



**Auditor of State  
Betty Montgomery**



CITY OF TALLMADGE  
SUMMIT COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members of City Council  
City of Tallmadge  
Summit County  
46 North Avenue  
Tallmadge, Ohio 44278

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Tallmadge, Summit County, Ohio, (the City) as of and for the year ended December 31, 2003 which collectively comprise the City's basic financial statements and have issued our report thereon dated July 9, 2004, in which we noted the City adopted Government Accounting Standards Board Statement No. 34 and reclassified a nonmajor governmental fund to a proprietary fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted a certain immaterial instance of noncompliance that we have reported to the City's management in a separate letter dated July 9, 2004.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the City's management in a separate letter dated July 9, 2004.

This report is intended solely for the information and use of management and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

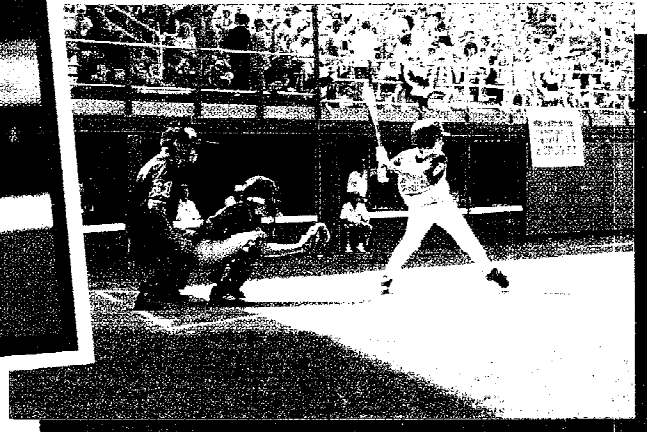
A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 9, 2004

# *City of Tallmadge, Ohio*

*"Home of Little League Champions"*



*Comprehensive Annual Financial Report*

*For the Year Ended December 31, 2003*





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## *Cover and Photos*

*Fallmadge is passionate about baseball! Our Little League boys captured national attention in 2003 when they won the Great Lakes Regional Championship and qualified to play in the Little League World Series in Williamsport, Pennsylvania. In 2002 the Fallmadge High School team won the state championship, and in 2000 our Little League girls softball team soared to the World Series. Teamwork, a winning spirit and community pride flow into everything that we do here in Fallmadge, Ohio.*

*Special thanks to Fallmadge citizen and digital artist James A. Cochran for sharing his photos of our 2003 champions for this report.*

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*City of Tallmadge, Ohio*

*Comprehensive Annual Financial Report*  
*—For the Year Ended December 31, 2003—*

*Prepared by the Office of*  
*Jill Stutch, Director of Finance—C.P.F.A.*  
*Jimelle Collins, Assistant Finance Director*

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## **Introductory Section**



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**City of Tallmadge, Ohio**  
**Comprehensive Annual Financial Report**  
**For the Year Ended December 31, 2003**  
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46 NORTH AVENUE

**CITY OF TALLMADGE, OHIO**  
44278

JILL STRITCH  
DIRECTOR OF FINANCE  
jstritch@tallmadge-ohio.org

JIMELLE COLLINS  
ASSISTANT FINANCE DIRECTOR  
330-633-0858

July 9, 2004

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, 2003, 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. This report for the first time is being presented in compliance with the new Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments."

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 Comprehensive Annual Financial Report consists of three sections.

1. The Introductory Section contains the Table of Contents, Letter of Transmittal, the GFOA Certificate of Achievement for Excellence in Financial Reporting, the Organizational Chart for the City and the listing of elected and appointed City officials.
2. The Financial section contains the Independent Accountants' Report, and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements for Nonmajor Funds, and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section presents financial, economic, social and demographic information about the City for the last ten years.

## **THE REPORTING ENTITY**

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

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

The City participates in the Ohio Association of Rural Water and Wastewater Systems Workers' Compensation Group Rating Plan and the Akron Metropolitan Area Transportation Study (AMATS). These organizations are described in more detail in Notes 19 and 20 of the Basic Financial Statements.

## **THE CITY OF TALLMADGE**

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

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

The City is located in Summit and Portage Counties, with over 97% of the property located in Summit County and the remainder in Portage County. The City is approximately 13.5 square miles in size, is located approximately 35 miles south of Cleveland, Ohio and is contiguous to Akron, Ohio. The City's 2003 population of 17,400 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 (the Director of Finance, Director of Law, and Treasurer) are all elected to a four year term. The Mayor also appoints members to a number of boards and commissions. The Charter was amended in 2002 and the voters approved the abolishment of the Treasurer's position upon the completion of the current term ending December 31, 2005. The Director of Finance will perform all the duties assigned to the Treasurer as of January 1, 2006.

## **ECONOMIC CONDITION AND OUTLOOK**

The City offers an attractive opportunity for business growth. Tallmadge's 450 business establishments, from its largest employer, Auto Sales Inc., to small family businesses constitute the opportunity and interests that keep Tallmadge a vital part of the market place.

The City operates a Community Reinvestment Area Tax Abatement Program. This program is available for commercial and industrial expansions and new construction. A 100% real estate tax exemption for a maximum of ten years, on buildings only, is available under the abatement program.

In addition, the City is part of both the Summit County Enterprise Program and the Portage County Enterprise Program. These Programs abate tangible personal property taxes on items such as machinery, equipment and inventory up to a maximum of ten years with an average of 50% over the life of the abatement.

Beginning in 1987, the City experienced significant economic growth, which continues today. New investment in industrial, commercial and residential development exceeded \$10 million in 1987 compared to a low of \$1.8 million in 1982. This trend continues with reported property valuation increasing in 2003.

Virtually all the major employers in the City have expanded or built new facilities during this time period. While the national and local economy has been in a downturn since 2001, there were still a significant number of expansions in the City. The latest expansions include Gordon Food Service, Erie Station Grille, Leppo Equipment, Firehouse Grille and Pub, Northeast Family Health Care, Summit Racing, Progressive Stamping, General Extruders, and Wine Arts of Ohio. The renovations made to West Avenue continue to benefit the City, encouraging business expansion or relocations along this commercial corridor.

Net employment as a result of these expansions and other developments typically amounts to approximately 125 positions yearly. The majority of employment within the City occurs in businesses housed in 5,000 to 20,000 square foot buildings. Tallmadge's employment rate remains stable due to this large number of small businesses in the City. Unemployment rates tend to run at least one percent lower than the Akron metropolitan area.

The City of Tallmadge experienced a growth in income tax revenue of 3.76 percent in the general fund over the previous year collections. The addition of the Joint Economic Development District (JEDD) with the township of Brimfield will also result in additional income tax collections for the City in the future.

Residential development has closely paralleled industrial and commercial development during the same period. A total of 104 residential units were built in 2003, which consists of 40 single-family dwellings and 64 condominiums. Interestingly, 539 units have been built in the City during the last four years.

