 or 4.80%. Positive variances were reported for all general fund departments, which illustrates the City's effort to contain the budget and control expenditures. Management was aware that fines, licenses and permits were slightly lower than what was expected. The total variance in general fund revenues and other financing sources was a positive variance of \$742,680 or 4.77%.

Capital Assets and Debt Administration

Capital Assets

At the end of 2019, the City had \$40,685,935 (net of accumulated depreciation) invested in land, buildings and improvements, equipment, infrastructure, right of ways, easements and construction in progress. Of this total, \$25,259,532 was reported in governmental activities and \$15,426,403 was reported in business-type activities.

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CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)*

The following table shows 2019 balances compared to 2018:

Capital Assets at December 31 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 3,260,196	\$ 3,464,539	\$ 375,519	\$ 375,519	\$ 3,635,715	\$ 3,840,058
Right of ways/easements	80,218	80,218	260,360	260,360	340,578	340,578
Construction in progress	105,853	105,853	-	21,090	105,853	126,943
Buildings and improvements	8,931,884	9,265,625	648,088	730,976	9,579,972	9,996,601
Equipment	2,836,874	3,090,954	363,368	271,232	3,200,242	3,362,186
Infrastructure						
Street subsystem	10,044,507	10,818,485	-	-	10,044,507	10,818,485
Water lines	-	-	5,469,890	5,699,341	5,469,890	5,699,341
Sewer lines	-	-	3,427,851	3,603,744	3,427,851	3,603,744
Storm water subsystem	-	-	4,881,327	5,087,256	4,881,327	5,087,256
Totals	<u>\$ 25,259,532</u>	<u>\$ 26,825,674</u>	<u>\$ 15,426,403</u>	<u>\$ 16,049,518</u>	<u>\$ 40,685,935</u>	<u>\$ 42,875,192</u>

The overall decrease of \$2,189,257 is a result of depreciation expense and loss on disposals exceeding current year additions. 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, 2019 and 2018:

	Governmental Activities		Business-type Activities	
	2019	2018	2019	2018
Special assessment bonds	\$ 100,000	\$ 180,000	\$ -	\$ -
General obligation bonds	5,505,000	6,200,000	-	-
OWDA loans	-	-	1,177,801	1,291,995
Capital leases	<u>802,596</u>	<u>975,435</u>	<u>25,602</u>	<u>-</u>
Total long-term obligations	<u>\$ 6,407,596</u>	<u>\$ 7,355,435</u>	<u>\$ 1,203,403</u>	<u>\$ 1,291,995</u>

The long-term outstanding debt for the City of Tallmadge as of December 31, 2019, was \$7,610,999. This balance reflects \$100,000 in special assessment bonds, \$5,505,000 in general obligation bonds, \$1,177,801 in OWDA loans, and \$828,198 in capital lease obligations. This is a decrease in long-term debt of 11.99% from 2018. 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% of the assessed valuation of the total property. In addition, the unvoted net debt cannot exceed 5.50% of total assessed value of property. The City's legal total debt limit at the 10.50% margin is \$39,077,675, and the total unvoted net debt limit at the 5.50% margin is \$23,385,809.

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)

Economic Factors and Next Year's Budget and Rates

- The City prepared the annual budget using zero based budgeting for 2020. Most departments experienced slight growth in their departmental budgets.
- The City budgeted for a decrease in its income tax receipts in 2020 due to being notified that a large business would be leaving the City in 2020.
- The City included a 2.5% pay increase for employees in 2020. Employees will continue to participate in paying 15% of the health insurance premium.
- In November 2019, the voters approved a .25% increase to the City's income tax to be used for safety services. These funds were not included in the 2020 budget due to the timing of the certification of the election and the passage of the budget. The City will monitor how these funds come in at the beginning of the year and consider amending the 2020 budget to use these funds.
- Due to the COVID-19 pandemic, the City is looking at a 15% reduction in income tax for the remainder of 2020. The City is reviewing the budget and has cut several capital projects and non-essential services this year to make up the expected deficit. The City will continue to closely monitor this situation.

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, 2019*

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 9,449,327	\$ 6,968,836	\$ 16,418,163
Receivables:			
Income taxes	2,638,313	-	2,638,313
Real and other taxes	2,359,698	-	2,359,698
Accounts	180,627	2,653,011	2,833,638
Accrued interest	58,969	-	58,969
Special assessments	91,579	-	91,579
Intergovernmental	1,356,585	-	1,356,585
Materials and supplies inventory	240,506	128,366	368,872
Prepayments	301,809	28,311	330,120
Net pension asset	1,892	326	2,218
Capital assets:			
Nondepreciable capital assets	3,446,267	635,879	4,082,146
Depreciable capital assets, net	21,813,265	14,790,524	36,603,789
Total capital assets, net	<u>25,259,532</u>	<u>15,426,403</u>	<u>40,685,935</u>
Total assets	<u>41,938,837</u>	<u>25,205,253</u>	<u>67,144,090</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	49,817	-	49,817
Pension	5,714,208	487,124	6,201,332
OPEB	1,249,366	103,413	1,352,779
Total deferred outflows of resources	<u>7,013,391</u>	<u>590,537</u>	<u>7,603,928</u>
Liabilities:			
Accounts payable	110,575	17,919	128,494
Accrued wages and benefits payable	342,917	27,133	370,050
Intergovernmental payable	317,671	778,042	1,095,713
Accrued interest payable	17,563	21,593	39,156
Long-term liabilities:			
Due within one year	1,263,521	133,921	1,397,442
Due in more than one year:			
Net pension liability	19,603,563	1,322,811	20,926,374
Net OPEB liability	4,837,362	604,713	5,442,075
Other long-term liabilities	6,271,799	1,090,174	7,361,973
Total liabilities	<u>32,764,971</u>	<u>3,996,306</u>	<u>36,761,277</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year . . .	2,289,540	-	2,289,540
Pension	175,933	32,865	208,798
OPEB	441,229	12,567	453,796
Total deferred inflows of resources	<u>2,906,702</u>	<u>45,432</u>	<u>2,952,134</u>
Net position:			
Net investment in capital assets	18,867,627	14,223,000	33,090,627
Restricted for:			
Other purposes:			
General government	12,500	-	12,500
Law enforcement	45,065	-	45,065
Fire/EMS levy	5,501	-	5,501
State highway	53,448	-	53,448
Community environment	55,191	-	55,191
Fire repair and removal	14,295	-	14,295
Unrestricted	<u>(5,773,072)</u>	<u>7,531,052</u>	<u>1,757,980</u>
Total net position	<u>\$ 13,280,555</u>	<u>\$ 21,754,052</u>	<u>\$ 35,034,607</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019*

	<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.	\$ 5,203,616	\$ 413,674	\$ 15,000	\$ -
Security of persons and property:				
Police.	1,809,260	7,416	17,428	-
Street lights.	35,126	-	-	-
Fire	1,065,306	424,920	128,753	-
Public health and welfare	94,931	4,087	68,941	-
Transportation.	4,352,004	79,963	1,444,326	-
Community environment	324,278	39,852	34,033	2,523
Leisure time activity.	3,115,698	1,958,915	253,152	-
Interest and fiscal charges.	264,713	-	-	-
Total governmental activities	<u>16,264,932</u>	<u>2,928,827</u>	<u>1,961,633</u>	<u>2,523</u>
Business-type activities:				
Sewer operating	4,737,178	4,665,336	-	87,451
Water operating	2,192,291	2,073,246	-	-
Storm water	591,588	339,528	-	-
Total business-type activities	<u>7,521,057</u>	<u>7,078,110</u>	<u>-</u>	<u>87,451</u>
Total primary government	<u>\$ 23,785,989</u>	<u>\$ 10,006,937</u>	<u>\$ 1,961,633</u>	<u>\$ 89,974</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

Change in net position

Net position at beginning of year (restated)

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (4,774,942)	\$ -	\$ (4,774,942)
(1,784,416)	-	(1,784,416)
(35,126)	-	(35,126)
(511,633)	-	(511,633)
(21,903)	-	(21,903)
(2,827,715)	-	(2,827,715)
(247,870)	-	(247,870)
(903,631)	-	(903,631)
(264,713)	-	(264,713)
<u>(11,371,949)</u>	<u>-</u>	<u>(11,371,949)</u>
-	15,609	15,609
-	(119,045)	(119,045)
-	(252,060)	(252,060)
<u>-</u>	<u>(355,496)</u>	<u>(355,496)</u>
<u>(11,371,949)</u>	<u>(355,496)</u>	<u>(11,727,445)</u>
790,547	-	790,547
1,329,659	-	1,329,659
112,585	-	112,585
11,161,240	-	11,161,240
1,930,092	-	1,930,092
333,463	-	333,463
52,485	-	52,485
349,086	43,842	392,928
<u>16,059,157</u>	<u>43,842</u>	<u>16,102,999</u>
4,687,208	(311,654)	4,375,554
8,593,347	22,065,706	30,659,053
<u>\$ 13,280,555</u>	<u>\$ 21,754,052</u>	<u>\$ 35,034,607</u>

CITY OF TALLMADGE, OHIO

*BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019*

	General	Fire/EMS Levy	Street Maintenance and Repair
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 7,611,645	\$ 358,072	\$ 1,091,943
Receivables:			
Income taxes.	2,638,313	-	-
Real and other taxes	857,318	1,379,907	-
Accounts.	109,771	70,856	-
Accrued interest	58,969	-	-
Special assessments	-	-	-
Intergovernmental	533,980	92,436	670,069
Materials and supplies inventory.	89,010	-	151,496
Prepayments	187,231	69,707	42,766
Total assets	<u>\$ 12,086,237</u>	<u>\$ 1,970,978</u>	<u>\$ 1,956,274</u>
Liabilities:			
Accounts payable.	\$ 84,939	\$ 9,527	\$ 12,581
Accrued wages and benefits payable	184,185	125,036	31,737
Intergovernmental payable	229,272	37,148	10,082
Total liabilities	<u>498,396</u>	<u>171,711</u>	<u>54,400</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year. . .	831,916	1,338,780	-
Delinquent property tax revenue not available. . .	25,402	41,127	-
Accrued interest not available	38,055	-	-
Special assessments revenue not available.	-	-	-
Fines, licenses and permits not available	54,014	-	-
Income tax revenue not available	1,134,852	-	-
Intergovernmental nonexchange transactions . . .	262,237	92,436	448,557
Total deferred inflows of resources	<u>2,346,476</u>	<u>1,472,343</u>	<u>448,557</u>
Fund balances (see Note 19):			
Nonspendable	276,241	69,707	194,262
Restricted.	-	257,217	1,259,055
Committed	298,024	-	-
Assigned	1,143,432	-	-
Unassigned (deficit).	7,523,668	-	-
Total fund balances.	<u>9,241,365</u>	<u>326,924</u>	<u>1,453,317</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,086,237</u>	<u>\$ 1,970,978</u>	<u>\$ 1,956,274</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 387,667	\$ 9,449,327
-	2,638,313
122,473	2,359,698
-	180,627
-	58,969
91,579	91,579
60,100	1,356,585
-	240,506
2,105	301,809
<u>\$ 663,924</u>	<u>\$ 16,677,413</u>
\$ 3,528	\$ 110,575
1,959	342,917
41,169	317,671
<u>46,656</u>	<u>771,163</u>
118,844	2,289,540
3,629	70,158
-	38,055
91,579	91,579
-	54,014
-	1,134,852
44,542	847,772
<u>258,594</u>	<u>4,525,970</u>
2,105	542,315
246,206	1,762,478
99,293	397,317
16,171	1,159,603
(5,101)	7,518,567
<u>358,674</u>	<u>11,380,280</u>
<u>\$ 663,924</u>	<u>\$ 16,677,413</u>

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CITY OF TALLMADGE, OHIO

*RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019*

Total governmental fund balances		\$	11,380,280
<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.			25,259,532
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	1,134,852	
Delinquent property taxes receivable		70,158	
Accounts receivable		54,014	
Intergovernmental receivable		847,772	
Special assessments receivable		91,579	
Accrued interest receivable		38,055	
Total		2,236,430	2,236,430
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(17,563)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.			49,817
Unamortized premiums (discounts) on bond issuances are not recognized in the funds.			(79,132)
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		1,892	
Deferred outflows of resources		5,714,208	
Deferred inflows of resources		(175,933)	
Net pension liability		(19,603,563)	
Total		(14,063,396)	(14,063,396)
The net OPEB liability is not available to pay for current period expenditures and is not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources		1,249,366	
Deferred inflows of resources		(441,229)	
Net OPEB liability		(4,837,362)	
Total		(4,029,225)	(4,029,225)
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		(1,048,592)	
General obligation bonds payable		(5,505,000)	
Special assessment bonds payable		(100,000)	
Capital lease payable		(802,596)	
Total		(7,456,188)	(7,456,188)
Net position of governmental activities		\$	13,280,555

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, 2019*

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>
Revenues:			
Property and other taxes	\$ 790,702	\$ 1,330,093	\$ -
Municipal income taxes	10,938,609	-	-
Intergovernmental.	1,730,513	203,919	1,396,178
Investment income.	338,685	-	1,580
Fines, licenses and permits.	330,660	-	-
Special assessments	3,740	-	16,317
Charges for services.	2,015,527	424,920	82,740
Change in fair value of investments.	52,485	-	-
Miscellaneous	349,086	110,845	109,990
Total revenues	<u>16,550,007</u>	<u>2,069,777</u>	<u>1,606,805</u>
Expenditures:			
Current:			
General government	4,075,329	-	-
Security of persons and property:			
Police	4,123,707	-	-
Street lights	35,126	-	-
Fire.	-	3,475,782	-
Public health and welfare.	-	-	92,615
Transportation	347,227	-	1,812,783
Community environment	219,746	-	-
Leisure time activity	2,051,141	-	340,083
Capital outlay	543,900	21,441	674,223
Debt service:			
Principal retirement.	27,257	75,173	182,506
Interest and fiscal charges	5,633	8,473	26,024
Total expenditures	<u>11,429,066</u>	<u>3,580,869</u>	<u>3,128,234</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,120,941</u>	<u>(1,511,092)</u>	<u>(1,521,429)</u>
Other financing sources (uses):			
Capital lease transaction.	48,232	22,755	41,110
Transfers in	-	1,460,000	1,680,000
Transfers (out).	(4,287,100)	-	-
Total other financing sources (uses)	<u>(4,238,868)</u>	<u>1,482,755</u>	<u>1,721,110</u>
Net change in fund balances	882,073	(28,337)	199,681
Fund balances at beginning of year (restated)	<u>8,359,292</u>	<u>355,261</u>	<u>1,253,636</u>
Fund balances at end of year	<u>\$ 9,241,365</u>	<u>\$ 326,924</u>	<u>\$ 1,453,317</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 112,607	\$ 2,233,402
-	10,938,609
133,737	3,464,347
127	340,392
7,519	338,179
81,959	102,016
-	2,523,187
-	52,485
37,865	607,786
<u>373,814</u>	<u>20,600,403</u>
17,500	4,092,829
407,594	4,531,301
-	35,126
15,459	3,491,241
-	92,615
68,347	2,228,357
60,527	280,273
-	2,391,224
39,971	1,279,535
775,000	1,059,936
229,444	269,574
<u>1,613,842</u>	<u>19,752,011</u>
(1,240,028)	848,392
-	112,097
1,266,905	4,406,905
(119,805)	(4,406,905)
<u>1,147,100</u>	<u>112,097</u>
(92,928)	960,489
451,602	10,419,791
<u>\$ 358,674</u>	<u>\$ 11,380,280</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, 2019*

Net change in fund balances - total governmental funds		\$ 960,489
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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	\$ 567,499	
Current year depreciation	<u>(1,762,863)</u>	
Total		(1,195,364)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(370,778)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	222,631	
Real and other taxes	(611)	
Intergovernmental revenues	169,494	
Fines, licenses and permits	53,866	
Special assessments	(88,421)	
Investment income	<u>(5,222)</u>	
Total		351,737
Capital lease transactions 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.		
		(112,097)
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.		
		1,059,936
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
Accrued interest payable	2,455	
Amortization of deferred amounts on refunding	(4,181)	
Amortization of bond premium	7,865	
Amortization of bond discount	<u>(1,278)</u>	
Total		4,861
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,302,429	
OPEB	<u>20,951</u>	
Total		1,323,380
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension expense in the statement of activities.		
Pension	(3,446,084)	
OPEB	<u>6,207,944</u>	
Total		2,761,860
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.		
		<u>(96,816)</u>
Change in net position of governmental activities		<u><u>\$ 4,687,208</u></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)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes	\$ 790,182	\$ 791,007	\$ 790,702	\$ (305)
Municipal income taxes	10,436,615	10,447,505	10,872,867	425,362
Intergovernmental.	1,540,324	1,541,931	1,689,427	147,496
Investment income.	267,221	267,500	328,041	60,541
Fines, licenses and permits	374,709	375,100	329,857	(45,243)
Special assessments	5,994	6,000	3,740	(2,260)
Charges for services.	1,913,104	1,915,100	1,913,753	(1,347)
Miscellaneous.	235,404	235,650	344,736	109,086
Total revenues	15,563,553	15,579,793	16,273,123	693,330
Expenditures:				
Current:				
General government	4,614,561	4,714,561	4,483,853	230,708
Security of persons and property	4,352,904	4,364,825	4,277,529	87,296
Transportation	448,744	448,744	358,337	90,407
Community environment	332,895	332,895	297,702	35,193
Leisure time activity	2,222,790	2,256,892	2,113,884	143,008
Capital outlay	525,480	526,905	506,112	20,793
Total expenditures	12,497,374	12,644,822	12,037,417	607,405
Excess of revenues over expenditures	3,066,179	2,934,971	4,235,706	1,300,735
Other financing sources (uses):				
Sale of capital assets.	999	1,000	4,350	3,350
Advances in	-	-	46,000	46,000
Transfers (out).	(4,272,100)	(4,287,100)	(4,287,100)	-
Total other financing sources (uses)	(4,271,101)	(4,286,100)	(4,236,750)	49,350
Net change in fund balances	(1,204,922)	(1,351,129)	(1,044)	1,350,085
Fund balance at beginning of year.	5,957,683	5,957,683	5,957,683	-
Prior year encumbrances appropriated	789,679	789,679	789,679	-
Fund balance at end of year	\$ 5,542,440	\$ 5,396,233	\$ 6,746,318	\$ 1,350,085

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, 2019*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes	\$ 1,305,621	\$ 1,322,958	\$ 1,330,093	\$ 7,135
Intergovernmental.	192,445	195,000	203,919	8,919
Charges for services.	432,260	438,000	417,649	(20,351)
Miscellaneous.	67,109	68,000	110,845	42,845
Total revenues	<u>1,997,435</u>	<u>2,023,958</u>	<u>2,062,506</u>	<u>38,548</u>
Expenditures:				
Current:				
Security of persons and property	3,532,594	3,572,555	3,558,201	14,354
Capital outlay	87,500	87,500	82,332	5,168
Total expenditures	<u>3,620,094</u>	<u>3,660,055</u>	<u>3,640,533</u>	<u>19,522</u>
Excess of expenditures over revenues	<u>(1,622,659)</u>	<u>(1,636,097)</u>	<u>(1,578,027)</u>	<u>58,070</u>
Other financing sources:				
Transfers in	1,440,867	1,460,000	1,460,000	-
Total other financing sources	<u>1,440,867</u>	<u>1,460,000</u>	<u>1,460,000</u>	<u>-</u>
Net change in fund balances	(181,792)	(176,097)	(118,027)	58,070
Fund balance at beginning of year.	379,312	379,312	379,312	-
Prior year encumbrances appropriated . . .	74,445	74,445	74,445	-
Fund balance at end of year	<u>\$ 271,965</u>	<u>\$ 277,660</u>	<u>\$ 335,730</u>	<u>\$ 58,070</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, 2019*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,194,000	\$ 1,194,000	\$ 1,319,156	\$ 125,156
Investment income	1,200	1,200	1,580	380
Special assessments	5,000	5,000	16,317	11,317
Charges for services.	83,000	83,000	82,740	(260)
Miscellaneous.	71,500	71,500	92,111	20,611
Total revenues	<u>1,354,700</u>	<u>1,354,700</u>	<u>1,511,904</u>	<u>157,204</u>
Expenditures:				
Current:				
Public health and welfare.	100,721	105,721	97,437	8,284
Transportation	2,023,971	2,008,971	1,803,508	205,463
Leisure time activity	386,448	396,448	355,543	40,905
Capital outlay	993,583	993,583	852,643	140,940
Total expenditures	<u>3,504,723</u>	<u>3,504,723</u>	<u>3,109,131</u>	<u>395,592</u>
Excess of expenditures over revenues	<u>(2,150,023)</u>	<u>(2,150,023)</u>	<u>(1,597,227)</u>	<u>552,796</u>
Other financing sources:				
Sale of capital assets.	-	-	17,879	17,879
Transfers in	1,680,000	1,680,000	1,680,000	-
Total other financing sources.	<u>1,680,000</u>	<u>1,680,000</u>	<u>1,697,879</u>	<u>17,879</u>
Net change in fund balances	(470,023)	(470,023)	100,652	570,675
Fund balance at beginning of year.	810,751	810,751	810,751	-
Prior year encumbrances appropriated . . .	118,042	118,042	118,042	-
Fund balance at end of year	<u>\$ 458,770</u>	<u>\$ 458,770</u>	<u>\$ 1,029,445</u>	<u>\$ 570,675</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 3,260,804	\$ 3,404,456	\$ 303,576	\$ 6,968,836
Receivables:				
Accounts	1,772,635	743,328	137,048	2,653,011
Materials and supplies inventory	64,183	64,183	-	128,366
Prepayments	10,800	10,964	6,547	28,311
Total current assets	<u>5,108,422</u>	<u>4,222,931</u>	<u>447,171</u>	<u>9,778,524</u>
Noncurrent assets:				
Net pension asset	123	130	73	326
Capital assets:				
Nondepreciable capital assets	92,751	154,291	388,837	635,879
Depreciable capital assets, net	3,736,814	6,166,460	4,887,250	14,790,524
Total capital assets, net	<u>3,829,565</u>	<u>6,320,751</u>	<u>5,276,087</u>	<u>15,426,403</u>
Total noncurrent assets	<u>3,829,688</u>	<u>6,320,881</u>	<u>5,276,160</u>	<u>15,426,729</u>
Total assets	<u>8,938,110</u>	<u>10,543,812</u>	<u>5,723,331</u>	<u>25,205,253</u>
Deferred outflows of resources:				
Pension	166,417	186,977	133,730	487,124
OPEB	28,487	36,706	38,220	103,413
Total deferred outflows of resources	<u>194,904</u>	<u>223,683</u>	<u>171,950</u>	<u>590,537</u>
Liabilities:				
Current liabilities:				
Accounts payable	3,201	14,718	-	17,919
Accrued wages and benefits payable	10,824	10,824	5,485	27,133
Intergovernmental payable	662,928	113,375	1,739	778,042
Compensated absences payable	5,236	5,236	-	10,472
Current portion of OWDA loans payable	-	118,643	-	118,643
Current portion of capital lease obligation	2,403	2,403	-	4,806
Accrued interest payable	-	21,593	-	21,593
Total current liabilities	<u>684,592</u>	<u>286,792</u>	<u>7,224</u>	<u>978,608</u>
Long-term liabilities:				
Compensated absences payable	5,110	5,110	-	10,220
OWDA loans payable	-	1,059,158	-	1,059,158
Capital lease obligations payable	10,398	10,398	-	20,796
Net pension liability	497,854	527,707	297,250	1,322,811
Net OPEB liability	227,590	241,237	135,886	604,713
Total long-term liabilities	<u>740,952</u>	<u>1,843,610</u>	<u>433,136</u>	<u>3,017,698</u>
Total liabilities	<u>1,425,544</u>	<u>2,130,402</u>	<u>440,360</u>	<u>3,996,306</u>
Deferred inflows of resources:				
Pension	13,280	15,414	4,171	32,865
OPEB	5,525	6,673	369	12,567
Total deferred inflows of resources	<u>18,805</u>	<u>22,087</u>	<u>4,540</u>	<u>45,432</u>
Net position:				
Net investment in capital assets	3,816,764	5,130,149	5,276,087	14,223,000
Unrestricted	3,871,901	3,484,857	174,294	7,531,052
Total net position	<u>\$ 7,688,665</u>	<u>\$ 8,615,006</u>	<u>\$ 5,450,381</u>	<u>\$ 21,754,052</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, 2019*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Operating revenues:				
Charges for services	\$ 4,665,336	\$ 2,073,246	\$ 339,528	\$ 7,078,110
Other operating revenues	17,969	23,648	2,225	43,842
Total operating revenues.	<u>4,683,305</u>	<u>2,096,894</u>	<u>341,753</u>	<u>7,121,952</u>
Operating expenses:				
Personal services	501,883	516,546	311,240	1,329,669
Contract services.	3,702,515	1,149,114	50,169	4,901,798
Materials and supplies.	271,858	60,195	23,307	355,360
Depreciation.	217,322	339,605	206,722	763,649
Other	42,657	81,699	150	124,506
Total operating expenses.	<u>4,736,235</u>	<u>2,147,159</u>	<u>591,588</u>	<u>7,474,982</u>
Operating loss	<u>(52,930)</u>	<u>(50,265)</u>	<u>(249,835)</u>	<u>(353,030)</u>
Nonoperating (expenses):				
Interest and fiscal charges.	(943)	(45,132)	-	(46,075)
Total nonoperating (expenses).	<u>(943)</u>	<u>(45,132)</u>	<u>-</u>	<u>(46,075)</u>
(Loss) before capital contributions	<u>(53,873)</u>	<u>(95,397)</u>	<u>(249,835)</u>	<u>(399,105)</u>
Capital contributions	<u>87,451</u>	<u>-</u>	<u>-</u>	<u>87,451</u>
Change in net position	33,578	(95,397)	(249,835)	(311,654)
Net position at beginning of year	<u>7,655,087</u>	<u>8,710,403</u>	<u>5,700,216</u>	<u>22,065,706</u>
Net position at end of year	<u>\$ 7,688,665</u>	<u>\$ 8,615,006</u>	<u>\$ 5,450,381</u>	<u>\$ 21,754,052</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, 2019*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Cash flows from operating activities:				
Cash received from customers.	\$ 4,475,419	\$ 2,020,764	\$ 330,760	\$ 6,826,943
Cash received from other operations.	17,969	23,648	2,225	43,842
Cash payments for personal services	(402,799)	(406,850)	(229,888)	(1,039,537)
Cash payments for contractual services	(3,466,059)	(1,153,058)	(50,169)	(4,669,286)
Cash payments for materials and supplies.	(306,232)	(94,569)	(23,307)	(424,108)
Cash payments for other expenses.	(42,657)	(81,699)	(150)	(124,506)
Net cash provided by operating activities.	<u>275,641</u>	<u>308,236</u>	<u>29,471</u>	<u>613,348</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets.	(45,559)	(66,649)	-	(112,208)
Capital contributions.	108,197	-	-	108,197
Principal retirement on OWDA loans	-	(114,194)	-	(114,194)
Principal retirement on capital lease obligations	(1,362)	(1,362)	-	(2,724)
Interest and fiscal charges	(943)	(47,119)	-	(48,062)
Net cash provided by (used in) capital and related financing activities.	<u>60,333</u>	<u>(229,324)</u>	<u>-</u>	<u>(168,991)</u>
Net increase in cash and cash equivalents	335,974	78,912	29,471	444,357
Cash and cash equivalents at beginning of year	<u>2,924,830</u>	<u>3,325,544</u>	<u>274,105</u>	<u>6,524,479</u>
Cash and cash equivalents at end of year	<u>\$ 3,260,804</u>	<u>\$ 3,404,456</u>	<u>\$ 303,576</u>	<u>\$ 6,968,836</u>
Reconciliation of operating (loss) to net cash provided by operating activities:				
Operating (loss)	\$ (52,930)	\$ (50,265)	\$ (249,835)	\$ (353,030)
Adjustments:				
Depreciation	217,322	339,605	206,722	763,649
Changes in assets and liabilities:				
(Increase) in accounts receivable.	(189,917)	(52,482)	(8,768)	(251,167)
(Increase) in materials and supplies inventory	(34,374)	(34,374)	-	(68,748)
(Increase) decrease in prepayments	(5,617)	(5,781)	(3,395)	(14,793)
Decrease in net pension asset.	124	118	30	272
(Increase) in deferred outflows - pension	(95,802)	(115,757)	(105,482)	(317,041)
(Increase) in deferred outflows - OPEB.	(15,418)	(23,583)	(32,161)	(71,162)
(Decrease) in accounts payable	(29,934)	(18,882)	-	(48,816)
Increase in accrued wages and benefits	1,271	1,236	487	2,994
Increase (decrease) in intergovernmental payable.	265,311	13,798	(344)	278,765
Increase in compensated absences payable	2,693	2,693	-	5,386
Increase in net pension liability.	237,699	266,479	188,546	692,724
Increase in net OPEB liability	53,688	66,617	63,222	183,527
(Decrease) in deferred inflows - pension.	(61,641)	(63,320)	(24,507)	(149,468)
(Decrease) in deferred inflows - OPEB	(16,834)	(17,866)	(5,044)	(39,744)
Net cash provided by operating activities	<u>\$ 275,641</u>	<u>\$ 308,236</u>	<u>\$ 29,471</u>	<u>\$ 613,348</u>

Non-Cash Transactions:

The Sewer Operating fund entered into a \$14,163 capital lease obligation during 2019.
The Water Operating fund entered into a \$14,163 capital lease obligation during 2019.

CITY OF TALLMADGE, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	<u>Private-Purpose Trust</u>	<u>Custodial</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 35,343	\$ 370,135
Receivables:		
Income taxes	-	176,031
Accrued interest	127	898
Total assets.	<u>35,470</u>	<u>547,064</u>
Liabilities:		
Intergovernmental payable	-	410,630
Total liabilities.	<u>-</u>	<u>410,630</u>
Net position:		
Held in trust.	35,470	-
Restricted for other governments	-	136,434
Total net position	<u>\$ 35,470</u>	<u>\$ 136,434</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019*

	Private-Purpose Trust	Custodial
Additions:		
Income taxes.	\$ -	\$ 825,511
Investment income.	712	5,240
Change in fair value of investments	118	721
Total additions	830	831,472
Deductions:		
Distributions per trust	1,000	-
Distributions to other governments	-	811,627
Total deductions.	1,000	811,627
 Change in net position	 (170)	 19,845
Net position at beginning of year (restated) .	35,640	116,589
Net position at end of year	\$ 35,470	\$ 136,434

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

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 16 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, 2019

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.

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.

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.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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 custodial 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 only custodial fund accounts for the administering and collection of income taxes related to the Joint Economic Development District.

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.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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, the proprietary and fiduciary 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. In fiduciary funds, a liability to the beneficiaries of the fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For proprietary funds, 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.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from private purpose trust and custodial funds.

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.

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.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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 Notes 12 and 13 for deferred outflows of resources related the City's net pension liability and net OPEB liability, respectively. 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, 2019, but which were levied to finance 2020 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 Notes 12 and 13 for deferred inflows of resources related to the City's net pension liability and net OPEB liability, respectively. 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.

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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

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

F. Budgetary Process

All funds, except custodial 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 2019, 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, a U.S. Treasury note, Federal Home Loan Bank (FHLB) 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.

The City invested in STAR Ohio during 2019. 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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

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

For 2019, 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 \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 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 2019 amounted to \$338,685, which includes \$171,552 assigned from other City funds.

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

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

H. Materials and Supplies Inventory

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

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

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their 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.

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

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

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

J. Compensated Absences

Vacation and comp time 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 and comp 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, 2019, 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.

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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

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

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. The City had no interfund balances outstanding at December 31, 2019.

O. Interfund Activity

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

P. Minimum Fund Balance Policy

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

Q. 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 2019.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

S. Fund Balance

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

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

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

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

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

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

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

T. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction and from contributions from governmental funds. During 2019, the sewer operating fund received \$87,451 from the Ohio Public Works Commission.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

U. Net Position

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

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

V. Pensions/Other Postemployment Benefits (OPEB)

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

W. 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.

X. 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 2019, the City has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations", GASB Statement No. 84, "Fiduciary Activities", GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements" and GASB Statement No. 90, "Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the City.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency funds and a certain fund will be reported in the new fiduciary classification of custodial fund, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the City's financial statements (see Note 3.B for detail).

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the City; however, certain note disclosures in Note 10 have been modified to conform to the new requirements.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the City.

B. Restatement of Net Position and Fund Balances

The implementation of GASB 84 had the following effect on fund balance as reported at January 1, 2019:

	General Fund	Fire/EMS Levy Fund	Street Maintenance and Repair Fund	Other Governmental Funds	Total Governmental Funds
Fund balance as previously reported	\$ 8,024,165	\$ 355,261	\$ 1,253,636	\$ 437,307	\$ 10,070,369
GASB Statement No. 84	<u>335,127</u>	<u>-</u>	<u>-</u>	<u>14,295</u>	<u>349,422</u>
Restated fund balance, at January 1, 2019	<u>\$ 8,359,292</u>	<u>\$ 355,261</u>	<u>\$ 1,253,636</u>	<u>\$ 451,602</u>	<u>\$ 10,419,791</u>

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at January 1, 2019:

	Governmental Activities
Net position as previously reported	\$ 8,243,925
GASB Statement No. 84	<u>349,422</u>
Restated net position at January 1, 2019	<u>\$ 8,593,347</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

Due to the implementation of GASB Statement No.84, the new classification of custodial fund is reporting a beginning net position of \$116,589. Also, related to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. At December 31, 2018, agency funds reported assets and liabilities of \$788,081.

C. Deficit Fund Balance

Fund balances at December 31, 2019 included the following individual fund deficit:

<u>Nonmajor fund</u>	<u>Deficit</u>
Police Pension	\$ 5,101

The general fund is liable for the deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

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 deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (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.

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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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,
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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. Except as noted above, 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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

At December 31, 2019, the carrying amount of all City deposits was \$6,012,434 and the bank balance of all City deposits was \$6,039,420. Of the bank balance, \$3,498,000 was covered by the FDIC and \$2,541,420 was covered by the Ohio Pooled Collateral System (OPCS) as discussed below.

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's 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 Ohio Pooled Collateral System (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 rate set by the Treasurer of State. For 2019, the City's financial institution was approved for a reduced collateral rate through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

B. Investments

As of December 31, 2019, the City had the following investments and maturities:

Measurement/ Investment type	Measurement Amount	Investment Maturity				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Amortized cost:</i>						
STAR Ohio	\$ 5,547,211	\$ 5,547,211	\$ -	\$ -	\$ -	\$ -
<i>Fair value:</i>						
U.S. Government money market	338,328	338,328	-	-	-	-
Commercial paper	1,507,165	1,507,165	-	-	-	-
Negotiable CDs	494,588	-	-	248,699	245,889	-
U.S. Treasury note	269,379	-	269,379	-	-	-
FHLB	465,085	-	-	-	-	465,085
FNMA	1,269,001	249,933	1,019,068	-	-	-
FHLMC	920,450	-	-	-	270,011	650,439
Total	\$ 10,811,207	\$ 7,642,637	\$ 1,288,447	\$ 248,699	\$ 515,900	\$ 1,115,524

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, U.S. Treasury note, FHLB, 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 U.S. Treasury note, FHLB, 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.

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, 2019:

<u>Investment type</u>	<u>Measurement</u>	
	<u>Value</u>	<u>% to total</u>
STAR Ohio	\$ 5,547,211	51.31
U.S. Government money market	338,328	3.13
Commercial paper	1,507,165	13.94
Negotiable CDs	494,588	4.58
U.S. Treasury notes	269,379	2.49
FHLB	465,085	4.30
FNMA	1,269,001	11.74
FHLMC	920,450	8.51
Total	<u>\$ 10,811,207</u>	<u>100.00</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2019:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,012,434
Investments	<u>10,811,207</u>
Total	<u>\$ 16,823,641</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 9,449,327
Business type activities	6,968,836
Private-purpose trust fund	35,343
Custodial fund	<u>370,135</u>
Total	<u>\$ 16,823,641</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Transfers

Routine general fund transfers consist of \$1,460,000 to the fire/EMS levy special revenue fund, \$1,680,000 to the street maintenance and repair special revenue fund, \$794,000 to the bond retirement debt service fund, \$288,100 to the police pension special revenue, and \$30,000 to the general infrastructure reserve capital projects fund. The general fund also transferred \$20,000 and \$15,000 to the community development special revenue fund and historical preservation special revenue fund to finance the projects accounted for within the funds. The Tallmadge shooting range capital projects fund transferred \$119,805 to the bond retirement debt service fund to close out the project.