Not only has the City experienced an increase in new housing starts over the past ten years, it is also meeting the demands of a changing population with the development of condominiums. Since 1994 there have been seven condominium projects. The most recent projects under construction consist of Eastwood Glen, consisting of 90 units located on 22 acres, Ridgewood Condominiums, and Crossings at Northwest, which consist of 136 condominium units located on approximately 25 acres. Increased residential development is a strong indicator of future economic growth of the City.

In order to direct plans that promote a sound pattern of development, the City utilizes a Comprehensive Plan adopted by the administration and Council. The document serves as a guide in defining community objectives, policies and goals and scheduling of capital improvement projects including water lines, sanitary sewer lines, storm sewers, and transportation. Further, to guide the direction of land development, this plan provides a thoroughfare map, zoning district map and future land use map.

Future growth also depends on the ability of the City to provide adequately serviced areas for growth. In 1995, the City successfully annexed 257 acres of industrial zoned property. This property, located at

an interstate interchange, is the City's prime industrial area and as such is experiencing increased pressure for development. This new industrial property, and the newly formed JEDD area coupled with the demands for development in the City, indicates a promising future for economic development.

## **MAJOR INITIATIVES**

### **Current**

The majority of the construction for a new community recreation facility occurred in 2003. The construction was completed in 2004 and the facility was opened to the public on February 14, 2004. This is the first of its kind in the City. The facility is a 91,000 square foot joint use recreational facility that is designed for indoor recreational activities such as basketball, volleyball, tennis, running, walking, indoor soccer, aerobics, weight training, batting cages, game rooms, and children's play area. The facility was funded by private donations and capital allocations from City income tax monies. The City issued debt in March of 2003 for this project.

Major construction projects included the Potomac/Swank Sewer project, East Avenue/North Munroe intersection upgrade, Eastwood waterline project, and the completion of road paving and storm water projects.

The City of Tallmadge and Brimfield Township have entered into a JEDD, which encompasses approximately 70 percent of the township. In this area, the City will provide water service, sewer service and economic development while Brimfield Township will provide planning and zoning, police service, fire service, and street maintenance. The creation of the District will allow the JEDD Board of Directors to institute an income tax throughout the industrial and commercially zoned areas within the District which became effective January 1, 2004. This income tax will be distributed to both the City and the Township with the City receiving 55 percent of the tax and the Township receiving 45 percent of the tax. This area consists of a number of industrial and commercial businesses as well as a number of large parcels of undeveloped land suitable for development. Both the City and Township anticipate the development of this JEDD over the next ten years. This will increase the number of job opportunities for residents as well as provide needed income to both communities.

### **Future**

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

The City will continue the renovation of the existing park system with improvements. There will be improvements made to Howe Road Park enabling more green space usable for baseball, or other activities needing large open areas.

The City will continue to place a major emphasis on economic development within the City as well as within the newly created JEDD in Brimfield Township. There are numerous sites within the City for development including the Portage Boulevard Industrial Park and within the Circle Redevelopment Area. There are significant areas for development in the Joint Economic Development District including the Karg Industrial Park, the Sunnybrook / Forge Road area and the land associated with the Interstate 76 / Route 18 interchange.

## **FINANCIAL INFORMATION**

### **Introduction**

The City's Charter states that the Director of Finance shall be the head of the Department of Finance and shall have responsibility for the administration of the fiscal affairs of the City. As Chief fiscal officer of the City, the Director of Finance keeps the financial records and is responsible for management of all public funds, matters relating to debt administration, and internal controls. The Director of Finance is elected to serve a four (4) year term in accordance with the laws of the Charter and the general election laws.

### **Internal Accounting Controls**

In developing the City's accounting system, much consideration was given and policies and procedures designed, to achieve adequacy of internal accounting controls. The City's internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

### **Accounting Policies and Budgetary Control**

During the year, the City's accounting records are maintained on a cash basis for all the City's funds. At year end, the City converts its financial reporting from cash basis to one in accordance and conformity with Generally Accepted Accounting Principles (GAAP). When using the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available, and expenditures are recognized when goods and services are received. The accrual basis recognizes revenues when earned and expenses when incurred. A more detailed explanation of the basis of accounting for the various funds is included in the notes to the basic financial statements, located in the Financial Section of this report.

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and City Charter. According to the City's Charter, the Mayor is required to submit to Council an operating budget for each fiscal year, which shall contain estimated revenues and expenditures for that fiscal year. The Mayor is assisted in developing the budget by the Director of Administration and the Director of Finance.

The City adopts an annual cash basis appropriation measure or budget for the period January 1 to December 31 for all funds. Amendments to the budget, whether increasing, decreasing or transferring amounts, require legislative authorization by City Council. Annual appropriations may not exceed the County Budget Commission's Certificate of Estimated Resources.

The level of budgetary control at which expenditures cannot exceed appropriated amounts is established at the department level within the General Fund and at the fund level for all other funds of the City. Capital items such as capital equipment are budgeted on a line item basis as specified by City Council legislatively.

Budgetary control is maintained by the fully automated accounting system, which utilizes a purchase order/encumbrance system where estimated expenditures are encumbered against available appropriations. Encumbrances that would exceed the appropriation are not approved until Council authorizes legislatively additional appropriations. All expenditures over \$100 must have a purchase order encumbered prior to payment, establishing that the monies are legally appropriated and available for use. All expenditures under \$100 are approved by the Director of Finance utilizing a "Then & Now"

certification. The Director of Finance has a Procurement Policy outlining policies and procedures for all employees authorized to order goods or enter into a contract.

As an additional control over expenditures, the City Charter and Council legislatively require that all contracts in excess of \$25,000, the amount in effect at this time under the Ohio Revised Code, be authorized by ordinance and awarded with approval by the Board of Control.

Unencumbered appropriations lapse at the end of each year. The outstanding purchase orders or encumbrances at year-end carry forward to the succeeding fiscal year and need not be reappropriated.

The Director of Finance communicates the financial condition of the City to Council and department heads on a monthly basis by furnishing financial information by fund and account. Furthermore, the fully integrated financial accounting system allows for the immediate update of revenue and expenditure items. The immediate dissemination of information provides management and administration with the necessary data for daily decision making, monitoring and evaluation.

### **New Financial Reporting Model**

This is the first year the City has prepared financial statements following GASB Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments." GASB Statement No. 34 creates new financial statements for reporting on the City's financial activities as follows:

**Government-wide financial statements** These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by business. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

**Fund financial statements** These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the governmental-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

**Statements of budgetary comparisons** These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. This discussion follows the Independent Accountants' Report, providing an assessment of the City finances for 2003.

### **CASH MANAGEMENT**

Cash management is a very important component to the overall financial strategy of the City. An aggressive cash management program is maintained by the Treasurer. As funds become available, they are invested in short-term certificates of deposit or other securities as authorized by the City investment policy.

Protection of the City's deposits is provided by the federal deposit insurance corporation as well as by pooled collateral with a market value of 105 percent of the deposits or pledged by securities held at a Federal Reserve Bank in the name of the respective depository bank.



## **RISK MANAGEMENT**

The City, through the Service Director's department, obtains proposals annually for the most competitive insurance coverage. The City carried insurance for property, liability, umbrella, errors and omission and police professional for the policy period covering January 1, 2003 through December 31, 2003.

The City carries a \$2,000,000 general liability with \$1,000,000 per occurrence and a \$1,000,000 automobile liability and a \$10,000,000 umbrella liability extending coverage on the general, automobile, police professional liability, firefighter's errors and omissions and public official's liability.

The City carries individual bonds for the Director of Finance and the Treasurer in the amount of \$250,000. All persons working under the direction of the Director of Finance or Treasurer are bonded for the sum of \$25,000. All other employees paid by the City are covered by a \$5,000 blanket bond. In addition, the City carries blanket bond insurance with a \$100,000 per occurrence for guaranteeing the honest and faithful performance of the City's employees.

The City assumes the risk of loss for medical and dental benefits for employees. The City assumes up to \$50,000 per employee for medical coverage. A third-party administrator processes and pays these claims on behalf of the City.

## **THE INDEPENDENT AUDIT**

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, 2003. The Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

## **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, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

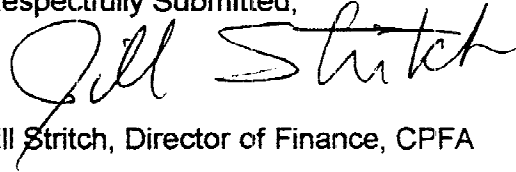
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable 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 eleven consecutive years (1992 - 2002). We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it to the GFOA.

## ACKNOWLEDGMENTS

This comprehensive annual financial report was prepared by the Director of Finance office with the efficient and knowledgeable services of its staff. As Director of Finance, I would like to express my sincere appreciation to my 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 Members of Council for their continued support and commitment.

Respectfully Submitted,

A handwritten signature in black ink that reads "Jill Stritch". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke across the middle.

Jill Stritch, Director of Finance, CPFA

# 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, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

---

**City of Tallmadge, Ohio  
Listing of Principal City Officials  
As of December 31, 2003**

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**ELECTED OFFICIALS**

Mayor	Christopher Grimm
Director of Finance	Jill Stritch
Director of Law	Richard Schunk
Treasurer	Marc Dion, Sr.
President of Council	Jerry Feeman
Council Member	Linda Poinar
Council Member	John Rensel
Council Member	Jack Sarver
Council Member	Peter De Angelis
Council Member	Gene Stalnaker
Council Member	Dennis Thompson

**APPOINTED OFFICIALS**

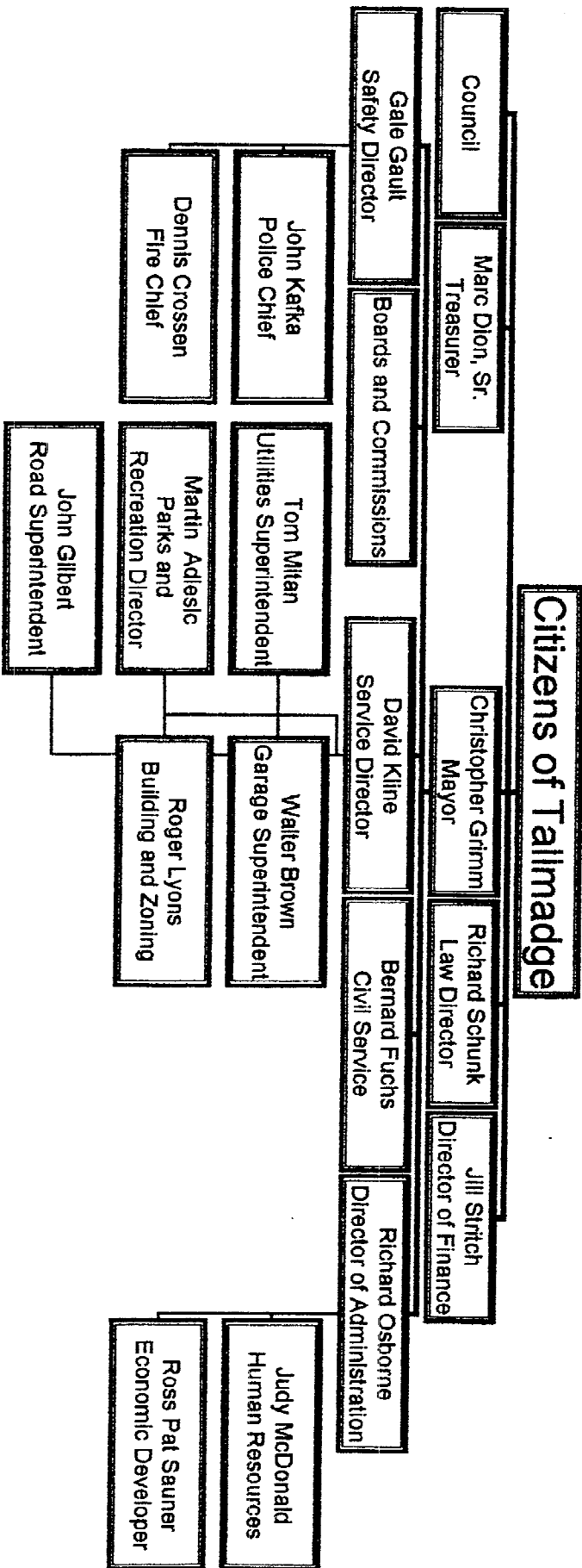
Service Director	David Kline
Director of Administration	Richard Osborne
Safety Director	Gale Gault
Human Resources Director	Judy McDonald
Economic Developer	Ross Pat Sauner
Assistant Director of Law	Penny Taylor
Assistant Director of Finance	Jimelle Collins
Deputy Treasurer	Angela Myers
Chief Deputy Tax Administrator	Rosemary Berdy
Clerk of Council	Susan Wilson
Deputy Clerk of Council	Dennis DiMascio

**DEPARTMENT OFFICIALS**

Chief of Police	John Kafka
Chief of Fire	Dennis Crossen
Road Superintendent	John Gilbert
Utilities Superintendent	Thomas Mitan
Garage Superintendent	Walter Brown
Building and Zoning Inspector	Roger Lyons
Parks and Recreation Director	Martin Adlesic
Civil Service Chairman	Bernard Fuchs

# CITY OF TALLMADGE – 2003

## ORGANIZATIONAL CHART



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## **Financial Section**







**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

The Honorable Mayor and Members of City Council  
City of Tallmadge  
Summit County  
46 North Avenue  
Tallmadge, Ohio 44278

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, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tallmadge, Summit County, Ohio as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General Fund, Fire/EMS Levy Fund and Street Maintenance and Repair Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 4, during the year ended December 31, 2003, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Additionally, the City restated certain fund balances as of December 31, 2002 as a result of reclassifying a nonmajor governmental fund to a proprietary fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. 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 tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 9, 2004

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City of Tallmadge, Ohio  
Management's Discussion and Analysis  
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The discussion and analysis for the City of Tallmadge's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2003. The intent of this discussion 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 and the basic financial statements.