	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Major funds</u>		
General	\$ -	\$ 4,287,100
Fire/EMS levy	1,460,000	-
Street maintenance and repair	<u>1,680,000</u>	<u>-</u>
Total major funds	<u>3,140,000</u>	<u>4,287,100</u>
 <u>Nonmajor governmental funds</u>		
Community development	20,000	-
Police pension	288,100	-
Historical preservation	15,000	-
Bond retirement	913,805	-
Tallmadge shooting range	-	119,805
General infrastructure reserve	<u>30,000</u>	<u>-</u>
Total nonmajor governmental funds	<u>1,266,905</u>	<u>119,805</u>
Total	<u>\$ 4,406,905</u>	<u>\$ 4,406,905</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Advances

During 2019 the abandoned gas station cleanup grant special revenue fund repaid the \$46,000 advance outstanding at December 31, 2018, to the general fund.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2019, 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.

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. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 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, 2019 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 2019 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, 2019*

NOTE 6 - RECEIVABLES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2019 was \$6.15 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2019 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural and commercial/industrial/mineral	\$ 418,317,340
<u>Public utility</u>	
Personal	<u>6,879,190</u>
Total assessed value	<u>\$ 425,196,530</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, 2019*

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	\$ 257,401
Homestead and rollback	157,817
JEDD income tax	215,148
Recycle grant	17,537
Miscellaneous	4,223
Permissive tax	12,092
Auto license tax	134,919
Gas tax and municipal cents per gallon tax	<u>557,448</u>
Total	<u>\$ 1,356,585</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 2019, the City's property tax revenues were reduced by \$50,586 as a result of these agreements.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

<u>Governmental activities:</u>	<u>Balance</u>			<u>Balance</u>
	<u>12/31/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/19</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,464,539	\$ 45,780	\$ (250,123)	\$ 3,260,196
Right of ways	80,218	-	-	80,218
Construction in progress	<u>105,853</u>	<u>-</u>	<u>-</u>	<u>105,853</u>
Total capital assets, not being depreciated	<u>3,650,610</u>	<u>45,780</u>	<u>(250,123)</u>	<u>3,446,267</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	17,954,457	154,599	-	18,109,056
Equipment	9,765,249	367,120	(691,991)	9,440,378
Infrastructure - streets subsystem	<u>25,595,930</u>	<u>-</u>	<u>-</u>	<u>25,595,930</u>
Total capital assets, being depreciated	<u>53,315,636</u>	<u>521,719</u>	<u>(691,991)</u>	<u>53,145,364</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(8,688,832)	(488,340)	-	(9,177,172)
Equipment	(6,674,295)	(500,545)	571,336	(6,603,504)
Infrastructure - streets subsystem	<u>(14,777,445)</u>	<u>(773,978)</u>	<u>-</u>	<u>(15,551,423)</u>
Total accumulated depreciation	<u>(30,140,572)</u>	<u>(1,762,863)</u>	<u>571,336</u>	<u>(31,332,099)</u>
Total capital assets, being depreciated, net	<u>23,175,064</u>	<u>(1,241,144)</u>	<u>(120,655)</u>	<u>21,813,265</u>
Governmental activities capital assets, net	<u>\$ 26,825,674</u>	<u>\$ (1,195,364)</u>	<u>\$ (370,778)</u>	<u>\$ 25,259,532</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 197,223
Security of persons and property - police	82,536
Security of persons and property - fire	101,743
Public health and welfare	2,316
Transportation	1,004,398
Community environment	2,225
Leisure time activity	<u>372,422</u>
Total depreciation expense	<u>\$ 1,762,863</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 8 - CAPITAL ASSETS - (Continued)

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance		Balance
<u>Business-type activities:</u>	<u>12/31/18</u>	<u>Additions</u>	<u>Deductions</u>
	<u>12/31/18</u>	<u>Additions</u>	<u>Deductions</u>
<i>Capital assets, not being depreciated:</i>			
Land	\$ 375,519	\$ -	\$ -
Right of ways/easements	260,360	-	-
Construction in progress	21,090	-	(21,090)
	<u>656,969</u>	<u>-</u>	<u>(21,090)</u>
Total capital assets, not being depreciated	<u>656,969</u>	<u>-</u>	<u>(21,090)</u>
<i>Capital assets, being depreciated:</i>			
Buildings and improvements	2,107,625	-	-
Equipment	1,406,214	161,624	(13,843)
Infrastructure			
Water lines	11,709,158	-	-
Sewer lines	9,383,428	-	-
Storm water subsystem	7,708,841	-	-
	<u>32,315,266</u>	<u>161,624</u>	<u>(13,843)</u>
Total capital assets, being depreciated	<u>32,315,266</u>	<u>161,624</u>	<u>(13,843)</u>
<i>Less: accumulated depreciation:</i>			
Buildings and improvements	(1,376,649)	(82,888)	-
Equipment	(1,134,982)	(69,488)	13,843
Infrastructure			
Water lines	(6,009,817)	(229,451)	-
Sewer lines	(5,779,684)	(175,893)	-
Storm water subsystem	(2,621,585)	(205,929)	-
	<u>(16,922,717)</u>	<u>(763,649)</u>	<u>13,843</u>
Total accumulated depreciation	<u>(16,922,717)</u>	<u>(763,649)</u>	<u>13,843</u>
Total capital assets, being depreciated, net	<u>15,392,549</u>	<u>(602,025)</u>	<u>-</u>
Business-type activities capital assets, net	<u>\$ 16,049,518</u>	<u>\$ (602,025)</u>	<u>\$ (21,090)</u>

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

Sewer operating	\$ 217,322
Water operating	339,605
Storm water	<u>206,722</u>
Total depreciation expense	<u>\$ 763,649</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 9 - CAPITAL LEASES

In prior years, the City entered into capital leases for ambulances, street equipment and copier equipment. During 2019, the City entered into new capital leases for six vehicles. The capital leases for the ambulances 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 leases for the street equipment will be paid from the street maintenance and repair special revenue fund. The capital leases for the 2019 vehicles will be paid from the general fund, fire/EMS levy special revenue fund, street maintenance and repair special revenue fund, sewer operating enterprise fund and water operating enterprise fund. Capital lease payments are reflected as debt service expenditures in the financial statements for the governmental funds and as functional expenditures in the budgetary statements. 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 \$802,596 governmental activities capital lease obligation outstanding at December 31, 2019, \$45,006 was related to equipment that was not capitalized, as a portion of the equipment leased under the copier equipment lease was below the capitalization threshold.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Assets:		
Equipment	\$ 1,639,000	\$ 28,326
Less: accumulated depreciation	<u>(391,125)</u>	<u>(1,416)</u>
Total	<u>\$ 1,247,875</u>	<u>\$ 26,910</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, 2019:

<u>Year Ended</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2020	\$ 296,033	\$ 7,407
2021	210,554	7,407
2022	136,502	7,407
2023	75,190	7,407
2024	53,865	2,795
2025-2027	<u>135,400</u>	<u>-</u>
Total	907,544	32,423
Less: amount representing interest	<u>(104,948)</u>	<u>(6,821)</u>
Present value of net minimum lease payments	<u>\$ 802,596</u>	<u>\$ 25,602</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 10 - LONG-TERM OBLIGATIONS

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

Governmental activities:	<u>Balance</u> <u>12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/19</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<u>General obligation bonds</u>					
2001 City building improvement	\$ 475,000	\$ -	\$ (150,000)	\$ 325,000	\$ 160,000
2010 Recreation various improvement	2,640,000	-	(180,000)	2,460,000	185,000
2015 Recreation center refunding	2,460,000	-	(160,000)	2,300,000	165,000
2017 North avenue improvement	<u>625,000</u>	<u>-</u>	<u>(205,000)</u>	<u>420,000</u>	<u>210,000</u>
Total general obligation bonds	<u>6,200,000</u>	<u>-</u>	<u>(695,000)</u>	<u>5,505,000</u>	<u>720,000</u>
<u>Special assessment bonds</u>					
2000 West avenue street improvement	<u>180,000</u>	<u>-</u>	<u>(80,000)</u>	<u>100,000</u>	<u>100,000</u>
<u>Other long-term obligations</u>					
Capital lease	975,435	112,097	(284,936)	802,596	261,707
Net pension liability	13,279,589	6,323,974	-	19,603,563	-
Net OPEB liability	11,132,434	548,792	(6,843,864)	4,837,362	-
Compensated absences	<u>999,956</u>	<u>235,943</u>	<u>(187,307)</u>	<u>1,048,592</u>	<u>181,814</u>
Total governmental activities long-term obligations	<u>\$ 32,767,414</u>	<u>\$ 7,220,806</u>	<u>\$ (8,091,107)</u>	<u>\$ 31,897,113</u>	<u>\$ 1,263,521</u>
Add: Unamortized premium on bond issue				93,725	
Less: Unamortized discount on bond issue				<u>(14,593)</u>	
Total reported on statement of net position				<u>\$ 31,976,245</u>	

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

Business-type activities:	<u>Balance</u> <u>12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/19</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<u>OWDA loans (direct borrowing)</u>					
Northeast water system	\$ 927,435	\$ -	\$ (66,297)	\$ 861,138	\$ 69,416
South Avenue waterline	<u>364,560</u>	<u>-</u>	<u>(47,897)</u>	<u>316,663</u>	<u>49,228</u>
Total OWDA loans	<u>1,291,995</u>	<u>-</u>	<u>(114,194)</u>	<u>1,177,801</u>	<u>118,643</u>
Capital lease	-	28,326	(2,724)	25,602	4,806
Net pension liability	630,087	692,724	-	1,322,811	-
Net OPEB liability	421,186	183,527	-	604,713	-
Compensated absences	<u>15,306</u>	<u>11,471</u>	<u>(6,085)</u>	<u>20,692</u>	<u>10,472</u>
Total business-type activities long-term obligations	<u>\$ 2,358,574</u>	<u>\$ 916,048</u>	<u>\$ (123,003)</u>	<u>\$ 3,151,619</u>	<u>\$ 133,921</u>

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The interest rate, original issue amount and date of maturity of each of the City's bonds outstanding at December 31, 2019 are as follows:

	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity Date</u>
<u>General obligation bonds</u>			
2001 City building improvement	4.725%	\$2,270,000	12/1/2021
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
<u>Special assessment bonds</u>			
2000 West avenue street improvement	6.000%	1,070,000	12/1/2020

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 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.

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.

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, 2019*

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 55.58 percent of net revenues and 7.67 percent of total revenues. The total principal and interest remaining to be paid on the OWDA loans is \$1,400,872. Principal and interest paid for the current year was \$160,369, total net revenues were \$289,340 and total revenues were \$2,096,894.

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

Capital Lease Obligations:

Capital leases outstanding at December 31, 2019 includes the purchase of ambulances, copiers, street equipment and vehicles paid from the general fund, fire/EMS levy special revenue fund, street maintenance and repair special revenue fund, water operating enterprise fund and sewer operating enterprise fund. See Note 9 to the basic financial statements for detail.

Net Pension Liability Net OPEB Liability:

See Notes 12 and 13 to the basic financial statements for details on the net pension liability and net OPEB liability, respectively. The net pension and net OPEB liability will be paid from the general fund, fire/EMS levy fund, street maintenance and repair fund, police pension fund, sewer operating fund, water operating fund and storm water fund.

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, 2019, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$39,077,675 (net of unamortized debt) and the unvoted legal debt margin was \$23,385,809. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2019 are as follows:

Year	Governmental Activities					
	General Obligation Bonds			West Avenue Special Assessment		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Ended</u>						
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	380,000	140,629	520,629	-	-	-
2024	390,000	127,690	517,690	-	-	-
2025 - 2029	2,190,000	414,995	2,604,995	-	-	-
2030 - 2032	720,000	38,675	758,675	-	-	-
Total	<u>\$ 5,505,000</u>	<u>\$ 1,242,118</u>	<u>\$ 6,747,118</u>	<u>\$ 100,000</u>	<u>\$ 6,000</u>	<u>\$ 106,000</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Year Ended	Business-type Activities OWDA Loan		
	Principal	Interest	Total
2020	\$ 118,643	\$ 42,162	\$ 160,805
2021	123,276	37,985	161,261
2022	128,102	33,637	161,739
2023	133,127	29,113	162,240
2024	138,360	24,403	162,763
2025 - 2029	<u>536,293</u>	<u>55,771</u>	<u>592,064</u>
Total	<u>\$ 1,177,801</u>	<u>\$ 223,071</u>	<u>\$ 1,400,872</u>

NOTE 11 - 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 2019, 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, 2019 through December 31, 2019. 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, 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.

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.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - 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/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included 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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% 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 3.00%.

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 1.00% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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 \$663,392 for 2019. Of this amount, \$49,440 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 may be obtained by visiting the OP&F 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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% 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 OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% 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 3.00% 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
2019 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2019 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 \$736,628 for 2019. Of this amount, \$68,230 is reported as intergovernmental payable.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Net 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, 2018, 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, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. 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:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.032215%	0.002889%	0.024953%	0.144291%	
Proportion of the net pension liability/asset current measurement date	<u>0.032832%</u>	<u>0.001512%</u>	<u>0.023137%</u>	<u>0.146207%</u>	
Change in proportionate share	<u>0.000617%</u>	<u>-0.001377%</u>	<u>-0.001816%</u>	<u>0.001916%</u>	
Proportionate share of the net pension liability	\$ 8,992,019	\$ -	\$ -	\$ 11,934,355	\$ 20,926,374
Proportionate share of the net pension asset	-	(1,691)	(527)	-	(2,218)
Pension expense	2,079,923	469	(137)	1,689,906	3,770,161

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CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2019, 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	\$ 416	\$ -	\$ 2,193	\$ 490,334	\$ 492,943
Net difference between projected and actual earnings on pension plan investments	1,220,468	364	174	1,470,301	2,691,307
Changes of assumptions	782,778	379	162	316,395	1,099,714
Changes in employer's proportionate percentage/difference between employer contributions	104,218	-	-	413,130	517,348
Contributions subsequent to the measurement date	652,724	1,043	9,625	736,628	1,400,020
Total deferred outflows of resources	<u>\$ 2,760,604</u>	<u>\$ 1,786</u>	<u>\$ 12,154</u>	<u>\$ 3,426,788</u>	<u>\$ 6,201,332</u>
Deferred inflows of resources:					
Differences between expected and actual experience	\$ 118,071	\$ 693	\$ -	\$ 11,143	\$ 129,907
Changes in employer's proportionate percentage/difference between employer contributions	40,200	-	-	38,691	78,891
Total deferred inflows of resources	<u>\$ 158,271</u>	<u>\$ 693</u>	<u>\$ -</u>	<u>\$ 49,834</u>	<u>\$ 208,798</u>

\$1,400,020 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, 2020.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 12 - 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
2020	\$ 843,134	\$ 56	\$ 366	\$ 808,277	\$ 1,651,833
2021	425,645	(14)	336	486,139	912,106
2022	113,225	(8)	339	561,162	674,718
2023	567,605	106	409	733,690	1,301,810
2024	-	(44)	299	51,058	51,313
Thereafter	-	(46)	780	-	734
Total	\$ 1,949,609	\$ 50	\$ 2,529	\$ 2,640,326	\$ 4,592,514

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, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

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	
Current measurement date	7.20%
Prior measurement date	7.50%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. 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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The long-term expected 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 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. 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 was 2.94% for 2018.

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 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	23.00 %	2.79 %
Domestic equities	19.00	6.21
Real estate	10.00	4.90
Private equity	10.00	10.81
International equities	20.00	7.83
Other investments	18.00	5.50
Total	<u>100.00 %</u>	<u>5.95 %</u>

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2018 was 7.50%. 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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset 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 7.20%, 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 (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 13,283,827	\$ 8,992,019	\$ 5,425,488
Combined Plan	(559)	(1,691)	(2,510)
Member-Directed Plan	(231)	(527)	(925)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2018, are presented below.

Valuation date	1/1/18 with actuarial liabilities rolled forward to 12/31/18
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%, plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

Age	Police	Fire
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OP&F's Board and were effective beginning with the January 1, 2018 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 and Guidelines. 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 average 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.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018 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	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	120.00 %		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The total pension liability was calculated using the discount rate of 8.00%. 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 8.00%. 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 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 15,686,887	\$ 11,934,355	\$ 8,798,572

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability 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 these estimates annually.

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 OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB 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 - The Ohio Public Employees Retirement System (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 postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 75. See OPERS' CAFR referenced below for additional information.

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 Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Health care currently is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.00% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.00%.

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

The City's contractually required contribution was \$3,850 for 2019. Of this amount, \$287 is reported as intergovernmental payable.

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

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, 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 Government Accounting Standards Board (GASB) Statement No. 75.

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 information and required supplementary information for the plan. The report may be obtained by visiting the OP&F 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.

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 employer units, 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. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also 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.