### Financial Highlights

Financial highlights for 2003 are as follows:

- Total Net Assets decreased \$216,100 from 2002 or .56%. Net Assets of Governmental Activities decreased \$246,071 or 1.12% from 2002. Net assets of Business-Type Activities increased \$29,971, an increase of .18% over 2002.
- Total Assets of the City increased \$5,670,286, an increase of 11.28% over 2002.
- Total Current Liabilities increased \$2,188,115 over 2002.
- Total Long-Term Debt increased \$3,658,856 during 2003.
- The City issued a \$4,700,000 bond anticipation note in 2003 of which \$500,000 was paid in 2004 to reduce the principal amount of the note to \$4,200,000.

### Overview of the Financial Statements

This report consists of a series of financial statements and notes to those statements. The City of Tallmadge basic financial 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 of Tallmadge's finances in a manner similar to a private sector business.

The statement of net assets presents information on all of the City of Tallmadge's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent year. All changes in net assets 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 of Tallmadge 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

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City of Tallmadge, Ohio  
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costs through user fees and charges (business-type activities). The governmental activities of the City of Tallmadge include general government, security of persons and property, public health and welfare, transportation, leisure time activities, community environment, and interest and fiscal charges. The business-type activities of the City of Tallmadge include the sewer and water operating funds. Government-wide financial statements can be found on pages 11-13 of this report.

**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 of Tallmadge 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 14-27 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 Assets and the Statement of Activities) and the governmental funds is reconciled in the financial statements.

The City of Tallmadge has fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Fire/EMS Levy, Street Maintenance and Repair, Bond Retirement, and the Recreation Center Funds which are all considered to be 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 of Tallmadge 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 of Tallmadge uses enterprise funds to account for the sewer and water operations. Internal service funds are the other proprietary fund type and account for employee self-insurance. The basic proprietary fund financial statements can be found on pages 24-27 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 financial statements begin on page 30 of this report.

The nonmajor governmental funds are presented immediately following the notes to the basic financial statements and can be found beginning on page 62 of this report.

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**Government-wide Financial Analysis**

The Statement of Net Assets serves as a useful indicator of a government's financial position. Table 1 shows a summary of the City's net assets for 2003 as they compare to 2002.

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
<b>Assets</b>						
Current and Other Assets	\$10,795,389	\$8,994,599	\$8,107,488	\$8,947,513	\$18,902,877	\$17,942,112
Nondepreciable Capital Assets	7,339,403	2,808,824	187,224	188,056	\$7,526,627	\$2,996,880
Depreciable Capital Assets, Net	19,250,321	19,824,687	10,254,451	9,500,311	29,504,772	29,324,998
Capital Assets, Net	26,589,724	22,633,511	10,441,675	9,688,367	37,031,399	32,321,878
Total Assets	37,385,113	31,628,110	18,549,163	18,635,880	55,934,276	50,263,990
<b>Liabilities</b>						
Current and Other Liabilities	4,387,696	2,237,865	641,294	603,010	5,028,990	2,840,875
Long-Term Liabilities:						
Due Within One Year	467,330	514,624	162,256	168,128	629,586	682,752
Due in More Than One Year	10,837,216	6,936,679	1,192,220	1,341,320	12,029,436	8,277,999
Total Liabilities	15,692,242	9,689,168	1,995,770	2,112,458	17,688,012	11,801,626
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	16,514,414	15,952,538	9,142,607	8,212,061	25,657,021	24,164,599
Restricted for:						
Capital Projects	194,194	315,185	0	0	194,194	315,185
Debt Service	917,106	1,001,422	0	0	917,106	1,001,422
Fire/EMS Levy	122,847	561,974	0	0	122,847	561,974
Street Maintenance	399,669	652,093	0	0	399,669	652,093
State Highway	21,163	45,370	0	0	21,163	45,370
Community Development	6,570	6,570	0	0	6,570	6,570
Law Enforcement	13,267	15,244	0	0	13,267	15,244
Unrestricted	3,503,641	3,388,546	7,410,786	8,311,361	10,914,427	11,699,907
Total Net Assets	\$21,692,871	\$21,938,942	\$16,553,393	\$16,523,422	\$38,246,264	\$38,462,364

In the City of Tallmadge, total assets increased in 2003 by \$5,670,286. Total assets exceeded total liabilities in 2003 by \$38,246,264. Total assets increased primarily due to the nondepreciable capital assets in governmental activities. This is a result of the construction of a new recreation facility in 2003.

Total liabilities increased by \$5,886,386 in 2003. The increase in governmental activities liabilities is due to the increase in liabilities on the new recreation facility.

Total net assets decreased by \$216,100. This is due to an increase in total assets and a corresponding increase in total liabilities.

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Table 2  
Changes in Net Assets

	Governmental Activities 2003	Business-Type Activities 2003	Total 2003
Revenues			
Program Revenues:			
Charges for Services	\$1,057,868	\$3,751,678	\$4,809,546
Operating Grants and Contributions	633,414	0	633,414
Capital Grants and Contributions	370,041	289,989	660,030
<i>Total Program Revenues</i>	<u>2,061,323</u>	<u>4,041,667</u>	<u>6,102,990</u>
General Revenues:			
Property and Other Local Taxes	1,730,744	0	1,730,744
Municipal Income Taxes	6,896,029	0	6,896,029
Grants and Entitlements	1,449,803	0	1,449,803
Interest	160,018	64,954	224,972
Miscellaneous	103,835	11,979	115,814
<i>Total General Revenues</i>	<u>10,340,429</u>	<u>76,933</u>	<u>10,417,362</u>
Total Revenues	<u>12,401,752</u>	<u>4,118,600</u>	<u>16,520,352</u>
<b>Program Expenses</b>			
General Government	2,751,310	0	2,751,310
Security of Persons and Property			
Police	3,247,632	0	3,247,632
Street Lighting	20,798	0	20,798
Fire	1,947,126	0	1,947,126
Public Health and Welfare	150,404	0	150,404
Transportation	2,981,215	0	2,981,215
Leisure Time Activities	731,878	0	731,878
Community Environment	409,640	0	409,640
Interest and Fiscal Charges	407,820	0	407,820
Sewer Operating	0	2,329,878	2,329,878
Water Operating	0	1,758,751	1,758,751
<i>Total Expenses</i>	<u>12,647,823</u>	<u>4,088,629</u>	<u>16,736,452</u>
Increase (Decrease) in Net Assets	(246,071)	29,971	(216,100)
Net Assets Beginning of Year	<u>21,938,942</u>	<u>16,523,422</u>	<u>38,462,364</u>
Net Assets End of Year	<u>\$21,692,871</u>	<u>\$16,553,393</u>	<u>\$38,246,264</u>

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Table 2 shows the changes in net assets for the year ended December 31, 2003 for both Governmental activities and the Business-Type activities. Since this is the first year the City has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to year 2002 are not available. In future years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

### **Governmental Activities**

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

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 the next few years. In 1975 the tax rate was increased to 1.5 percent and remained at that rate until 1985 when the rate went to 2 percent. The income tax rate still remains at 2 percent, however, the voters in February of 2004 voted to make the tax a permanent tax effective March 1, 2004. The City, by ordinance, designates the income tax for capital outlay, leisure time activities and general governmental operations for programs within the general fund. The City also allows for a 100 percent credit of taxes paid to other municipalities.