Beginning January 1, 2019, OP&F changed its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was \$17,667 for 2019. Of this amount, \$1,636 is reported as intergovernmental payable.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the net OPEB liability prior measurement date	0.031110%	0.144291%	
Proportion of the net OPEB liability current measurement date	<u>0.031529%</u>	<u>0.146207%</u>	
Change in proportionate share	<u>0.000419%</u>	<u>0.001916%</u>	
Proportionate share of the net OPEB liability	\$ 4,110,636	\$ 1,331,439	\$ 5,442,075
OPEB expense	\$ 383,196	\$ (6,517,953)	\$ (6,134,757)

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred outflows of resources:			
Differences between expected and actual experience	\$ 1,392	\$ -	\$ 1,392
Net difference between projected and actual earnings on OPEB plan investments	188,450	45,070	233,520
Changes of assumptions	132,532	690,154	822,686
Changes in employer's proportionate percentage/difference between employer contributions	55,422	218,242	273,664
Contributions subsequent to the measurement date	3,850	17,667	21,517
Total deferred outflows of resources	\$ 381,646	\$ 971,133	\$ 1,352,779
	OPERS	OP&F	Total
Deferred inflows of resources:			
Differences between expected and actual experience	\$ 11,153	\$ 35,673	\$ 46,826
Changes of assumptions	-	368,605	368,605
Changes in employer's proportionate percentage/difference between employer contributions	38,365	-	38,365
Total deferred inflows of resources	\$ 49,518	\$ 404,278	\$ 453,796

\$21,517 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Year Ending December 31:	OPERS	OP&F	Total
2020	\$ 150,633	\$ 95,942	\$ 246,575
2021	51,233	95,942	147,175
2022	31,476	95,942	127,418
2023	94,934	109,572	204,506
2024	2	88,082	88,084
Thereafter	-	63,708	63,708
Total	\$ 328,278	\$ 549,188	\$ 877,466

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 health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.50%
Municipal Bond Rate	
Current measurement date	3.71%
Prior Measurement date	3.31%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.25% ultimate in 2029
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

The long-term expected rate of return on health care 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 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. 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 Health Care portfolio is 5.60% for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 5,259,037	\$ 4,110,636	\$ 3,197,356

Sensitivity of the City/County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 3,951,214	\$ 4,110,636	\$ 4,294,250

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, 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.

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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.50%
Single discount rate:	
Current measurement date	4.66%
Prior measurement date	3.24%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on OPEB 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.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018, 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	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	120.00 %		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - The total OPEB liability was calculated using the discount rate of 4.66%. A discount rate of 3.24% was used to measure the total OPEB liability at December 31, 2017. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 4.13% at December 31, 2018 and 3.16% at December 31, 2017, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 4.66%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66%), or one percentage point higher (5.66%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,622,056	\$ 1,331,439	\$ 1,087,491

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Due to the change from a self-funded plan to the stipend plan, disclosure of the healthcare cost trend rate for OP&F is no longer available.

Changes Between Measurement Date and Report Date - Beginning January 1, 2019 OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current healthcare model to the stipend based healthcare model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Although the exact amount of these changes is not known, the overall decrease to the City's net OPEB liability is expected to be significant.

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS

A. Compensated Absences

City employees are granted vacation, sick leave, and comp time in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation, sick leave, and comp time 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, 2019*

NOTE 14 - 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 10 years of service. Retirement and termination payments are calculated using the rate of pay at the date of separation.

Employees have the option to accrue comp time at time and a half the overtime hours worked in lieu of being paid overtime. Non-bargaining employees maximum balance is 24 hours. Full-time firefighters maximum balance is 240 hours. Police officers and sergeants maximum balance is 240 hours. Police and sergeants prior year carryover balances are reduced to 40 hours on April 15 of the succeeding year. Any excess of 40 hours is paid out to the employee. Teamster's union employees maximum is 160 hours. Balances for teamsters are zeroed out every year on December 1 and paid to the employee.

B. Life Insurance

The City provides life insurance to its employees through MetLife.

NOTE 15 - 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, 2019*

NOTE 15 - 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	\$ (1,044)	\$ (118,027)	\$ 100,652
Net adjustment for revenue accruals	195,647	7,271	94,901
Net adjustment for expenditure accruals	247,855	37,322	(81,601)
Net adjustment for other financing sources	(2,118)	22,755	23,231
Funds budgeted elsewhere	(37,103)	-	-
Adjustment for encumbrances	<u>478,836</u>	<u>22,342</u>	<u>62,498</u>
GAAP basis	<u>\$ 882,073</u>	<u>\$ (28,337)</u>	<u>\$ 199,681</u>

Certain funds that are legally classified in separate custodial funds are considered part of the general fund on a GAAP-basis. These include the payroll clearing fund and revolving fund.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

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

The City of Tallmadge 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.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

Regional Income Tax Agency (RITA)

In 1971, 38 municipalities joined together to organize a Regional Council of Governments (RCOG) under the authority of Chapter 167 of the Ohio Revised Code to administer tax collection and enforcement concerns facing the cities and villages. The purpose of the RCOG is to foster cooperation between the municipalities through sharing facilities for their common benefit. This includes the establishment of a central collection facility for the purpose of administering the income tax laws of the various municipal corporations who are members of the RCOG and for the purpose of collecting income taxes on behalf of each member municipality, doing all things allowed by law to accomplish such purpose. The first official act of the RCOG was to form RITA. Today RITA serves as the income tax collection agency for 324 municipalities throughout the State of Ohio. The City began using RITA for its income tax collection services in December 2009.

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

Akron Metropolitan Area Transportation Study (AMATS)

The City participates in the Akron Metropolitan Area Transportation Study. This organization is responsible for fulfilling the area's continuous, cooperative and comprehensive transportation planning process. The AMATS service area consists of Summit, Portage, and Chippewa Township of Wayne County. AMATS is led by the AMATS Transportation Policy Committee. The City is a member of the 43 member Policy Committee that is responsible for the preparation of regional transportation policies, plans and programs that meet the areas present and future needs. In 2019, the City contributed \$3,494 to the Akron Metropolitan Area Transportation Study, which represents the City's formula share.

NOTE 17 - CONTRACTUAL COMMITMENTS

At December 31, 2019, the City had a total of \$4,211,695 in contractual commitments to the City of Stow for dispatch services covering a multi-year period.

NOTE 18 - 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, 2019.

B. Litigation

The City of Tallmadge is not a party to legal proceedings.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 19 - 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	\$ 89,010	\$ -	\$ 151,496	\$ -	\$ 240,506
Prepayments	<u>187,231</u>	<u>69,707</u>	<u>42,766</u>	<u>2,105</u>	<u>301,809</u>
Total nonspendable	<u>276,241</u>	<u>69,707</u>	<u>194,262</u>	<u>2,105</u>	<u>542,315</u>
Restricted:					
General government					
Historical preservation	-	-	-	12,500	12,500
Fire repair and removal	-	-	-	14,295	14,295
Security of persons and property					
Police	-	-	-	45,065	45,065
Fire	-	257,217	-	5,501	262,718
Transportation					
Street maintenance and repair	-	-	1,259,055	-	1,259,055
State highway	-	-	-	113,654	113,654
Community environment					
Community development	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,191</u>	<u>55,191</u>
Total restricted	<u>-</u>	<u>257,217</u>	<u>1,259,055</u>	<u>246,206</u>	<u>1,762,478</u>
Committed:					
General government					
Performance deposits	298,024	-	-	-	298,024
Capital outlay					
General infrastructure	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,293</u>	<u>99,293</u>
Total committed	<u>298,024</u>	<u>-</u>	<u>-</u>	<u>99,293</u>	<u>397,317</u>

- (Continued)

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 19 - FUND BALANCE - (Continued)

- (Continued)

Fund balance	General	Fire/EMS Levy	Street Maintenance and Repair	Nonmajor Governmental Funds	Total Governmental Funds
Assigned:					
General government					
Mayor/administration	\$ 18,233	\$ -	\$ -	\$ -	\$ 18,233
Finance director	10,023	-	-	-	10,023
Law director	17,708	-	-	-	17,708
Service director	21,641	-	-	-	21,641
Manager of information service	107,272	-	-	-	107,272
Council	3,507	-	-	-	3,507
Custodian	7,535	-	-	-	7,535
General administration	33,338	-	-	-	33,338
Security of persons and property					
Police	64,631	-	-	-	64,631
Leisure time activities	87,681	-	-	-	87,681
Community environment	73,337	-	-	-	73,337
Transportation	20	-	-	-	20
Capital outlay	1,200	-	-	-	1,200
Debt service	-	-	-	16,171	16,171
Subsequent year appropriations	<u>697,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>697,306</u>
Total assigned	<u>1,143,432</u>	<u>-</u>	<u>-</u>	<u>16,171</u>	<u>1,159,603</u>
Unassigned	<u>7,523,668</u>	<u>-</u>	<u>-</u>	<u>(5,101)</u>	<u>7,518,567</u>
Total fund balances	<u>\$ 9,241,365</u>	<u>\$ 326,924</u>	<u>\$ 1,453,317</u>	<u>\$ 358,674</u>	<u>\$ 11,380,280</u>

NOTE 20 - 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:

Fund	Year-End Encumbrances
General fund	\$ 446,178
Fire/EMS levy fund	18,556
Street maintenance and repair fund	58,135
Other governmental	<u>27,082</u>
Total	<u>\$ 549,951</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019*

NOTE 21 - SIGNIFICANT SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The City's investment portfolio and the investments of the pension and other employee benefit plan in which the City participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

On April 21, 2020, the City issued general obligation bonds in the amount of \$3,885,000 to refund \$2,550,000 in general obligation bonds and \$1,335,000 in new debt to finance the purchase of a fire truck. The bonds bear an interest rate of 1.2% and mature on December 1, 2030.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TALLMADGE, OHIO

SCHEDULES OF THE 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 SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.032832%	0.032215%	0.032327%	0.031015%
City's proportionate share of the net pension liability	\$ 8,992,019	\$ 5,053,909	\$ 7,340,912	\$ 5,372,189
City's covered payroll	\$ 4,434,486	\$ 4,259,954	\$ 4,047,733	\$ 3,888,100
City's proportionate share of the net pension liability as a percentage of its covered payroll	202.77%	118.64%	181.36%	138.17%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%
<i>Combined Plan:</i>				
City's proportion of the net pension liability	0.001512%	0.002889%	0.010802%	0.019890%
City's proportionate share of the net pension asset	\$ 1,691	\$ 3,932	\$ 6,013	\$ 9,679
City's covered payroll	\$ 6,464	\$ 11,838	\$ 42,050	\$ 63,500
City's proportionate share of the net pension asset as a percentage of its covered payroll	26.16%	33.22%	14.30%	15.24%
Plan fiduciary net position as a percentage of the total pension asset	126.64%	137.28%	116.55%	116.90%
<i>Member Directed Plan:</i>				
City's proportion of the net pension liability	0.023137%	0.024953%	0.026841%	0.025557%
City's proportionate share of the net pension asset	\$ 527	\$ 871	\$ 112	\$ 98
City's covered payroll	\$ 132,260	\$ 136,760	\$ 139,337	\$ 180,653
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.40%	0.64%	0.08%	0.05%
Plan fiduciary net position as a percentage of the total pension asset	113.42%	124.45%	103.40%	103.91%

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

	<u>2015</u>	<u>2014</u>
	0.031214%	0.031214%
\$	3,764,757	\$ 3,679,724
\$	3,841,117	\$ 3,806,762
	98.01%	96.66%
	86.45%	86.36%
	0.018151%	0.018151%
\$	6,989	\$ 1,905
\$	66,350	\$ 49,831
	10.53%	3.82%
	114.83%	104.56%
	n/a	n/a

CITY OF TALLMADGE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	0.146207%	0.144291%	0.140297%	0.133898%
City's proportionate share of the net pension liability	\$ 11,934,355	\$ 8,855,767	\$ 8,886,247	\$ 8,613,720
City's covered payroll	\$ 3,363,739	\$ 3,202,777	\$ 2,962,276	\$ 2,775,815
City's proportionate share of the net pension liability as a percentage of its covered payroll	354.79%	276.50%	299.98%	310.31%
Plan fiduciary net position as a percentage of the total pension liability	63.07%	70.91%	68.36%	66.77%

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

<u>2015</u>	<u>2014</u>
0.136079%	0.136079%
\$ 7,049,465	\$ 6,627,479
\$ 2,780,230	\$ 2,627,275
253.56%	252.26%
72.20%	73.00%

CITY OF TALLMADGE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 652,724	\$ 620,828	\$ 553,794	\$ 485,728
Contributions in relation to the contractually required contribution	<u>(652,724)</u>	<u>(620,828)</u>	<u>(553,794)</u>	<u>(485,728)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,662,314	\$ 4,434,486	\$ 4,259,954	\$ 4,047,733
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 1,043	\$ 905	\$ 1,539	\$ 5,046
Contributions in relation to the contractually required contribution	<u>(1,043)</u>	<u>(905)</u>	<u>(1,539)</u>	<u>(5,046)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 7,450	\$ 6,464	\$ 11,838	\$ 42,050
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 9,625	\$ 13,226	\$ 13,676	\$ 13,237
Contributions in relation to the contractually required contribution	<u>(9,625)</u>	<u>(13,226)</u>	<u>(13,676)</u>	<u>(13,237)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 96,250	\$ 132,260	\$ 136,760	\$ 139,337
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 466,572	\$ 460,934	\$ 494,879	\$ 373,957	\$ 371,901	\$ 360,610
<u>(466,572)</u>	<u>(460,934)</u>	<u>(494,879)</u>	<u>(373,957)</u>	<u>(371,901)</u>	<u>(360,610)</u>
<u>\$ -</u>					
\$ 3,888,100	\$ 3,841,117	\$ 3,806,762	\$ 3,739,570	\$ 3,719,010	\$ 4,042,713
12.00%	12.00%	13.00%	10.00%	10.00%	8.92%
\$ 7,620	\$ 7,962	\$ 6,478	\$ 3,647	\$ 3,177	\$ 5,877
<u>(7,620)</u>	<u>(7,962)</u>	<u>(6,478)</u>	<u>(3,647)</u>	<u>(3,177)</u>	<u>(5,877)</u>
<u>\$ -</u>					
\$ 63,500	\$ 66,350	\$ 49,831	\$ 45,874	\$ 39,962	\$ 60,650
12.00%	12.00%	13.00%	7.95%	7.95%	9.69%
\$ 17,162					
<u>(17,162)</u>					
<u>\$ -</u>					
\$ 180,653					
9.50%					

CITY OF TALLMADGE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Police:</i>				
Contractually required contribution	\$ 395,605	\$ 384,145	\$ 362,218	\$ 344,157
Contributions in relation to the contractually required contribution	<u>(395,605)</u>	<u>(384,145)</u>	<u>(362,218)</u>	<u>(344,157)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,082,132	\$ 2,021,816	\$ 1,906,411	\$ 1,811,353
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 341,023	\$ 315,352	\$ 304,646	\$ 270,467
Contributions in relation to the contractually required contribution	<u>(341,023)</u>	<u>(315,352)</u>	<u>(304,646)</u>	<u>(270,467)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,451,162	\$ 1,341,923	\$ 1,296,366	\$ 1,150,923
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 322,516	\$ 332,006	\$ 262,827	\$ 205,395	\$ 213,092	\$ 214,275
<u>(322,516)</u>	<u>(332,006)</u>	<u>(262,827)</u>	<u>(205,395)</u>	<u>(213,092)</u>	<u>(214,275)</u>
<u>\$ -</u>					
\$ 1,697,453	\$ 1,747,400	\$ 1,654,735	\$ 1,610,941	\$ 1,671,310	\$ 1,680,588
19.00%	19.00%	15.88%	12.75%	12.75%	12.75%
\$ 253,415	\$ 242,715	\$ 198,236	\$ 166,385	\$ 161,837	\$ 162,917
<u>(253,415)</u>	<u>(242,715)</u>	<u>(198,236)</u>	<u>(166,385)</u>	<u>(161,837)</u>	<u>(162,917)</u>
<u>\$ -</u>					
\$ 1,078,362	\$ 1,032,830	\$ 972,540	\$ 964,551	\$ 938,186	\$ 944,446
23.50%	23.50%	20.38%	17.25%	17.25%	17.25%

CITY OF TALLMADGE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.031529%	0.031110%	0.031440%
City's proportionate share of the net OPEB liability	\$ 4,110,636	\$ 3,378,317	\$ 3,175,551
City's covered payroll	\$ 4,573,210	\$ 4,408,552	\$ 4,229,120
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	89.89%	76.63%	75.09%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	54.14%	54.05%

Note: Information prior to 2017 was 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 THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.146207%	0.144291%	0.140297%
City's proportionate share of the net OPEB liability	\$ 1,331,439	\$ 8,175,303	\$ 6,659,584
City's covered payroll	\$ 3,363,739	\$ 3,202,777	\$ 2,962,276
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	39.58%	255.26%	224.81%
Plan fiduciary net position as a percentage of the total OPEB liability	46.57%	14.13%	15.96%

Note: Information prior to 2017 was 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 THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 3,850	\$ 5,290	\$ 48,188	\$ 88,066
Contributions in relation to the contractually required contribution	<u>(3,850)</u>	<u>(5,290)</u>	<u>(48,188)</u>	<u>(88,066)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,766,014	\$ 4,573,210	\$ 4,408,552	\$ 4,229,120
Contributions as a percentage of covered payroll	0.08%	0.12%	1.09%	2.08%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 79,032	\$ 77,837	\$ 38,549	\$ 152,359	\$ 151,178	\$ 191,655
<u>(79,032)</u>	<u>(77,837)</u>	<u>(38,549)</u>	<u>(152,359)</u>	<u>(151,178)</u>	<u>(191,655)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,132,253	\$ 3,907,467	\$ 3,856,593	\$ 3,785,444	\$ 3,758,972	\$ 4,103,363
1.91%	1.99%	1.00%	4.02%	4.02%	4.67%

CITY OF TALLMADGE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Police:</i>				
Contractually required contribution	\$ 10,411	\$ 10,110	\$ 9,532	\$ 9,057
Contributions in relation to the contractually required contribution	<u>(10,411)</u>	<u>(10,110)</u>	<u>(9,532)</u>	<u>(9,057)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,082,132	\$ 2,021,816	\$ 1,906,411	\$ 1,811,353
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
<i>Fire:</i>				
Contractually required contribution	\$ 7,256	\$ 6,709	\$ 6,482	\$ 5,755
Contributions in relation to the contractually required contribution	<u>(7,256)</u>	<u>(6,709)</u>	<u>(6,482)</u>	<u>(5,755)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,451,162	\$ 1,341,923	\$ 1,296,366	\$ 1,150,923
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 8,717	\$ 8,653	\$ 59,950	\$ 108,665	\$ 112,737	\$ 113,362
<u>(8,717)</u>	<u>(8,653)</u>	<u>(59,950)</u>	<u>(108,665)</u>	<u>(112,737)</u>	<u>(113,362)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,697,453	\$ 1,747,400	\$ 1,654,735	\$ 1,610,941	\$ 1,671,310	\$ 1,680,588
0.50%	0.50%	3.62%	6.75%	6.75%	6.75%
\$ 5,392	\$ 5,114	\$ 35,017	\$ 65,026	\$ 63,249	\$ 63,672
<u>(5,392)</u>	<u>(5,114)</u>	<u>(35,017)</u>	<u>(65,026)</u>	<u>(63,249)</u>	<u>(63,672)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,078,362	\$ 1,032,830	\$ 972,540	\$ 964,551	\$ 938,186	\$ 944,446
0.50%	0.50%	3.62%	6.75%	6.75%	6.75%

CITY OF TALLMADGE, OHIO

*NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019*

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

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%. There were no changes in assumptions for 2018. For 2019 the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple. There were no changes in assumptions for 2019.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2019.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25%, ultimate in 2029.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018. For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.

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.

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.

Drug Law Enforcement Fund

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

CITY OF TALLMADGE, OHIO

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

Nonmajor Special Revenue Funds (Continued)

Law Enforcement Assistance Fund

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

Emergency Medical Service Donation Fund

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

K-9 Unit Donation Fund

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

Police Pension Fund

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

Fire Repair/Removal Fund

To account for insurance proceeds for structures destroyed by fires restricted to ensure that the property is appropriately remediated. When remediated, the insurance proceeds are released to the property owner. Failure by the property owner to properly remediate the property, the proceeds will be used by the City to remediate the property.

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.

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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Real estate (public utility)	\$ 790,182	\$ 791,007	\$ 790,702	\$ (305)
Municipal income taxes	10,436,615	10,447,505	10,872,867	425,362
Intergovernmental				
Local government	508,345	508,875	541,286	32,411
Rollback	114,880	115,000	115,553	553
JEDD income taxes	889,378	890,306	995,848	105,542
Miscellaneous	27,721	27,750	36,740	8,990
Investment income	267,221	267,500	328,041	60,541
Fines, licenses and permits	374,709	375,100	329,857	(45,243)
Special assessments.	5,994	6,000	3,740	(2,260)
Charges for services	1,913,104	1,915,100	1,913,753	(1,347)
Miscellaneous.	235,404	235,650	344,736	109,086
Total revenues.	<u>15,563,553</u>	<u>15,579,793</u>	<u>16,273,123</u>	<u>693,330</u>
Expenditures:				
Current:				
General government				
Mayor/Administration				
Personnel	646,277	646,277	613,452	32,825
Operating	95,223	95,223	82,697	12,526
Total Mayor/Administration.	<u>741,500</u>	<u>741,500</u>	<u>696,149</u>	<u>45,351</u>
Finance Director				
Personnel	503,949	503,949	484,610	19,339
Operating	276,750	276,750	267,185	9,565
Total Finance Director.	<u>780,699</u>	<u>780,699</u>	<u>751,795</u>	<u>28,904</u>
Law Director				
Personnel	326,439	326,439	325,480	959
Operating	64,713	64,713	57,455	7,258
Total Law Director.	<u>391,152</u>	<u>391,152</u>	<u>382,935</u>	<u>8,217</u>
Service Director				
Personnel	236,367	236,367	202,827	33,540
Operating	126,716	126,716	114,240	12,476
Total Service Director	<u>363,083</u>	<u>363,083</u>	<u>317,067</u>	<u>46,016</u>
Manager of Information Service				
Personnel	213,658	213,658	190,423	23,235
Operating	542,047	542,047	541,341	706
Total Manager of Information Service.	<u>755,705</u>	<u>755,705</u>	<u>731,764</u>	<u>23,941</u>
Council				
Personnel	208,600	208,600	196,525	12,075
Operating	17,816	17,816	17,728	88
Total Council	<u>226,416</u>	<u>226,416</u>	<u>214,253</u>	<u>12,163</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, 2019*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Civil Service				
Personnel	\$ 30,303	\$ 30,303	\$ 28,007	\$ 2,296
Operating	2,600	2,600	1,042	1,558
Total Civil Service	<u>32,903</u>	<u>32,903</u>	<u>29,049</u>	<u>3,854</u>
Custodian				
Personnel	70,787	70,787	67,230	3,557
Operating	169,798	169,798	160,454	9,344
Total Custodian	<u>240,585</u>	<u>240,585</u>	<u>227,684</u>	<u>12,901</u>
General Administration				
Operating	1,053,337	1,153,337	1,115,648	37,689
Total General Administration	<u>1,053,337</u>	<u>1,153,337</u>	<u>1,115,648</u>	<u>37,689</u>
Boards and Commissions				
Personnel	5,645	5,645	120	5,525
Operating	1,600	1,600	751	849
Total Boards and Commissions	<u>7,245</u>	<u>7,245</u>	<u>871</u>	<u>6,374</u>
Historical Church				
Personnel	15,161	15,161	10,119	5,042
Operating	6,775	6,775	6,519	256
Total Historical Church	<u>21,936</u>	<u>21,936</u>	<u>16,638</u>	<u>5,298</u>
Total general government.	<u>4,614,561</u>	<u>4,714,561</u>	<u>4,483,853</u>	<u>230,708</u>
Security of persons and property				
Police				
Personnel	3,337,399	3,337,399	3,299,200	38,199
Operating	973,505	985,426	943,203	42,223
Total Police	<u>4,310,904</u>	<u>4,322,825</u>	<u>4,242,403</u>	<u>80,422</u>
Street lighting				
Operating	42,000	42,000	35,126	6,874
Total Street lighting	<u>42,000</u>	<u>42,000</u>	<u>35,126</u>	<u>6,874</u>
Total security of persons and property	<u>4,352,904</u>	<u>4,364,825</u>	<u>4,277,529</u>	<u>87,296</u>
Transportation				
Garage				
Personnel	352,534	352,534	310,926	41,608
Operating	96,210	96,210	47,411	48,799
Total transportation	<u>448,744</u>	<u>448,744</u>	<u>358,337</u>	<u>90,407</u>
Community environment				
Zoning				
Personnel	183,437	183,437	149,987	33,450
Operating	149,458	149,458	147,715	1,743
Total Zoning	<u>332,895</u>	<u>332,895</u>	<u>297,702</u>	<u>35,193</u>
Total community environment	<u>332,895</u>	<u>332,895</u>	<u>297,702</u>	<u>35,193</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, 2019*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Leisure time activities				
Community Center				
Personnel	\$ 11,679	\$ 11,679	\$ 10,088	\$ 1,591
Operating	51,420	51,420	49,765	1,655
Total Community Center	<u>63,099</u>	<u>63,099</u>	<u>59,853</u>	<u>3,246</u>
Parks				
Personnel	27,161	27,161	19,460	7,701
Operating	63,000	67,813	56,273	11,540
Total Recreation Center	<u>90,161</u>	<u>94,974</u>	<u>75,733</u>	<u>19,241</u>
Recreation Center				
Personnel	1,092,117	1,092,117	1,039,130	52,987
Operating	701,587	701,587	645,902	55,685
Total Recreation Center	<u>1,793,704</u>	<u>1,793,704</u>	<u>1,685,032</u>	<u>108,672</u>
Maca Pool				
Personnel	137,198	155,198	146,682	8,516
Operating	138,628	149,917	146,584	3,333
Total Maca Pool	<u>275,826</u>	<u>305,115</u>	<u>293,266</u>	<u>11,849</u>
Total leisure time activities	<u>2,222,790</u>	<u>2,256,892</u>	<u>2,113,884</u>	<u>143,008</u>
Capital outlay				
Recreation	365,214	366,639	354,970	11,669
Garage	29,435	29,435	20,311	9,124
Software	18,000	18,000	18,000	-
Servers	112,831	112,831	112,831	-
Total capital outlay	<u>525,480</u>	<u>526,905</u>	<u>506,112</u>	<u>20,793</u>
Total expenditures	<u>12,497,374</u>	<u>12,644,822</u>	<u>12,037,417</u>	<u>607,405</u>
Excess of revenues over expenditures	<u>3,066,179</u>	<u>2,934,971</u>	<u>4,235,706</u>	<u>1,300,735</u>
Other financing sources (uses):				
Sale of capital assets.	999	1,000	4,350	3,350
Advances in				
Abandoned gas station cleanup grant	-	-	46,000	46,000
Transfers out				
Police pension	(288,100)	(288,100)	(288,100)	-
Fire/EMS levy	(1,460,000)	(1,460,000)	(1,460,000)	-
General infrastructure reserve	(30,000)	(30,000)	(30,000)	-
Street maintenance and repair	(1,680,000)	(1,680,000)	(1,680,000)	-
Historical preservation	-	(15,000)	(15,000)	-
Community development.	(20,000)	(20,000)	(20,000)	-
Bond retirement	(794,000)	(794,000)	(794,000)	-
Total other financing (uses).	<u>(4,271,101)</u>	<u>(4,286,100)</u>	<u>(4,236,750)</u>	<u>49,350</u>
Net change in fund balance	(1,204,922)	(1,351,129)	(1,044)	1,350,085
Fund balance at beginning of year	<u>5,957,683</u>	<u>5,957,683</u>	<u>5,957,683</u>	<u>-</u>
Prior year encumbrances appropriated.	<u>789,679</u>	<u>789,679</u>	<u>789,679</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 5,542,440</u>	<u>\$ 5,396,233</u>	<u>\$ 6,746,318</u>	<u>\$ 1,350,085</u>

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CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 268,675	\$ 16,171	\$ 102,821	\$ 387,667
Receivables:				
Real and other taxes	122,473	-	-	122,473
Special assessments.	-	91,579	-	91,579
Intergovernmental	60,100	-	-	60,100
Prepayments.	2,105	-	-	2,105
Total assets	\$ 453,353	\$ 107,750	\$ 102,821	\$ 663,924
Liabilities:				
Accounts payable.	\$ -	\$ -	\$ 3,528	\$ 3,528
Accrued wages and benefits payable.	1,959	-	-	1,959
Intergovernmental payable.	41,169	-	-	41,169
Total liabilities	43,128	-	3,528	46,656
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	118,844	-	-	118,844
Delinquent property tax revenue not available.	3,629	-	-	3,629
Special assessments revenue not available.	-	91,579	-	91,579
Intergovernmental nonexchange transactions	44,542	-	-	44,542
Total deferred inflows of resources.	167,015	91,579	-	258,594
Fund Balances:				
Nonspendable	2,105	-	-	2,105
Restricted for:				
General government	26,795	-	-	26,795
Security of persons and property:				
Police	45,065	-	-	45,065
Fire	5,501	-	-	5,501
Transportation.	113,654	-	-	113,654
Community environment	55,191	-	-	55,191
Committed	-	-	99,293	99,293
Assigned	-	16,171	-	16,171
Unassigned (deficit)	(5,101)	-	-	(5,101)
Total fund balances	243,210	16,171	99,293	358,674
Total liabilities, deferred inflows of resources and fund balances.	\$ 453,353	\$ 107,750	\$ 102,821	\$ 663,924

CITY OF TALLMADGE, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property and other taxes	\$ 112,607	\$ -	\$ -	\$ 112,607
Intergovernmental	133,737	-	-	133,737
Investment income	127	-	-	127
Fines, licenses and permits	7,519	-	-	7,519
Special assessments	-	81,959	-	81,959
Miscellaneous	35,342	-	2,523	37,865
Total revenues	289,332	81,959	2,523	373,814
Expenditures:				
Current:				
General government	17,500	-	-	17,500
Security of persons and property:				
Police	407,594	-	-	407,594
Fire	15,459	-	-	15,459
Transportation	68,347	-	-	68,347
Community environment	60,527	-	-	60,527
Capital outlay	-	-	39,971	39,971
Debt service:				
Principal retirement	-	775,000	-	775,000
Interest and fiscal charges	-	229,444	-	229,444
Total expenditures	569,427	1,004,444	39,971	1,613,842
Excess of expenditures over revenues	(280,095)	(922,485)	(37,448)	(1,240,028)
Other financing sources (uses):				
Transfers in	323,100	913,805	30,000	1,266,905
Transfers (out)	-	-	(119,805)	(119,805)
Total other financing sources (uses)	323,100	913,805	(89,805)	1,147,100
Net change in fund balances	43,005	(8,680)	(127,253)	(92,928)
Fund balances at beginning of year (restated)	200,205	24,851	226,546	451,602
Fund balances at end of year	\$ 243,210	\$ 16,171	\$ 99,293	\$ 358,674

CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019*

	<u>State Highway</u>	<u>Community Development</u>	<u>Alcohol Enforcement and Education</u>	<u>Law Enforcement Trust</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 100,612	\$ 55,191	\$ 8,062	\$ 3,440
Receivables:				
Real and other taxes	-	-	-	-
Intergovernmental	51,927	-	-	-
Prepayments.	2,105	-	-	-
Total assets	<u>\$ 154,644</u>	<u>\$ 55,191</u>	<u>\$ 8,062</u>	<u>\$ 3,440</u>
Liabilities:				
Accrued wages and benefits payable	\$ 1,959	\$ -	\$ -	\$ -
Intergovernmental payable	557	-	-	-
Total liabilities.	<u>2,516</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	-	-	-	-
Delinquent property tax revenue not available.	-	-	-	-
Intergovernmental nonexchange transactions	36,369	-	-	-
Total deferred inflows of resources	<u>36,369</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	2,105	-	-	-
Restricted for:				
General government	-	-	-	-
Security of persons and property:				
Police	-	-	8,062	3,440
Fire	-	-	-	-
Transportation.	113,654	-	-	-
Community environment	-	55,191	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances.	<u>115,759</u>	<u>55,191</u>	<u>8,062</u>	<u>3,440</u>
Total liabilities, deferred inflows of resources and fund balances.	<u>\$ 154,644</u>	<u>\$ 55,191</u>	<u>\$ 8,062</u>	<u>\$ 3,440</u>

<u>Drug Law Enforcement</u>	<u>Law Enforcement Assistance</u>	<u>Emergency Medical Service Donation</u>	<u>K-9 Unit Donation</u>	<u>Police Pension</u>	<u>Fire Repair/Removal</u>	<u>Historical Preservation</u>
\$ 17,883	\$ 10,580	\$ 5,501	\$ 5,100	\$ 35,511	\$ 14,295	\$ 12,500
-	-	-	-	122,473	-	-
-	-	-	-	8,173	-	-
-	-	-	-	-	-	-
<u>\$ 17,883</u>	<u>\$ 10,580</u>	<u>\$ 5,501</u>	<u>\$ 5,100</u>	<u>\$ 166,157</u>	<u>\$ 14,295</u>	<u>\$ 12,500</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	40,612	-	-
-	-	-	-	40,612	-	-
-	-	-	-	118,844	-	-
-	-	-	-	3,629	-	-
-	-	-	-	8,173	-	-
-	-	-	-	130,646	-	-
-	-	-	-	-	-	-
-	-	-	-	-	14,295	12,500
17,883	10,580		5,100	-	-	-
-	-	5,501	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(5,101)	-	-
<u>17,883</u>	<u>10,580</u>	<u>5,501</u>	<u>5,100</u>	<u>(5,101)</u>	<u>14,295</u>	<u>12,500</u>
<u>\$ 17,883</u>	<u>\$ 10,580</u>	<u>\$ 5,501</u>	<u>\$ 5,100</u>	<u>\$ 166,157</u>	<u>\$ 14,295</u>	<u>\$ 12,500</u>

- (Continued)

CITY OF TALLMADGE, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS - (CONTINUED)
DECEMBER 31, 2019

	<u>Totals</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 268,675
Receivables:	
Real and other taxes	122,473
Intergovernmental	60,100
Prepayments.	<u>2,105</u>
Total assets	<u>\$ 453,353</u>
Liabilities:	
Accrued wages and benefits payable	\$ 1,959
Intergovernmental payable	<u>41,169</u>
Total liabilities.	<u>43,128</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	118,844
Delinquent property tax revenue not available.	3,629
Intergovernmental nonexchange transactions	<u>44,542</u>
Total deferred inflows of resources	<u>167,015</u>
Fund Balances:	
Nonspendable	2,105
Restricted for:	
General government	26,795
Security of persons and property:	
Police	45,065
Fire	5,501
Transportation.	113,654
Community environment	55,191
Unassigned (deficit)	<u>(5,101)</u>
Total fund balances.	<u>243,210</u>
Total liabilities, deferred inflows of resources and fund balances.	<u>\$ 453,353</u>

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CITY OF TALLMADGE, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019*

	<u>State Highway</u>	<u>Community Development</u>	<u>Abandoned Gas Station Cleanup Grant</u>	<u>Alcohol Enforcement and Education</u>
Revenues:				
Property and other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	81,378	30,000	5,854	-
Investment income.	127	-	-	-
Fines, licenses and permits.	-	-	-	523
Miscellaneous	709	-	-	-
Total revenues.	<u>82,214</u>	<u>30,000</u>	<u>5,854</u>	<u>523</u>
Expenditures:				
Current:				
General government.	-	-	-	-
Security of persons and property:				
Police	-	-	-	-
Fire	-	-	-	-
Transportation	68,347	-	-	-
Community environment	-	56,494	4,033	-
Total expenditures.	<u>68,347</u>	<u>56,494</u>	<u>4,033</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,867</u>	<u>(26,494)</u>	<u>1,821</u>	<u>523</u>
Other financing sources:				
Transfers in	-	20,000	-	-
Total other financing sources	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	13,867	(6,494)	1,821	523
Fund balances (deficit) at beginning of year (restated)	<u>101,892</u>	<u>61,685</u>	<u>(1,821)</u>	<u>7,539</u>
Fund balances (deficit) at end of year	<u>\$ 115,759</u>	<u>\$ 55,191</u>	<u>\$ -</u>	<u>\$ 8,062</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>	<u>Police Pension</u>	<u>Fire Repair/Removal</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112,607	\$ -
-	-	-	-	-	16,505	-
-	-	-	-	-	-	-
125	6,871	-	-	-	-	-
-	-	-	2,205	17,428	-	-
<u>125</u>	<u>6,871</u>	<u>-</u>	<u>2,205</u>	<u>17,428</u>	<u>129,112</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	407,594	-
-	-	-	566	14,893	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>566</u>	<u>14,893</u>	<u>407,594</u>	<u>-</u>
125	6,871	-	1,639	2,535	(278,482)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288,100</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288,100</u>	<u>-</u>
125	6,871	-	1,639	2,535	9,618	-
<u>3,315</u>	<u>11,012</u>	<u>10,580</u>	<u>3,862</u>	<u>2,565</u>	<u>(14,719)</u>	<u>14,295</u>
<u>\$ 3,440</u>	<u>\$ 17,883</u>	<u>\$ 10,580</u>	<u>\$ 5,501</u>	<u>\$ 5,100</u>	<u>\$ (5,101)</u>	<u>\$ 14,295</u>