The operations of the City's police department account for the largest expenses of the governmental activities, representing 25.7 percent of the total governmental activities expenses. The City's police department consists of 34 officers consisting of 1 Chief, 2 lieutenants, 3 sergeants, 19 patrol and 9 telecommunicators. The department provides a full range of services including patrol, DARE program, bike patrol, juvenile diversionary program, neighborhood crime watch, and residential and commercial security surveys.

The City has operated a fire department since 1945. During 2003, the fire department employed 1 full time Chief, 1 full time assistant fire chief, 8 full time firefighter paramedics, and 45 part time paramedics/firefighters and 1 full time clerk. The fire expenses account for 15.4 percent of the total governmental activities expenses. The Fire/EMS department is accounted for in a separate fund which receives tax proceeds from a 3.75 mill property tax levy.

The Street Maintenance and Repair department employs 19 full time employees who provide the City and the citizens many services including road maintenance, road salting, ditching, leaf pickup program, cemetery maintenance, and many others. The transportation expenses account for 23.6 percent of the total governmental activities expenses.

### **Business-Type Activities**

Proprietary funds are the business-type activities of the City of Tallmadge which consist of sewer and water operating activities. The City currently has 6,514 water customers and 7,367 sewer customers. The City owns and maintains all water and sanitary sewer lines within the City. In striving to keep

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revenues in balance with expenses, effective May 1, 2002 water rates for the City increase 1 percent every year for five years through May 1, 2006. There has not been a sewer rate increase. The sewage is treated by Summit County. In 2003 the City replaced a large number of inside, outdated water meters. The replacement program puts new more accurate meters into the system which more accurately read water usage and increases the revenue stream.

The revenues and expenses for both the water and sewer activities are reported under the Business-Type Activities in Table 2. The revenues are primarily from charges for services. In 2003, this amount of \$3,751,678 accounted for 91.1 percent of the total business-type revenues. The total expenses for the utilities were \$4,088,629, thus leaving an increase in net assets of \$29,971 for the business-type activities.

### **The City's Funds**

Information about the City's governmental funds begins on page 14. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$12,236,988 and expenditures of \$17,035,547. The difference of revenues under expenditures is supplemented with other financing sources composed of transfers from the General Fund or the issuance of debt. A significant change in the major funds is the recreation center which was a new fund to account for the construction of a recreation facility. The facility was built with a \$4,700,000 note issuance.

Information about the Proprietary Funds begins on page 24. These funds are accounted for on an accrual basis. All proprietary funds had operating revenues of \$3,763,657, which were below operating expenses of \$4,024,092. The total depreciation expense for these business-type funds was \$476,455. However, the change in net assets at year end was increased by \$19,716 due to total non-operating revenues in excess of non-operating expenses. The cash and cash equivalents at year end for the proprietary funds total \$5,410,205.

### **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 program level within the general fund and at the fund level for all other funds of the City. Capital items are budgeted on a 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.

In 2003 City Council adopted nine ordinances adjusting the level of appropriations in various funds. In total the increase in appropriations accounted for an increase of 2.79 percent over the total general fund budget. The total actual expenditures at year end were \$44,328 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 of Tallmadge has strong financial management and is aided by financial policies adopted by Council. The City established a minimum fund balance policy in 1988. The purpose of that policy is



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to 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 operating. Even with the downturn of the economy, the City has adopted a budget every year meeting those minimum fund balances. In addition, the City adopted a formal debt policy in 1997 establishing limits on debt and affordability limits that is more restrictive than the Ohio Revised Code. The City places strong emphasis on monitoring the budget. The Director of Finance produces monthly appropriation, revenue, and fund reports on a cash basis. These reports are distributed to Council, administration and appropriate department heads.

The general fund balance at year end is sufficient to allow for a healthy reserve. Income tax revenue increased by 3.76 percent over 2002 on a cash basis. Overall, the largest revenue shortfall was intergovernmental revenues due to a decrease in local government funds.

**Capital Assets and Debt Administration**

**Capital Assets**

**Table 3**  
**Capital Assets at December 31**  
**(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 2,850,701	\$ 2,600,301	\$ 176,049	\$ 176,049	\$ 3,026,750	\$ 2,776,350
Construction in Progress	4,488,702	208,523	11,175	12,007	4,499,877	220,530
Buildings and Improvements	4,345,433	4,609,538	372,070	402,435	4,717,503	5,011,973
Equipment	2,057,669	2,315,527	432,461	273,227	2,490,130	2,588,754
Infrastructure						
Streets Subsystem	10,836,011	10,852,213	0	0	10,836,011	10,852,213
Storm Sewers Subsystem	2,011,208	2,047,409	0	0	2,011,208	2,047,409
Sewer Lines	0	0	4,411,978	3,911,417	4,411,978	3,911,417
Water Lines	0	0	5,037,942	4,913,232	5,037,942	4,913,232
<b>Totals</b>	<b>\$ 26,589,724</b>	<b>\$ 22,633,511</b>	<b>\$ 10,441,675</b>	<b>\$ 9,688,367</b>	<b>\$ 37,031,399</b>	<b>\$ 32,321,878</b>

Total capital assets for the City of Tallmadge for the year ended December 31, 2003 were \$37,031,399 which was an increase of \$4,709,521 over the 2002 figure of \$32,321,878. The significant increase is due to the construction of a new recreation center as reflected in the governmental activities. There were also some additions of some sewer lines and a minor water line in the business-type activities. See Note 9 in the financial statements for more information regarding the City's capital assets.

City of Tallmadge, Ohio  
 Management's Discussion and Analysis  
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**Debt**

**Table 4  
 Outstanding Long-Term Debt at Year End**

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Special Assessment Bonds	\$980,000	\$1,010,000	\$1,286,000	\$1,451,000	\$2,266,000	\$2,461,000
General Obligations Bonds	5,324,000	5,579,000	0	0	5,324,000	5,579,000
Recreation Center Improvement Note	4,200,000	0	0	0	4,200,000	0
Capital Leases	13,067	91,973	13,068	25,306	26,135	117,279
<i>Total</i>	<u>\$ 10,517,067</u>	<u>\$6,680,973</u>	<u>\$1,299,068</u>	<u>\$1,476,306</u>	<u>\$11,816,135</u>	<u>\$8,157,279</u>

The long-term outstanding debt for the City of Tallmadge as of December 31, 2003 was \$11,816,135. This balance reflects \$2,266,000 in special assessment bonds, \$5,324,000 in general obligation bonds and \$4,200,000 in the Recreation Center Improvement Notes, in addition to \$26,135 in capital leases. This is an increase in long-term debt of 50 percent. The increase is attributed to the new note issuance, which the City intends to retire \$500,000 per year on the note to lessen the debt. For more detailed information on short-term and long-term obligations refer to Notes 15 and 16 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 10.5 percent of the assessed valuation of the total property. In addition, the unvoted net debt cannot exceed 5.5 percent of total assessed value of property. The City's legal total debt limit at the 10.5 percent margin is \$31,958,144, and the total unvoted net debt limit at the 5.5 percent margin is \$11,978,134.