- (Continued)

CITY OF TALLMADGE, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS - (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019*

	<u>Historical Preservation</u>	<u>Totals</u>
Revenues:		
Property and other taxes	\$ -	\$ 112,607
Intergovernmental	-	133,737
Investment income.	-	127
Fines, licenses and permits.	-	7,519
Miscellaneous	15,000	35,342
	<u>15,000</u>	<u>35,342</u>
Total revenues.	<u>15,000</u>	<u>289,332</u>
Expenditures:		
Current:		
General government.	17,500	17,500
Security of persons and property:		
Police	-	407,594
Fire	-	15,459
Transportation	-	68,347
Community environment	-	60,527
	<u>17,500</u>	<u>60,527</u>
Total expenditures.	<u>17,500</u>	<u>569,427</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,500)</u>	<u>(280,095)</u>
Other financing sources:		
Transfers in	15,000	323,100
Total other financing sources	<u>15,000</u>	<u>323,100</u>
Net change in fund balances	12,500	43,005
Fund balances (deficit) at beginning of year (restated)	<u>-</u>	<u>200,205</u>
Fund balances (deficit) at end of year	<u>\$ 12,500</u>	<u>\$ 243,210</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE/EMS LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,305,621	\$ 1,322,958	\$ 1,330,093	\$ 7,135
Intergovernmental	192,445	195,000	203,919	8,919
Charges for services	432,260	438,000	417,649	(20,351)
Miscellaneous.	67,109	68,000	110,845	42,845
Total revenues	<u>1,997,435</u>	<u>2,023,958</u>	<u>2,062,506</u>	<u>38,548</u>
Expenditures:				
Current:				
Security of persons and property				
Fire				
Personnel	3,105,291	3,135,291	3,132,363	2,928
Operating	427,303	437,264	425,838	11,426
Total fire	<u>3,532,594</u>	<u>3,572,555</u>	<u>3,558,201</u>	<u>14,354</u>
Capital outlay				
Equipment.	87,500	87,500	82,332	5,168
Total expenditures	<u>3,620,094</u>	<u>3,660,055</u>	<u>3,640,533</u>	<u>19,522</u>
Excess of expenditures over revenues	<u>(1,622,659)</u>	<u>(1,636,097)</u>	<u>(1,578,027)</u>	<u>58,070</u>
Other financing sources:				
Transfers in.	1,440,867	1,460,000	1,460,000	-
Total other financing sources	<u>1,440,867</u>	<u>1,460,000</u>	<u>1,460,000</u>	<u>-</u>
Net change in fund balance.	(181,792)	(176,097)	(118,027)	58,070
Fund balance at beginning of year	379,312	379,312	379,312	-
Prior year encumbrances appropriated	74,445	74,445	74,445	-
Fund balance at end of year.	<u>\$ 271,965</u>	<u>\$ 277,660</u>	<u>\$ 335,730</u>	<u>\$ 58,070</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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,194,000	\$ 1,194,000	\$ 1,319,156	\$ 125,156
Investment income	1,200	1,200	1,580	380
Special assessments.	5,000	5,000	16,317	11,317
Charges for services.	83,000	83,000	82,740	(260)
Miscellaneous.	71,500	71,500	92,111	20,611
Total revenues.	<u>1,354,700</u>	<u>1,354,700</u>	<u>1,511,904</u>	<u>157,204</u>
Expenditures:				
Current:				
Public health and welfare				
Personnel	57,905	62,905	59,298	3,607
Operating	42,816	42,816	38,139	4,677
Total public health and welfare	<u>100,721</u>	<u>105,721</u>	<u>97,437</u>	<u>8,284</u>
Transportation				
Personnel	1,221,584	1,206,584	1,112,924	93,660
Operating	802,387	802,387	690,584	111,803
Total transportation	<u>2,023,971</u>	<u>2,008,971</u>	<u>1,803,508</u>	<u>205,463</u>
Leisure time activities				
Personnel	231,620	241,620	237,037	4,583
Operating	154,828	154,828	118,506	36,322
Total leisure time activities.	<u>386,448</u>	<u>396,448</u>	<u>355,543</u>	<u>40,905</u>
Capital outlay				
Road program.	993,583	993,583	852,643	140,940
Capital outlay	993,583	993,583	852,643	140,940
Total expenditures.	<u>3,504,723</u>	<u>3,504,723</u>	<u>3,109,131</u>	<u>395,592</u>
Excess of expenditures over revenues.	<u>(2,150,023)</u>	<u>(2,150,023)</u>	<u>(1,597,227)</u>	<u>552,796</u>
Other financing sources:				
Transfers in.	1,680,000	1,680,000	1,680,000	-
Sale of capital assets	-	-	17,879	17,879
Total other financing sources.	<u>1,680,000</u>	<u>1,680,000</u>	<u>1,697,879</u>	<u>17,879</u>
Net change in fund balance.	(470,023)	(470,023)	100,652	570,675
Fund balance at beginning of year	810,751	810,751	810,751	-
Prior year encumbrances appropriated	<u>118,042</u>	<u>118,042</u>	<u>118,042</u>	<u>-</u>
Fund balance at end of year	<u>\$ 458,770</u>	<u>\$ 458,770</u>	<u>\$ 1,029,445</u>	<u>\$ 570,675</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 65,600	\$ 65,600	\$ 75,199	\$ 9,599
Investment income	250	250	127	(123)
Miscellaneous	100	100	709	609
Total revenues	65,950	65,950	76,035	10,085
Expenditures:				
Current:				
Transportation				
Personnel	73,580	73,580	66,121	7,459
Operating	3,875	3,875	2,742	1,133
Total expenditures	77,455	77,455	68,863	8,592
Net change in fund balance	(11,505)	(11,505)	7,172	18,677
Fund balance at beginning of year	90,944	90,944	90,944	-
Prior year encumbrances appropriated	2,496	2,496	2,496	-
Fund balance at end of year	\$ 81,935	\$ 81,935	\$ 100,612	\$ 18,677

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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Expenditures:				
Current:				
Community environment				
Operating	50,000	100,000	62,576	37,424
Total expenditures	<u>50,000</u>	<u>100,000</u>	<u>62,576</u>	<u>37,424</u>
Excess of expenditures over revenues	<u>(20,000)</u>	<u>(70,000)</u>	<u>(32,576)</u>	<u>37,424</u>
Other financing sources:				
Transfers in	20,000	20,000	20,000	-
Total other financing sources	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance	-	(50,000)	(12,576)	37,424
Fund balance at beginning of year.	<u>61,685</u>	<u>61,685</u>	<u>61,685</u>	<u>-</u>
Fund balance at end of year	<u>\$ 61,685</u>	<u>\$ 11,685</u>	<u>\$ 49,109</u>	<u>\$ 37,424</u>

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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 5,854	\$ 5,854	\$ -
Total revenues	-	5,854	5,854	-
Expenditures:				
Current:				
Community environment				
Operating	28,052	28,052	5,850	22,202
Total expenditures	28,052	28,052	5,850	22,202
Excess (deficiency) of revenues over (under) expenditures	(28,052)	(22,198)	4	22,202
Other financing sources (uses):				
Advances (out).	-	(46,000)	(46,000)	-
Total other financing sources (uses)	-	(46,000)	(46,000)	-
Net change in fund balance.	(28,052)	(68,198)	(45,996)	22,202
Fund balance at beginning of year	17,943	17,943	17,943	-
Prior year encumbrances appropriated	28,053	28,053	28,053	-
Fund balance (deficit) at end of year.	\$ 17,944	\$ (22,202)	\$ -	\$ 22,202

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, 2019*

	<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	\$ -	\$ -	\$ 523	\$ 523
Total revenues	<u>-</u>	<u>-</u>	<u>523</u>	<u>523</u>
Net change in fund balance.	-	-	523	523
Fund balance at beginning of year	<u>7,539</u>	<u>7,539</u>	<u>7,539</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 7,539</u>	<u>\$ 7,539</u>	<u>\$ 8,062</u>	<u>\$ 523</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, 2019*

	<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	\$ 1,000	\$ 1,000	\$ 125	\$ (875)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>125</u>	<u>(875)</u>
Expenditures:				
Current:				
Security of persons and property				
Operating	<u>3,500</u>	<u>3,500</u>	<u>1,500</u>	<u>2,000</u>
Total expenditures	<u>3,500</u>	<u>3,500</u>	<u>1,500</u>	<u>2,000</u>
Net change in fund balance.	(2,500)	(2,500)	(1,375)	1,125
Fund balance at beginning of year	1,315	1,315	1,315	-
Prior year encumbrances appropriated	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 815</u>	<u>\$ 815</u>	<u>\$ 1,940</u>	<u>\$ 1,125</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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, licenses and permits	\$ 6,000	\$ 6,000	\$ 7,585	\$ 1,585
Total revenues	6,000	6,000	7,585	1,585
Expenditures:				
Current:				
Security of persons and property				
Operating	7,000	7,000	7,000	-
Total expenditures	7,000	7,000	7,000	-
Net change in fund balance.	(1,000)	(1,000)	585	1,585
Fund balance at beginning of year	10,298	10,298	10,298	-
Fund balance at end of year.	\$ 9,298	\$ 9,298	\$ 10,883	\$ 1,585

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund balance at beginning of year	\$ 10,580	\$ 10,580	\$ 10,580	\$ -
Fund balance at end of year.	<u>\$ 10,580</u>	<u>\$ 10,580</u>	<u>\$ 10,580</u>	<u>\$ -</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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 300	\$ 300	\$ 2,205	\$ 1,905
Total revenues	<u>300</u>	<u>300</u>	<u>2,205</u>	<u>1,905</u>
Expenditures:				
Current:				
Security of persons and property				
Operating	<u>1,000</u>	<u>1,000</u>	<u>566</u>	<u>434</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>566</u>	<u>434</u>
Net change in fund balance.	(700)	(700)	1,639	2,339
Fund balance at beginning of year	<u>3,862</u>	<u>3,862</u>	<u>3,862</u>	<u>-</u>
Fund balance at end of year.	<u><u>\$ 3,162</u></u>	<u><u>\$ 3,162</u></u>	<u><u>\$ 5,501</u></u>	<u><u>\$ 2,339</u></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, 2019*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous	\$ 16,000	\$ 12,328	\$ 17,428	\$ 5,100
Total revenues	<u>16,000</u>	<u>12,328</u>	<u>17,428</u>	<u>5,100</u>
Expenditures:				
Current:				
Security of persons and property				
Operating	<u>18,242</u>	<u>14,893</u>	<u>14,893</u>	<u>-</u>
Total expenditures	<u>18,242</u>	<u>14,893</u>	<u>14,893</u>	<u>-</u>
Net change in fund balance.	(2,242)	(2,565)	2,535	5,100
Fund balance at beginning of year	2,323	2,323	2,323	-
Prior year encumbrances appropriated	<u>242</u>	<u>242</u>	<u>242</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 323</u>	<u>\$ -</u>	<u>\$ 5,100</u>	<u>\$ 5,100</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 113,068	\$ 113,082	\$ 112,607	\$ (475)
Intergovernmental	16,000	16,000	16,505	505
Total revenues	<u>129,068</u>	<u>129,082</u>	<u>129,112</u>	<u>30</u>
Expenditures:				
Current:				
Security of persons and property				
Personnel	415,000	415,000	411,604	3,396
Operating	<u>2,100</u>	<u>2,100</u>	<u>1,577</u>	<u>523</u>
Total expenditures	<u>417,100</u>	<u>417,100</u>	<u>413,181</u>	<u>3,919</u>
Excess of expenditures over revenues	<u>(288,032)</u>	<u>(288,018)</u>	<u>(284,069)</u>	<u>3,949</u>
Other financing sources:				
Transfers in	<u>280,000</u>	<u>280,000</u>	<u>288,100</u>	<u>8,100</u>
Total other financing sources	<u>280,000</u>	<u>280,000</u>	<u>288,100</u>	<u>8,100</u>
Net change in fund balance	(8,032)	(8,018)	4,031	12,049
Fund balance at beginning of year	<u>31,480</u>	<u>31,480</u>	<u>31,480</u>	<u>-</u>
Fund balance at end of year	<u>\$ 23,448</u>	<u>\$ 23,462</u>	<u>\$ 35,511</u>	<u>\$ 12,049</u>

CITY OF TALLMADGE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE REPAIR/REMOVAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund balance at beginning of year	\$ 14,295	\$ 14,295	\$ 14,295	\$ -
Fund balance at end of year.	<u>\$ 14,295</u>	<u>\$ 14,295</u>	<u>\$ 14,295</u>	<u>\$ -</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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 5,000	\$ 15,000	\$ 15,000	\$ -
Total revenues	5,000	15,000	15,000	-
Expenditures:				
Current:				
General government				
Operating	10,000	30,000	30,000	-
Total expenditures	10,000	30,000	30,000	-
Excess of expenditures over revenues	(5,000)	(15,000)	(15,000)	-
Other financing sources:				
Transfers in	5,000	15,000	15,000	-
Total other financing sources	5,000	15,000	15,000	-
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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	\$ 85,000	\$ 85,000	\$ 81,959	\$ (3,041)
Total revenues.	<u>85,000</u>	<u>85,000</u>	<u>81,959</u>	<u>(3,041)</u>
Expenditures:				
Current:				
Debt service:				
Principal retirement.	775,000	775,000	775,000	-
Interest and fiscal charges.	237,500	237,500	229,444	8,056
Total expenditures.	<u>1,012,500</u>	<u>1,012,500</u>	<u>1,004,444</u>	<u>8,056</u>
Excess of expenditures over revenues	<u>(927,500)</u>	<u>(927,500)</u>	<u>(922,485)</u>	<u>5,015</u>
Other financing sources:				
Transfers in.	913,805	913,805	913,805	-
Total other financing sources	<u>913,805</u>	<u>913,805</u>	<u>913,805</u>	<u>-</u>
Net change in fund balance.	(13,695)	(13,695)	(8,680)	5,015
Fund balance at beginning of year	<u>24,851</u>	<u>24,851</u>	<u>24,851</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 11,156</u>	<u>\$ 11,156</u>	<u>\$ 16,171</u>	<u>\$ 5,015</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, 2019*

	Tallmadge Shooting Range	General Infrastructure	Totals
Revenues:			
Miscellaneous.	\$ -	\$ 2,523	\$ 2,523
Total revenues	<u>-</u>	<u>2,523</u>	<u>2,523</u>
Expenditures:			
Capital outlay.	-	39,971	39,971
Total expenditures	<u>-</u>	<u>39,971</u>	<u>39,971</u>
Excess of expenditures over revenues.	<u>-</u>	<u>(37,448)</u>	<u>(37,448)</u>
Other financing sources (uses):			
Transfers in	-	30,000	30,000
Transfers (out).	<u>(119,805)</u>	<u>-</u>	<u>(119,805)</u>
Total other financing sources (uses).	<u>(119,805)</u>	<u>30,000</u>	<u>(89,805)</u>
Net change in fund balances.	(119,805)	(7,448)	(127,253)
Fund balances at beginning of year	<u>119,805</u>	<u>106,741</u>	<u>226,546</u>
Fund balances at end of year.	<u>\$ -</u>	<u>\$ 99,293</u>	<u>\$ 99,293</u>