The City, as part of the financial policies, has a debt policy adopted by City Council which is more restrictive than the Ohio Revised Code. This debt policy limits the City to additional debt limitations.

**Economic factors and Next Year's Budget and Rates**

- The City prepared the annual budget using zero based budgeting for 2004. There were very modest increases, if any, in many departments.
- The City entered into a Joint Economic Development District (JEDD) with Brimfield Township effective January 1, 2004 for a period of 100 years. The proceeds of income will be divided with 55 percent to Tallmadge and 45 percent for the Township.
- The City ended 2003 with an increase of 3.76 percent over 2002 in income tax revenue.
- The voters approved in February of 2004 a permanent municipal income.
- The City instituted a 1 percent water increase to go into effect annually for a five-year period.

**Request for Information**

This financial report is designed to provide a general overview of the City of Tallmadge's finances for all those with interest in the government's finances. Questions concerning any of the information provided in this report should be addressed to the office of the Director of Finance, 46 North Avenue, Tallmadge, Ohio 44278 or the website at [jstritch@tallmadge-ohio.org](mailto:jstritch@tallmadge-ohio.org).

**City of Tallmadge, Ohio**  
**Statement of Net Assets**  
**December 31, 2003**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 5,098,143	\$ 5,410,205	\$ 10,508,348
Materials and Supplies Inventory	183,784	63,868	247,652
Accounts Receivable	58,114	1,013,461	1,071,575
Intergovernmental Receivable	978,578	-	978,578
Municipal Income Taxes Receivable	1,385,375	-	1,385,375
Property Taxes Receivable	2,009,980	-	2,009,980
Special Assessments Receivable	1,098,370	1,602,999	2,701,369
Internal Balances	(16,955)	16,955	-
Nondepreciable Capital Assets	7,339,403	187,224	7,526,627
Depreciable Capital Assets, Net	19,250,321	10,254,451	29,504,772
<b>Total Assets</b>	<b>37,385,113</b>	<b>18,549,163</b>	<b>55,934,276</b>
<b>Liabilities</b>			
Accounts Payable	145,672	256,567	402,239
Contracts Payable	923,610	-	923,610
Accrued Wages	164,872	13,646	178,518
Retainage Payable	232,593	-	232,593
Intergovernmental Payable	321,806	365,413	687,219
Deferred Revenue	1,922,037	-	1,922,037
Accrued Interest Payable	94,260	5,668	99,928
Notes Payable	500,000	-	500,000
Claims Payable	82,846	-	82,846
Long-Term Liabilities:			
Due Within One Year	467,330	162,256	629,586
Due In More Than One Year	10,837,216	1,192,220	12,029,436
<b>Total Liabilities</b>	<b>15,692,242</b>	<b>1,995,770</b>	<b>17,688,012</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	16,514,414	9,142,607	25,657,021
Restricted for:			
Capital Projects	194,194	-	194,194
Debt Service	917,106	-	917,106
Fire/EMS Levy	122,847	-	122,847
Street Maintenance	399,669	-	399,669
State Highway	21,163	-	21,163
Community Development	6,570	-	6,570
Law Enforcement	13,267	-	13,267
Unrestricted	3,503,641	7,410,786	10,914,427
<b>Total Net Assets</b>	<b>\$ 21,692,871</b>	<b>\$ 16,553,393</b>	<b>\$ 38,246,264</b>

See accompanying notes to the basic financial statements

**City of Tallmadge, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2003

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$ 2,751,310	\$ 203,117	\$ 2,569	\$ -
Security of Persons and Property				
Police	3,247,632	19,465	14,220	-
Street Lights	20,798	-	-	-
Fire	1,947,126	317,028	-	-
Public Health and Welfare	150,404	78,931	-	-
Transportation	2,981,215	-	616,625	340,041
Leisure Time Activities	731,878	136,947	-	-
Community Environment	409,640	302,380	-	30,000
Interest and Fiscal Charges	407,820	-	-	-
<i>Total Governmental Activities</i>	<u>12,647,823</u>	<u>1,057,868</u>	<u>633,414</u>	<u>370,041</u>
<b>Business-Type Activities</b>				
Sewer Operating Fund	2,329,878	2,207,559	-	178,209
Water Operating Fund	1,758,751	1,544,119	-	111,780
<i>Total Business-Type Activities</i>	<u>4,088,629</u>	<u>3,751,678</u>	<u>-</u>	<u>289,989</u>
<b>Totals</b>	<u>\$ 16,736,452</u>	<u>\$ 4,809,546</u>	<u>\$ 633,414</u>	<u>\$ 660,030</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  
Interest  
Miscellaneous

*Total General Revenues*

Change in Net Assets

*Net Assets Beginning of Year - See Note 4*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,545,624)	\$ -	\$ (2,545,624)
(3,213,947)	-	(3,213,947)
(20,798)	-	(20,798)
(1,630,098)	-	(1,630,098)
(71,473)	-	(71,473)
(2,024,549)	-	(2,024,549)
(594,931)	-	(594,931)
(77,260)	-	(77,260)
(407,820)	-	(407,820)
(10,586,500)	-	(10,586,500)
-	55,890	55,890
-	(102,852)	(102,852)
-	(46,962)	(46,962)
(10,586,500)	(46,962)	(10,633,462)
798,212	-	798,212
826,317	-	826,317
106,215	-	106,215
6,896,029	-	6,896,029
1,449,803	-	1,449,803
160,018	64,954	224,972
103,835	11,979	115,814
10,340,429	76,933	10,417,362
(246,071)	29,971	(216,100)
21,938,942	16,523,422	38,462,364
<u>\$ 21,692,871</u>	<u>\$ 16,553,393</u>	<u>\$ 38,246,264</u>