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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing (uses):				
Transfers out	\$ (119,805)	\$ (119,805)	\$ (119,805)	\$ -
Total other financing (uses)	(119,805)	(119,805)	(119,805)	-
Net change in fund balance	(119,805)	(119,805)	(119,805)	-
Fund balance at beginning of year	<u>119,805</u>	<u>119,805</u>	<u>119,805</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)
GENERAL INFRASTRUCTURE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 2,523	\$ 2,523
Total revenues	-	-	2,523	2,523
Expenditures:				
Capital outlay	56,540	56,540	39,971	16,569
Total expenditures	56,540	56,540	39,971	16,569
Excess of expenditures over revenues	(56,540)	(56,540)	(37,448)	19,092
Other financing sources:				
Transfers in	30,000	30,000	30,000	-
Total other financing sources	30,000	30,000	30,000	-
Net change in fund balance	(26,540)	(26,540)	(7,448)	19,092
Fund balance at beginning of year	100,201	100,201	100,201	-
Prior year encumbrances appropriated.	6,540	6,540	6,540	-
Fund balance at end of year	<u>\$ 80,201</u>	<u>\$ 80,201</u>	<u>\$ 99,293</u>	<u>\$ 19,092</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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 4,473,088	\$ 4,483,000	\$ 4,475,419	\$ (7,581)
Capital grants	131,708	132,000	108,197	(23,803)
Miscellaneous	8,980	9,000	17,969	8,969
Total revenues	<u>4,613,776</u>	<u>4,624,000</u>	<u>4,601,585</u>	<u>(22,415)</u>
Expenses:				
Personal services.	475,083	475,083	402,859	72,224
Materials and supplies	118,860	118,860	97,384	21,476
Contractual services	4,009,396	4,009,396	3,630,474	378,922
Other	60,399	60,399	44,255	16,144
Capital outlay				
Software	14,865	14,865	14,865	-
Excavator	30,000	30,000	28,612	1,388
Fleet management	10,500	10,500	8,787	1,713
Evergreen-Mark drive sewer rehabilitation.	257,214	267,438	208,318	59,120
Total expenses.	<u>4,976,317</u>	<u>4,986,541</u>	<u>4,435,554</u>	<u>550,987</u>
Net change in fund equity	(362,541)	(362,541)	166,031	528,572
Fund equity at beginning of year.	2,356,449	2,356,449	2,356,449	-
Prior year encumbrances appropriated . . .	568,381	568,381	568,381	-
Fund equity at end of year	<u>\$ 2,562,289</u>	<u>\$ 2,562,289</u>	<u>\$ 3,090,861</u>	<u>\$ 528,572</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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 2,043,725	\$ 2,043,725	\$ 2,020,764	\$ (22,961)
Miscellaneous	11,000	11,000	23,648	12,648
Total revenues.	<u>2,054,725</u>	<u>2,054,725</u>	<u>2,044,412</u>	<u>(10,313)</u>
Expenses:				
Personal services.	475,206	475,206	406,910	68,296
Materials and supplies	118,655	118,655	102,735	15,920
Contractual services	1,818,062	1,818,062	1,319,447	498,615
Other	90,889	90,889	83,297	7,592
Capital outlay				
Software	14,865	14,865	14,865	-
Knollwood waterline.	400,000	400,000	24,356	375,644
Excavator.	30,000	30,000	28,612	1,388
Fleet management	10,500	10,500	8,787	1,713
Debt service:				
Principal retirement.	114,194	114,194	114,194	-
Interest and fiscal charges.	54,806	54,806	46,175	8,631
Total expenses	<u>3,127,177</u>	<u>3,127,177</u>	<u>2,149,378</u>	<u>977,799</u>
Net change in fund equity	(1,072,452)	(1,072,452)	(104,966)	967,486
Fund equity at beginning of year.	3,008,403	3,008,403	3,008,403	-
Prior year encumbrances appropriated	317,141	317,141	317,141	-
Fund equity at end of year	<u>\$ 2,253,092</u>	<u>\$ 2,253,092</u>	<u>\$ 3,220,578</u>	<u>\$ 967,486</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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 329,000	\$ 329,000	\$ 330,760	\$ 1,760
Miscellaneous	-	-	2,225	2,225
Total revenues.	<u>329,000</u>	<u>329,000</u>	<u>332,985</u>	<u>3,985</u>
Expenses:				
Personal services.	256,827	256,827	229,887	26,940
Materials and supplies	5,000	5,000	20,558	(15,558)
Contractual services	78,964	78,964	50,455	28,509
Other	3,000	3,000	150	2,850
Capital outlay				
Ditching work	30,000	30,000	38,000	(8,000)
Northwest avenue crossover	75,000	75,000	38,211	36,789
Total expenses	<u>448,791</u>	<u>448,791</u>	<u>377,261</u>	<u>71,530</u>
Net change in fund equity	(119,791)	(119,791)	(44,276)	75,515
Fund equity at beginning of year.	265,508	265,508	265,508	-
Prior year encumbrances appropriated	<u>8,597</u>	<u>8,597</u>	<u>8,597</u>	<u>-</u>
Fund equity at end of year	<u>\$ 154,314</u>	<u>\$ 154,314</u>	<u>\$ 229,829</u>	<u>\$ 75,515</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.	144
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.	155
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.	162
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.	166
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.	168

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			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 18,369,056	\$ 18,529,391	\$ 17,813,396	\$ 17,423,842
Restricted	1,683,821	1,514,275	2,257,902	1,741,398
Unrestricted	4,290,037	5,878,178	6,688,846	8,651,613
Total governmental activities net position	<u>\$ 24,342,914</u>	<u>\$ 25,921,844</u>	<u>\$ 26,760,144</u>	<u>\$ 27,816,853</u>
Business-type activities				
Net investment in capital assets	\$ 13,520,720	\$ 13,039,068	\$ 12,947,885	\$ 13,040,099
Unrestricted	7,276,621	7,246,755	6,008,069	5,547,959
Total business-type activities net position	<u>\$ 20,797,341</u>	<u>\$ 20,285,823</u>	<u>\$ 18,955,954</u>	<u>\$ 18,588,058</u>
Primary government				
Net investment in capital assets	\$ 30,677,297	\$ 30,495,949	\$ 29,828,740	\$ 29,676,369
Restricted	1,683,821	1,514,275	2,257,902	1,741,398
Unrestricted	12,779,137	14,197,443	13,629,456	14,987,144
Total primary government net position	<u>\$ 45,140,255</u>	<u>\$ 46,207,667</u>	<u>\$ 45,716,098</u>	<u>\$ 46,404,911</u>

Notes:

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

Net position for 2014 has been restated in accordance with the implementation of GASB Statement No. 68.

Net position for 2017 has been restated in accordance with the implementation of GASB Statement No. 75.

Net position for 2018 has been restated in accordance with the implementation of GASB Statement No. 84.

2014	2015	2016	2017	2018	2019
\$ 17,400,202	\$ 17,237,094	\$ 21,380,493	\$ 19,123,730	\$ 19,498,663	\$ 18,867,627
938,818	1,089,332	1,021,205	806,140	274,037	186,000
(13,710)	(453,009)	1,361,578	(9,351,088)	(11,179,353)	(5,773,072)
<u>\$ 18,325,310</u>	<u>\$ 17,873,417</u>	<u>\$ 23,763,276</u>	<u>\$ 10,578,782</u>	<u>\$ 8,593,347</u>	<u>\$ 13,280,555</u>
\$ 12,480,844	\$ 12,275,784	\$ 12,827,739	\$ 14,454,902	\$ 14,757,523	\$ 14,223,000
5,058,591	5,521,861	5,143,660	5,630,339	7,308,183	7,531,052
<u>\$ 17,539,435</u>	<u>\$ 17,797,645</u>	<u>\$ 17,971,399</u>	<u>\$ 20,085,241</u>	<u>\$ 22,065,706</u>	<u>\$ 21,754,052</u>
\$ 29,881,046	\$ 29,025,245	\$ 33,875,568	\$ 33,578,632	\$ 34,256,186	\$ 33,090,627
938,818	1,089,332	1,021,205	806,140	274,037	186,000
5,044,881	5,556,485	6,837,902	(3,720,749)	(3,871,170)	1,757,980
<u>\$ 35,864,745</u>	<u>\$ 35,671,062</u>	<u>\$ 41,734,675</u>	<u>\$ 30,664,023</u>	<u>\$ 30,659,053</u>	<u>\$ 35,034,607</u>

TABLE 2

CITY OF TALLMADGE, OHIO

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

	Year Ended			
	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government	\$ 3,075,749	\$ 3,182,528	\$ 3,266,514	\$ 3,564,772
Security of persons and property				
Police	3,707,305	3,814,646	3,537,529	3,717,588
Street lights	33,874	38,378	148,496	30,364
Fire	2,633,358	2,619,214	2,511,315	2,671,188
Public health and welfare	67,526	65,616	59,265	70,758
Transportation	3,132,926	2,496,576	3,763,869	3,483,558
Community environment	313,757	235,743	148,111	161,310
Leisure time activity	2,066,476	2,046,925	2,141,666	2,142,722
Interest and fiscal charges	455,252	482,500	438,561	415,825
Total governmental activities expenses	<u>15,486,223</u>	<u>14,982,126</u>	<u>16,015,326</u>	<u>16,258,085</u>
Business-type activities:				
Sewer operating	1,822,095	3,408,512	4,110,699	3,847,032
Water operating	1,808,067	1,880,466	2,044,350	1,903,383
Storm water	508,817	507,385	364,964	445,813
Total business-type activities expenses	<u>4,138,979</u>	<u>5,796,363</u>	<u>6,520,013</u>	<u>6,196,228</u>
Total primary government expenses	<u>\$ 19,625,202</u>	<u>\$ 20,778,489</u>	<u>\$ 22,535,339</u>	<u>\$ 22,454,313</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 441,489	\$ 407,928	\$ 407,030	\$ 398,855
Security of persons and property				
Police	9,438	19,112	11,083	5,665
Fire	358,781	396,854	371,784	404,330
Public health and welfare	2,790	2,538	1,824	3,821
Transportation	50,195	46,256	57,466	54,232
Community environment	151,381	47,321	35,799	29,781
Leisure time activity	1,614,573	1,750,273	1,743,332	1,752,221
Operating grants and contributions	932,825	954,482	1,510,826	1,096,602
Capital grants and contributions	1,465,130	426,352	10,000	10,513
Total governmental program revenues	<u>5,026,602</u>	<u>4,051,116</u>	<u>4,149,144</u>	<u>3,756,020</u>
Business-type activities:				
Charges for services:				
Sewer operating	1,739,256	3,032,289	2,920,769	3,495,275
Water operating	1,726,179	1,922,162	1,926,826	1,998,973
Storm water	309,293	324,368	298,770	311,614
Capital grants and contributions	100,000	-	28,660	-
Total business-type activities program revenues	<u>3,874,728</u>	<u>5,278,819</u>	<u>5,175,025</u>	<u>5,805,862</u>
Total primary government program revenue	<u>\$ 8,901,330</u>	<u>\$ 9,329,935</u>	<u>\$ 9,324,169</u>	<u>\$ 9,561,882</u>
Net (Expense)/Revenue				
Governmental activities	\$ (10,459,621)	\$ (10,931,010)	\$ (11,866,182)	\$ (12,502,065)
Business-type activities	(264,251)	(517,544)	(1,344,988)	(390,366)
Total primary government net expense	<u>\$ (10,723,872)</u>	<u>\$ (11,448,554)</u>	<u>\$ (13,211,170)</u>	<u>\$ (12,892,431)</u>

	2014	2015	2016	2017	2018	2019
\$	3,796,832	\$ 4,013,860	\$ 4,189,505	\$ 4,590,950	\$ 4,885,634	\$ 5,203,616
	3,834,635	4,100,747	4,470,737	4,538,862	5,095,099	1,809,260
	27,287	35,335	34,663	35,445	37,309	35,126
	2,934,683	3,181,762	3,278,321	3,580,450	3,956,386	1,065,306
	73,335	72,192	78,701	73,275	87,955	94,931
	4,172,815	3,862,300	3,303,595	4,450,856	4,089,726	4,352,004
	147,887	126,520	247,564	346,400	389,036	324,278
	2,174,630	2,315,093	2,474,982	2,660,058	2,680,260	3,115,698
	390,861	331,527	306,671	322,376	273,292	264,713
	<u>17,552,965</u>	<u>18,039,336</u>	<u>18,384,739</u>	<u>20,598,672</u>	<u>21,494,697</u>	<u>16,264,932</u>
	3,884,775	4,007,772	4,461,756	4,107,890	3,715,964	4,737,178
	2,409,488	1,927,721	2,173,956	2,039,430	2,090,577	2,192,291
	378,463	406,712	487,373	458,769	454,543	591,588
	<u>6,672,726</u>	<u>6,342,205</u>	<u>7,123,085</u>	<u>6,606,089</u>	<u>6,261,084</u>	<u>7,521,057</u>
\$	<u>24,225,691</u>	<u>24,381,541</u>	<u>25,507,824</u>	<u>27,204,761</u>	<u>27,755,781</u>	<u>23,785,989</u>
\$	380,786	\$ 356,067	\$ 324,132	\$ 292,870	\$ 688,715	\$ 413,674
	25,948	4,272	25,856	7,441	10,358	7,416
	405,140	458,369	404,113	378,181	432,560	424,920
	2,163	2,942	2,565	2,564	5,198	4,087
	45,612	57,514	59,880	61,247	106,650	79,963
	39,824	38,520	44,575	56,980	44,758	39,852
	1,655,897	1,675,577	1,793,613	1,854,305	1,874,238	1,958,915
	1,456,971	1,269,128	1,191,375	1,467,132	1,528,418	1,961,633
	18,673	232,040	4,682,170	428,835	44,240	2,523
	<u>4,031,014</u>	<u>4,094,429</u>	<u>8,528,279</u>	<u>4,549,555</u>	<u>4,735,135</u>	<u>4,892,983</u>
	3,742,246	3,806,251	3,923,707	4,514,010	4,743,445	4,665,336
	1,972,805	2,192,281	2,008,569	2,156,467	2,182,363	2,073,246
	327,676	323,013	305,252	318,523	349,661	339,528
	-	-	1,031,476	-	934,330	87,451
	<u>6,042,727</u>	<u>6,321,545</u>	<u>7,269,004</u>	<u>6,989,000</u>	<u>8,209,799</u>	<u>7,165,561</u>
\$	<u>10,073,741</u>	<u>10,415,974</u>	<u>15,797,283</u>	<u>11,538,555</u>	<u>12,944,934</u>	<u>12,058,544</u>
\$	(13,521,951)	\$ (13,944,907)	\$ (9,856,460)	\$ (16,049,117)	\$ (16,759,562)	\$ (11,371,949)
	(629,999)	(20,660)	145,919	382,911	1,948,715	(355,496)
\$	<u>(14,151,950)</u>	<u>(13,965,567)</u>	<u>(9,710,541)</u>	<u>(15,666,206)</u>	<u>(14,810,847)</u>	<u>(11,727,445)</u>

- Continued

TABLE 2

CITY OF TALLMADGE, OHIO

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

	Year Ended			
	2010	2011	2012	2013
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 2,258,920	\$ 2,264,267	\$ 2,030,192	\$ 2,077,781
Income taxes	7,455,553	7,957,003	8,685,855	9,423,158
Unrestricted grants and contributions	2,148,650	2,317,116	1,854,900	1,810,363
Investment earnings	43,871	32,582	39,407	34,549
Miscellaneous	47,331	96,496	94,128	212,923
Transfers	-	-	-	-
Change in fair value of investments	-	-	-	-
Total governmental activities	<u>11,954,325</u>	<u>12,667,464</u>	<u>12,704,482</u>	<u>13,558,774</u>
Business-type activities:				
Miscellaneous	11,752	6,026	15,119	22,470
Transfers	-	-	-	-
Total business-type activities	<u>11,752</u>	<u>6,026</u>	<u>15,119</u>	<u>22,470</u>
Total primary government	<u>\$ 11,966,077</u>	<u>\$ 12,673,490</u>	<u>\$ 12,719,601</u>	<u>\$ 13,581,244</u>
Change in Net Position				
Governmental activities	\$ 1,494,704	\$ 1,736,454	\$ 838,300	\$ 1,056,709
Business-type activities	(252,499)	(511,518)	(1,329,869)	(367,896)
Total primary government	<u>\$ 1,242,205</u>	<u>\$ 1,224,936</u>	<u>\$ (491,569)</u>	<u>\$ 688,813</u>

Note: 2018 has been restated in accordance with the implementation of GASB Statement No. 84.

	2014	2015	2016	2017	2018	2019
\$	2,051,246	\$ 2,036,907	\$ 2,046,484	\$ 2,071,912	\$ 2,167,776	\$ 2,232,791
	9,166,550	9,836,002	10,873,754	10,242,096	10,110,310	11,161,240
	1,426,170	1,684,506	2,636,593	1,605,087	1,719,143	1,930,092
	34,733	43,929	64,428	119,726	270,484	333,463
	166,274	152,030	161,816	265,074	391,938	349,086
	-	(260,360)	-	(2,113,760)	-	-
	-	-	(36,756)	30,106	(30,230)	52,485
	<u>12,844,973</u>	<u>13,493,014</u>	<u>15,746,319</u>	<u>12,220,241</u>	<u>14,629,421</u>	<u>16,059,157</u>
	28,492	18,510	27,835	32,485	31,750	43,842
	-	260,360	-	2,113,760	-	-
	<u>28,492</u>	<u>278,870</u>	<u>27,835</u>	<u>2,146,245</u>	<u>31,750</u>	<u>43,842</u>
\$	<u>12,873,465</u>	<u>13,771,884</u>	<u>15,774,154</u>	<u>14,366,486</u>	<u>14,661,171</u>	<u>16,102,999</u>
\$	(676,978)	\$ (451,893)	\$ 5,889,859	\$ (3,828,876)	\$ (2,130,141)	\$ 4,687,208
	(601,507)	258,210	173,754	2,529,156	1,980,465	(311,654)
\$	<u>(1,278,485)</u>	<u>(193,683)</u>	<u>6,063,613</u>	<u>(1,299,720)</u>	<u>(149,676)</u>	<u>4,375,554</u>

TABLE 3

CITY OF TALLMADGE, OHIO

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

	2010	2011	2012	2013
General Fund				
Nonspendable	\$ -	\$ 95,421	\$ 103,426	\$ 109,310
Committed	-	-	-	-
Assigned	-	235,992	206,371	1,985,047
Unassigned	-	5,359,392	5,985,065	6,113,312
Reserved	166,229	-	-	-
Unreserved	4,629,330	-	-	-
Total general fund	<u>\$ 4,795,559</u>	<u>\$ 5,690,805</u>	<u>\$ 6,294,862</u>	<u>\$ 8,207,669</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ 82,573	\$ 59,759	\$ 59,476
Restricted	-	1,199,294	1,953,464	1,462,666
Committed	-	-	-	-
Assigned	-	68,361	47,224	69,696
Unassigned (deficit)	-	(142,958)	(29,818)	(489)
Reserved	444,792	-	-	-
Unreserved (deficit), reported in:				
Special revenue funds	910,367	-	-	-
Debt service funds	50,880	-	-	-
Capital projects funds	(175,793)	-	-	-
Total all other governmental funds	<u>\$ 1,230,246</u>	<u>\$ 1,207,270</u>	<u>\$ 2,030,629</u>	<u>\$ 1,591,349</u>

Notes:

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

Fund balance for 2018 has been restated in accordance with the implementation of GASB Statement No. 84.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 111,300	\$ 71,993	\$ 224,368	\$ 175,328	\$ 169,188	\$ 276,241
-	-	-	-	335,127	298,024
1,605,527	332,881	721,654	1,082,057	1,005,745	1,143,432
5,297,977	6,436,553	8,224,427	7,894,320	6,849,232	7,523,668
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 7,014,804</u>	<u>\$ 6,841,427</u>	<u>\$ 9,170,449</u>	<u>\$ 9,151,705</u>	<u>\$ 8,359,292</u>	<u>\$ 9,241,365</u>
\$ 54,022	\$ 69,664	\$ 164,524	\$ 158,072	\$ 277,737	\$ 266,074
1,899,015	1,997,588	1,748,212	1,598,522	1,667,710	1,762,478
407,000	288,398	170,300	90,160	106,741	99,293
76,219	99,839	87,463	66,332	24,851	16,171
-	-	(272,519)	(52,548)	(16,540)	(5,101)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,436,256</u>	<u>\$ 2,455,489</u>	<u>\$ 1,897,980</u>	<u>\$ 1,860,538</u>	<u>\$ 2,060,499</u>	<u>\$ 2,138,915</u>