**City of Tallmadge, Ohio**  
*Balance Sheet*  
**Governmental Funds**  
*December 31, 2003*

	General	Fire/EMS Levy	Street Maintenance and Repair	Bond Retirement
<b>Assets</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$ 1,982,136	\$ 125,472	\$ 186,682	\$ 24,123
Materials and Supplies Inventory	77,563	-	106,221	-
Accounts Receivable	11,729	46,075	-	-
Intergovernmental Receivable	543,722	69,728	315,647	-
Municipal Income Taxes Receivable	1,385,375	-	-	-
Property Taxes Receivable	803,848	1,091,297	-	-
Special Assessments Receivable	118,370	-	-	980,000
Interfund Receivable	23,500	-	-	-
<b>Total Assets</b>	<b>\$ 4,946,243</b>	<b>\$ 1,332,572</b>	<b>\$ 608,550</b>	<b>\$ 1,004,123</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 59,966	\$ 19,606	\$ 31,935	\$ -
Contracts Payable	-	-	-	-
Accrued Wages	119,374	21,449	24,049	-
Retainage Payable	-	-	-	-
Interfund Payable	-	-	-	-
Intergovernmental Payable	145,879	23,408	26,287	-
Deferred Revenue	1,908,303	1,160,621	265,136	980,000
Accrued Interest Payable	-	-	-	-
Notes Payable	-	-	-	-
<b>Total Liabilities</b>	<b>2,233,522</b>	<b>1,225,084</b>	<b>347,407</b>	<b>980,000</b>
<b>Fund Balances</b>				
Reserved for Encumbrances	65,682	1,488	80,123	-
Unreserved:				
Undesignated, (Deficit) Reported in:				
General Fund	2,647,039	-	-	-
Special Revenue Funds	-	106,000	181,020	-
Debt Service Fund	-	-	-	24,123
Capital Projects Funds	-	-	-	-
<b>Total Fund Balances</b>	<b>2,712,721</b>	<b>107,488</b>	<b>261,143</b>	<b>24,123</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,946,243</b>	<b>\$ 1,332,572</b>	<b>\$ 608,550</b>	<b>\$ 1,004,123</b>

See accompanying notes to the basic financial statements

Recreation Center	Other Governmental Funds	Total Governmental Funds
\$ 2,097,960	\$ 324,484	\$ 4,740,857
-	-	183,784
-	310	58,114
-	49,481	978,578
-	-	1,385,375
-	114,835	2,009,980
-	-	1,098,370
-	-	23,500
<u>\$ 2,097,960</u>	<u>\$ 489,110</u>	<u>\$ 10,478,558</u>
\$ 22,306	\$ 11,859	\$ 145,672
923,610	-	923,610
-	-	164,872
232,593	-	232,593
-	23,500	23,500
-	1,041	196,615
-	160,471	4,474,531
7,243	-	7,243
500,000	-	500,000
<u>1,685,752</u>	<u>196,871</u>	<u>6,668,636</u>
1,072,189	68,463	1,287,945
-	-	2,647,039
-	68,403	355,423
-	-	24,123
<u>(659,981)</u>	<u>155,373</u>	<u>(504,608)</u>
<u>412,208</u>	<u>292,239</u>	<u>3,809,922</u>
<u>\$ 2,097,960</u>	<u>\$ 489,110</u>	<u>\$ 10,478,558</u>

**City of Tallmadge, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2003*

**Total Governmental Funds Balances** \$ 3,809,922

***Amounts reported for governmental activities in the  
 statement of net assets are different because***

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 26,589,724

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: funds.

Delinquent Property Taxes	89,316
Special Assessments	1,098,370
Municipal Income Taxes	725,307
Intergovernmental	639,501

Total 2,552,494

Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds. (125,191)

Long-term liabilities, including compensated absences, special assessment bonds and long-term notes are not due and payable in the current period and therefore are not reported in the funds:

Compensated Absences	(787,479)
General Obligation Bonds	(5,324,000)
Special Assessment Bonds	(980,000)
Capital Leases	(13,067)
Long-Term Notes	(4,200,000)

Total (11,304,546)

Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. (87,017)

An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets. 274,440

An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities. (16,955)

***Net Assets of Governmental Activities*** **\$ 21,692,871**

See accompanying notes to the basic financial statements



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**City of Tallmadge, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
**Governmental Funds**  
*For the Year Ended December 31, 2003*

	General	Fire/EMS Levy	Street Maintenance and Repair	Bond Retirement
<b>Revenues</b>				
Property and Other Taxes	\$ 789,018	\$ 814,319	\$ -	\$ -
Municipal Income Taxes	6,914,659	-	-	-
Intergovernmental	1,345,050	104,157	543,594	-
Interest	81,676	2,798	941	70,790
Fines, Licenses and Permits	334,876	70	-	-
Special Assessments	5,606	-	-	30,000
Charges for Services	310,641	316,958	78,931	-
Miscellaneous	70,261	16,912	6,929	-
<i>Total Revenues</i>	<u>9,851,787</u>	<u>1,255,214</u>	<u>630,395</u>	<u>100,790</u>
<b>Expenditures</b>				
Current:				
General Government	2,667,992	-	-	-
Security of Persons and Property:				
Police	2,935,757	-	-	-
Street Lights	20,798	-	-	-
Fire	-	1,852,364	-	-
Public Health and Welfare	106,068	-	57,954	-
Transportation	349,014	-	1,580,827	-
Leisure Time Activities	453,197	-	196,252	-
Community Environment	378,898	-	-	-
Capital Outlay	68,050		612,352	
Debt Service:				
Principal Retirement	-	-	12,238	285,000
Interest and Fiscal Charges	-	-	1,717	355,255
<i>Total Expenditures</i>	<u>6,979,774</u>	<u>1,852,364</u>	<u>2,461,340</u>	<u>640,255</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,872,013</u>	<u>(597,150)</u>	<u>(1,830,945)</u>	<u>(539,465)</u>
<b>Other Financing Sources (Uses)</b>				
Notes Issued	-	-	-	-
Note Premium	-	-	-	17,437
Transfers In	4,601	260,000	1,534,000	525,000
Transfers Out	(2,967,750)	(94,300)	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(2,963,149)</u>	<u>165,700</u>	<u>1,534,000</u>	<u>542,437</u>
<i>Net Change in Fund Balances</i>	(91,136)	(431,450)	(296,945)	2,972
<i>Fund Balances Beginning of Year - Restated (See Note 4)</i>	<u>2,803,857</u>	<u>538,938</u>	<u>558,088</u>	<u>21,151</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,712,721</u>	<u>\$ 107,488</u>	<u>\$ 261,143</u>	<u>\$ 24,123</u>

See accompanying notes to the basic financial statements

Recreation Center	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 104,905	\$ 1,708,242
-	-	6,914,659
-	263,959	2,256,760
-	3,813	160,018
-	16,392	351,338
-	-	35,606
-	-	706,530
7,100	2,633	103,835
<u>7,100</u>	<u>391,702</u>	<u>12,236,988</u>
-	-	2,667,992
-	268,445	3,204,202
-	-	20,798
-	77,095	1,929,459
-	-	164,022
-	58,993	1,988,834
-	-	649,449
-	30,000	408,898
4,287,649	301,967	5,270,018
-	66,668	363,906
7,243	3,754	367,969
<u>4,294,892</u>	<u>806,922</u>	<u>17,035,547</u>
<u>(4,287,792)</u>	<u>(415,220)</u>	<u>(4,798,559)</u>
4,200,000	-	4,200,000
-	-	17,437
500,000	243,050	3,066,651
-	(4,601)	(3,066,651)
<u>4,700,000</u>	<u>238,449</u>	<u>4,217,437</u>
412,208	(176,771)	(581,122)
-	469,010	4,391,044
<u>\$ 412,208</u>	<u>\$ 292,239</u>	<u>\$ 3,809,922</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, 2003*