TABLE 4

CITY OF TALLMADGE, OHIO

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

	2010	2011	2012	2013
Revenues				
Property and other taxes	\$ 2,228,915	\$ 2,252,159	\$ 2,023,704	\$ 2,109,423
Municipal income taxes	7,657,243	7,893,880	8,359,821	9,256,758
Intergovernmental	4,563,381	3,385,703	3,537,553	2,957,933
Investment income	49,542	33,536	29,455	33,485
Fines, licenses, and permits	548,635	425,414	413,255	370,469
Special assessments	115,095	115,692	108,045	134,432
Charges for services	2,036,244	2,201,320	2,185,009	2,227,877
Change in fair value of investments	-	-	-	-
Miscellaneous	49,131	99,492	206,861	361,207
Total revenues	17,248,186	16,407,196	16,863,703	17,451,584
Expenditures				
Current:				
General government	2,995,338	3,051,404	3,054,651	3,414,974
Security of persons and property				
Police	3,647,373	3,675,245	3,424,600	3,566,511
Street lighting	33,874	38,378	32,020	30,364
Fire	2,490,438	2,474,408	2,521,518	2,551,371
Public health and welfare	66,410	64,500	58,149	69,642
Transportation	1,534,582	1,480,892	2,105,228	1,254,060
Community environment	307,770	277,805	141,516	163,581
Leisure time activity	1,732,010	1,691,805	1,799,907	1,802,674
Capital outlay	2,658,464	1,639,318	1,237,448	1,967,917
Debt service				
Principal retirement	619,374	781,055	775,851	731,542
Interest and fiscal charges	485,365	470,975	448,306	425,421
Bond issue costs	118,828	-	-	-
Total expenditures	16,689,826	15,645,785	15,599,194	15,978,057
Excess of revenues over (under) expenditures	558,360	761,411	1,264,509	1,473,527
Other financing sources (uses)				
Capital lease transaction	-	110,859	162,907	-
Sale of bonds	5,320,000	-	-	-
Sale of notes	-	-	-	-
Premium on bond/note issuances	15,190	-	-	-
Discount on bond issuance	(26,842)	-	-	-
Refunding of notes	(3,800,000)	-	-	-
Payment to refunded bond escrow agent	(1,425,645)	-	-	-
Transfers in	2,877,000	3,196,000	4,335,205	3,654,275
Transfers (out)	(2,877,000)	(3,196,000)	(4,335,205)	(3,654,275)
Total other financing sources (uses)	82,703	110,859	162,907	-
Net change in fund balances	\$ 641,063	\$ 872,270	\$ 1,427,416	\$ 1,473,527
Capital expenditures	1,880,986	1,219,682	393,428	581,540
Debt service as a percentage of noncapital expenditures (2)	7.46%	8.68%	8.05%	7.51%

(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.

Note: 2018 has been restated in accordance with the implementation of GASB Statement No. 84.

	2014	2015	2016	2017	2018	2019
\$	2,059,317	\$ 2,059,080	\$ 2,052,791	\$ 2,057,730	\$ 2,179,146	\$ 2,233,402
	9,560,660	9,844,999	10,628,415	10,156,843	10,011,817	10,938,609
	2,729,999	3,086,741	7,022,306	3,630,150	3,034,077	3,464,347
	33,822	42,885	59,239	118,964	254,232	340,392
	391,916	356,831	366,002	336,532	305,805	338,179
	110,603	107,432	99,975	94,423	107,177	102,016
	2,123,555	2,165,699	2,270,401	2,309,777	2,824,347	2,523,187
	-	-	(36,756)	30,106	(30,230)	52,485
	333,527	271,263	334,532	429,893	626,448	607,786
	<u>17,343,399</u>	<u>17,934,930</u>	<u>22,796,905</u>	<u>19,164,418</u>	<u>19,312,819</u>	<u>20,600,403</u>
	3,632,420	3,682,315	3,895,399	3,988,120	4,494,620	4,092,829
	3,737,673	3,941,589	3,950,057	4,106,240	4,315,465	4,531,301
	27,287	35,335	34,663	35,445	37,309	35,126
	2,746,929	2,921,254	2,879,469	3,204,066	3,323,493	3,491,241
	71,619	69,876	76,385	70,959	85,639	92,615
	1,812,826	1,964,913	1,892,975	2,039,398	2,215,675	2,228,357
	145,941	126,047	242,047	321,885	366,329	280,273
	1,865,931	1,978,136	2,074,446	2,100,515	2,154,495	2,391,224
	2,500,947	2,382,717	6,040,590	2,717,795	2,139,193	1,279,535
	749,212	819,943	845,564	1,684,750	1,211,662	1,059,936
	400,572	346,052	300,618	299,707	276,194	269,574
	-	110,335	-	25,000	-	-
	<u>17,691,357</u>	<u>18,378,512</u>	<u>22,232,213</u>	<u>20,593,880</u>	<u>20,620,074</u>	<u>19,752,011</u>
	<u>(347,958)</u>	<u>(443,582)</u>	<u>564,692</u>	<u>(1,429,462)</u>	<u>(1,307,255)</u>	<u>848,392</u>
	-	179,104	406,821	448,276	570,097	112,097
	-	2,925,000	-	825,000	-	-
	-	-	800,000	-	-	-
	-	128,790	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	(2,943,456)	-	-	-	-
	5,588,777	4,819,200	4,027,250	4,279,750	4,905,544	4,406,905
	<u>(5,588,777)</u>	<u>(4,819,200)</u>	<u>(4,027,250)</u>	<u>(4,179,750)</u>	<u>(4,905,544)</u>	<u>(4,406,905)</u>
	-	289,438	1,206,821	1,373,276	570,097	112,097
\$	<u>(347,958)</u>	<u>(154,144)</u>	<u>1,771,513</u>	<u>(56,186)</u>	<u>(737,158)</u>	<u>960,489</u>
	928,737	1,048,247	6,515,158	1,428,972	1,459,411	567,499
	6.86%	6.73%	7.29%	10.35%	7.77%	6.93%

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TABLE 5

CITY OF TALLMADGE, OHIO

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

Year	Net Tax Levy (Current Billed Portion)	Current Collections	Percent of Current Collections to Net Levy	Delinquent Collections	Total Collections	Percent of Total Collections to Levy	Current Delinquent Amount
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
2018	2,418,192	2,380,621	98.45%	67,291	2,447,912	101.23%	37,571
2019	2,473,255	2,428,405	98.19%	41,555	2,469,960	99.87%	44,820

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
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	-
2018	-	-	N/A	-	-	N/A	-
2019	-	-	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 2010 through 2011.

TABLE 7

CITY OF TALLMADGE, OHIO

ASSESSED 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
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
2018	1,168,370,457	408,929,660	7,369,216	6,484,910
2019	1,195,192,400	418,317,340	7,817,261	6,879,190

Notes:

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

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

(C) For 2010 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 Direct Tax Rate	Assessed Value as a Percentage of Actual Value
Estimated Actual Value (C)	Assessed Value	Estimated Actual Value	Assessed Value		
\$ 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%
-	-	1,175,739,673	415,414,570	6.15	35.33%
-	-	1,203,009,661	425,196,530	6.15	35.34%

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 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
1 2018	14.16	75.09	2.56	6.15	97.96	9.91
2 2018	14.16	53.87	2.00	6.15	76.18	0.74
1 2019	14.16	75.09	2.56	6.15	97.96	9.91
2 2019	14.16	53.87	2.00	6.15	76.18	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
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
2018	2.10	N/A	0.30	3.75	6.15
2019	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, 2019	
Name of Taxpayer	Nature of Business	Valuation	Percent of Total
Big Zilla Development LLC	Commercial Warehouses	\$ 3,729,950	0.89%
Eastwood Square Associates LTD	Community Shopping Center	2,863,790	0.68%
Premier Developments LLC	Apartments 20-39 Rental Units	2,273,860	0.54%
Tallmadge Oaks LTD	Apartments 40 or more	2,040,080	0.49%
Heather Knoll Rental Properties LLC	Nursing Home & Private Hospital	1,947,730	0.47%
Saxon Village Limited	Apartments 40 or more	1,645,870	0.39%
Tallmadge Associates	Apartments 40 or more	1,506,910	0.36%
Mindale Farms Co.	Other Agricultural Uses	1,490,500	0.36%
MK Menlo Property Owner LLC	Discount Stores & Jr. Depart. Store	1,478,920	0.35%
Tallmadge Senior Housing LTD	Apartments 40 or more	1,421,870	0.34%
Total		<u>\$ 20,399,480</u>	<u>4.88%</u>
Total Assessed Valuation - Real Property		<u>\$ 418,317,340</u>	
		December 31, 2010	
Name of Taxpayer	Nature of Business	Valuation	Percent of Total
Big Zilla Development LLC	Retail Property Management	\$ 2,451,580	0.60%
Eastwood Square Associates LTD	Retail Property Management	2,432,490	0.60%
Tallmadge Oaks LTD	Apartment Complex	2,264,260	0.56%
Saxon Village Limited	Apartment Complex	2,015,290	0.50%
Tallmadge Shopping Center LLC	Retail Property Management	1,749,970	0.43%
Heather Knoll Rental Properties LLC	Apartment Complex	1,629,370	0.40%
Myers Family Limited Partnership	Light Manufacturing	1,554,990	0.38%
Colonial Gardens LLC	Nursing Home	1,536,210	0.38%
Tallmadge Senior Housing LTD	Apartment Complex	1,378,170	0.34%
DWEK Ohio LLC	Retail Property Management	1,369,180	0.34%
Total		<u>\$ 18,381,510</u>	<u>4.53%</u>
Total Assessed Valuation - Real Property		<u>\$ 406,296,800</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
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%
2018	2.00%	9,993,800	7,650,696	76.55%	1,045,953	10.47%
2019	2.00%	10,872,868	7,954,279	73.16%	1,360,601	12.51%

Sources: Regional Income Tax Agency (RITA)

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
\$ 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%
1,266,459	12.67%	30,692	0.31%
1,526,300	14.04%	31,687	0.29%

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
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	-
2018	6,285,719	180,000	-	975,435	-	1,291,995	-
2019	5,584,132	100,000	-	802,596	-	1,177,801	25,602

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
\$	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
	8,733,149	567,830,523	1.54%	17,537	498
	7,690,131	591,880,448	1.30%	17,582	437

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
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
2018	6,285,719	1,175,739,673	0.53%	17,537	358
2019	5,584,132	1,203,009,661	0.46%	17,582	318

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
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
2018	160,424	n/a	n/a	147,140	91.72%	13,284
2019	159,402	n/a	n/a	158,573	99.48%	829

Source: Summit County, Ohio; County Fiscal Officer

* The delinquent billed amount was not available for 2014 - 2019.

TABLE 15

CITY OF TALLMADGE, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2019

Jurisdiction	Governmental Activities Debt	Percentage Overlapping	Applicable to the City
Direct:			
City of Tallmadge	\$ 6,486,728	100.00%	\$ 6,486,728
Overlapping Debt:			
Summit County	31,755,000	3.39%	1,076,495
Portage County	11,360,513	0.44%	49,986
Stow/Munroe Falls City School District	2,911,810	0.01%	291
Tallmadge City School District	52,049,489	99.84%	51,966,210
Field Local School District	18,310,000	2.15%	393,665
Akron/Summit Library	5,135,000	5.17%	265,480
Total Overlapping Debt	<u>121,521,812</u>		<u>53,752,126</u>
Total Direct and Overlapping Debt	<u>\$ 128,008,540</u>		<u>\$ 60,238,854</u>

Source: Debt outstanding for overlapping government - Ohio Municipal Advisory Council (OMAC),
as of January 1, 2020

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
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%
2018	43,303,530	22,682,801	6,285,719	24,851	37,042,662	22,682,801	14.52%
2019	44,645,636	23,385,809	5,584,132	16,171	39,077,675	23,385,809	12.51%

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
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%
2018	17,537	567,830,523	32,379	4.7%	4.6%	3.9%
2019	17,582	591,880,448	33,664	4.3%	4.1%	3.7%

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
2010	23	-
2011	24	-
2012	12	-
2013	19	-
2014	12	-
2015	20	-
2016	50	12
2017	61	-
2018	35	-
2019	15	-

Sources: City of Tallmadge Building Department (2010, 2017-2019)
Summit County Department of Building Standards (2011-2016)

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*

	2019			2010		
	Employees**	Rank	Percentage of Total City Employment	Employees**	Rank	Percentage of Total City Employment
Auto Sales	*	1	*	*	1	*
Tallmadge Public Schools	270	2	3.3%	302	2	4.3%
Steere Enterprises	260	3	3.2%	175	4	2.5%
S.D. Myers Inc.	198	4	2.4%	180	3	2.6%
Speelman Electric	160	5	1.9%	-	-	-
Waltco Truck Equipment Co.	125	6	1.5%	165	5	2.4%
East End Welding	117	7	1.4%	98	9	1.4%
City of Tallmadge	98	8	1.2%	90	10	1.3%
The Martin Wheel Co., Inc.	94	9	1.1%	-	-	-
WardJet	91	10	1.1%	-	-	-
Giant Eagle	-	-	-	110	6	1.6%
Owens Corning	-	-	-	110	7	1.6%
Acme	-	-	-	109	8	1.6%
Total	1,413		17.1%	1,339		19.3%

Source: City of Tallmadge Economic Development Department

* Employer would not disclose the total number of employees.

** Full-time, permanent employees only.

TABLE 20

CITY OF TALLMADGE, OHIO

*MISCELLANEOUS STATISTICS
DECEMBER 31, 2019*

Founded	1806
Incorporated as Village	1936
Incorporated as City	1951
Town Hall erected	1859
Form of government	Charter
Population	17,582
Area	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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Council	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Mayor	5.5	4.5	5.0	5.0	4.5	4.5	5.0	6.0	7.5	7.5
Finance	6.5	6.5	6.5	6.5	6.0	6.0	6.0	7.0	7.0	7.0
Law	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Service	2.0	3.0	3.0	3.0	3.0	3.0	3.5	4.5	3.0	2.0
Information Systems	1.0	1.0	1.0	1.5	1.5	2.0	2.0	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	-	-
Security of Persons and Property										
Police	34.0	34.0	32.0	34.5	37.5	34.5	40.5	40.0	39.0	39.5
Fire	39.0	39.5	38.0	38.5	41.5	40.5	39.5	42.5	40.5	40.5
Leisure Time Activities										
MACA Pool	15.5	14.5	17.5	16.0	16.5	16.0	15.5	18.0	17.5	23.5
Recreation Center	61.5	62.5	63.0	62.5	65.0	64.5	60.0	70.5	50.0	45.5
Community Environment										
Building & Zoning	8.5	2.0	2.0	2.0	2.0	2.0	2.5	3.0	2.5	3.0
Transportation										
Garage	4.5	4.5	4.5	4.5	4.5	4.5	4.5	7.0	4.5	4.5
Street	17.0	18.0	18.0	19.0	20.0	18.5	19.0	19.0	19.5	21.5
Utilities										
Utilities Services	8.0	6.0	7.0	6.0	6.5	6.5	7.0	6.0	7.0	8.0
Total	214.5	207.5	209.0	210.5	220.0	214.0	216.5	237.0	211.0	215.5

Source: City of Tallmadge Finance Department

TABLE 22

CITY OF TALLMADGE, OHIO

OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Security of Persons and Property										
Police										
Physical Arrests	819	730	671	593	582	556	795	773	966	847
Parking Violations	22	14	7	16	17	20	22	6	15	12
Traffic Violations	1,091	1,526	1,219	995	859	733	673	471	472	423
Fire										
Emergency Response Calls	2,260	2,371	2,337	2,544	2,456	2,680	2,889	2,938	3,125	3,275
Fires Extinguished	26	22	65	27	22	27	28	34	20	22
Inspections Conducted	921	822	748	753	881	658	570	788	768	669
Transportation										
Street resurfacing miles	3.14	1.82	6.75	5.23	5.60	6.70	3.00	3.00	2.43	1.85
Leisure Time Activities										
Trees Planted	-	2	-	-	-	-	-	-	-	-
Recreation Center Memberships*										
Annual	1,935	1,579	3,250	3,694	4,285	4,844	5,323	5,839	5,581	6,311
Monthly	2,665	2,590	2,100	1,908	1,402	1,545	1,231	1,273	1,383	1,349
Swimming Pool Memberships										
Adult	1,139	1,110	1,081	975	996	970	971	1,146	1,080	979
Child	751	740	792	709	776	823	783	853	821	760
Water										
Customers Served	7,207	7,063	7,126	7,091	7,302	7,208	7,330	7,409	7,463	7,479
New Connections	18	14	20	25	29	130	62	97	58	20
Water Main Breaks	21	12	13	18	14	13	28	13	24	22
Avg. Daily Consumption (gpd)										
million gallons per day	1.30	1.30	1.30	1.20	1.10	1.10	1.20	1.20	1.20	1.10
Peak Daily Consumption (gpd)										
million gallons per day	1.60	1.60	2.00	1.70	2.00	1.70	1.50	1.40	1.50	1.70
Sewer										
Customers Served	5,779	7,990	7,991	7,981	7,981	7,888	8,001	8,163	8,210	8,340
Storm Water										
Customers Served	5,866	5,932	5,948	6,039	6,059	6,095	6,143	6,212	6,252	6,262

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

Source: Various City of Tallmadge Department Records

TABLE 23

CITY OF TALLMADGE, OHIO

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	19.0	21.0	19.0	21.0	20.0	20.0	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	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	96.1	96.1	99.1	99.1	100.0	100.0
Traffic Signals	188.0	187.0	187.0	187.0	187.0	187.0	186.0	189.0	189.0	189.0
Water										
Water Mains (miles)	86.1	86.1	86.1	87.0	87.0	87.0	88.1	88.1	88.5	88.5
Sewer										
Sanitary Sewers (miles)	60.7	60.7	60.7	60.7	60.7	60.7	61.1	61.1	61.5	61.5

Source: City of Tallmadge Records

OHIO AUDITOR OF STATE
KEITH FABER



CITY OF TALLMADGE

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 23, 2020**