**Net Change in Fund Balances - Total Governmental Funds** (\$581,122)

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

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

Capital Asset Additions	5,349,174	
Current Year Depreciation	<u>(1,383,455)</u>	
<b>Total</b>		<b>3,965,719</b>

Governmental Funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (9,506)

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

Delinquent Property Taxes	22,502	
Municipal Income Taxes	(18,630)	
Intergovernmental	78,128	
Special Assessments	<u>82,764</u>	
<b>Total</b>		<b>164,764</b>

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 363,906

Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pension Obligation	(31,128)	
Compensated Absences	<u>(17,149)</u>	
<b>Total</b>		<b>(48,277)</b>

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (39,851)

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 155,733

Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets

Proceeds of Notes	(4,200,000)	
Premium on Notes	<u>(17,437)</u>	
<b>Total</b>		<b><u>(4,217,437)</u></b>

***Change in Net Assets of Governmental Activities*** **(\$246,071)**

See accompanying notes to the basic financial statements

**City of Tallmadge, Ohio**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**for the Year Ended December 31, 2003**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property and other Taxes	\$ 786,428	\$ 786,428	\$ 789,018	\$ 2,590
Municipal Income Taxes	6,900,000	6,900,000	6,866,532	(33,468)
Intergovernmental	1,270,020	1,216,287	1,317,377	101,090
Interest	85,502	85,502	85,502	-
Fines, licenses and permits	333,789	333,789	333,789	-
Special assessments	-	-	5,606	5,606
Charges for services	312,163	312,163	312,163	-
Miscellaneous	251,795	34,581	70,627	36,046
<b>Total Revenues</b>	<u>9,939,697</u>	<u>9,668,750</u>	<u>9,780,614</u>	<u>111,864</u>
<b>Expenditures</b>				
Current:				
General government	2,711,005	2,716,656	2,694,952	21,704
Security of persons and property				
Police	2,785,651	2,987,107	2,976,787	10,320
Public health and welfare	123,862	123,862	123,862	-
Transportation	336,386	346,386	339,594	6,792
Leisure time activities	503,935	493,360	490,221	3,139
Community environment	390,962	388,455	386,469	1,986
Capital Outlay	75,213	70,537	70,150	387
<b>Total Expenditures</b>	<u>6,927,014</u>	<u>7,126,363</u>	<u>7,082,035</u>	<u>44,328</u>
<b>Excess of Revenues Over Expenditures</b>	<u>3,012,683</u>	<u>2,542,387</u>	<u>2,698,579</u>	<u>156,192</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(3,084,735)	(3,134,735)	(2,967,750)	166,985
Advances out	-	(30,000)	(23,500)	6,500
Transfers in	-	-	4,601	4,601
<b>Total Other Financing Sources (Uses)</b>	<u>(3,084,735)</u>	<u>(3,164,735)</u>	<u>(2,986,649)</u>	<u>178,086</u>
<b>Net Change in Fund Balance</b>	(72,052)	(622,348)	(288,070)	334,278
Fund Balance at Beginning of Year	1,953,156	1,953,156	1,953,156	-
Prior year encumbrances appropriated	160,553	160,553	160,553	-
<b>Fund Balance at End of Year</b>	<u>\$ 2,041,657</u>	<u>\$ 1,491,361</u>	<u>\$ 1,825,639</u>	<u>\$ 334,278</u>

See accompanying notes to the basic financial statements

**City of Tallmadge, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Fire/EMS Levy Fund*  
*for the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$ 1,039,452	\$ 1,039,452	\$ 1,024,314	\$ (15,138)
Intergovernmental	115,102	115,102	116,882	1,780
Interest	5,000	5,000	2,697	(2,303)
Fines, licenses and permits	-		70	70
Charges for services	270,000	270,000	310,664	40,664
Miscellaneous	18,761	18,761	16,912	(1,849)
<b>Total Revenues</b>	<b>1,448,315</b>	<b>1,448,315</b>	<b>1,471,539</b>	<b>23,224</b>
<b>Expenditures</b>				
Current:				
Security of persons and property:				
Fire	1,831,590	1,834,072	1,833,612	460
<b>Excess of Revenues Under Expenditures</b>	<b>(383,275)</b>	<b>(385,757)</b>	<b>(362,073)</b>	<b>23,684</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	350,000	350,000	260,000	(90,000)
Transfers out	(94,300)	(94,300)	(94,300)	-
<b>Total Other Financing Sources (Uses)</b>	<b>255,700</b>	<b>255,700</b>	<b>165,700</b>	<b>(90,000)</b>
<b>Net Change in Fund Balance</b>	<b>(127,575)</b>	<b>(130,057)</b>	<b>(196,373)</b>	<b>(66,316)</b>
Fund Balance at Beginning of Year	277,339	277,339	277,339	-
Prior year encumbrances appropriated	40,590	40,590	40,590	-
<b>Fund Balance at End of Year</b>	<b>\$ 190,354</b>	<b>\$ 187,872</b>	<b>\$ 121,556</b>	<b>\$ (66,316)</b>

See accompanying notes to the basic financial statements

**City of Tallmadge, Ohio**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Street Maintenance and Repair Fund**  
**for the Year Ended December 31, 2003**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$ 540,000	\$ 552,000	\$ 569,485	\$ 17,485
Interest	1,000	1,000	907	(93)
Charges for services	79,800	79,800	78,931	(869)
Miscellaneous	500	500	6,929	6,429
<b>Total Revenues</b>	<u>621,300</u>	<u>633,300</u>	<u>656,252</u>	<u>22,952</u>
<b>Expenditures</b>				
Current:				
Public health and welfare	64,700	64,700	57,739	6,961
Transportation	1,464,813	1,600,793	1,590,976	9,817
Storm water management	50,000	50,000	47,276	2,724
Leisure time activities	221,885	221,700	197,441	24,259
Capital outlay	658,043	661,234	658,955	2,279
Debt Service:				
Principal	12,238	12,238	12,238	-
Interest	1,717	1,717	1,717	-
<b>Total Expenditures</b>	<u>2,473,396</u>	<u>2,612,382</u>	<u>2,566,342</u>	<u>46,040</u>
<b>Excess of Revenues Under Expenditures</b>	(1,852,096)	(1,979,082)	(1,910,090)	68,992
<b>Other Financing Sources</b>				
Transfers in	1,525,000	1,575,000	1,534,000	(41,000)
<b>Net Change in Fund Balance</b>	(327,096)	(404,082)	(376,090)	27,992
Fund Balance at Beginning of Year	303,437	303,437	303,437	-
Prior year encumbrances appropriated	153,607	153,607	153,607	-
<b>Fund Balance at End of Year</b>	<u>\$ 129,948</u>	<u>\$ 52,962</u>	<u>\$ 80,954</u>	<u>\$ 27,992</u>

See accompanying notes to the basic financial statements

**City of Tallmadge, Ohio**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**December 31, 2003**

	Business-Type Activities			Governmental Activities- Internal Service Fund
	Sewer Operating	Water Operating	Total	
<b>Assets</b>				
<i>Current Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$ 3,732,252	\$ 1,677,953	\$ 5,410,205	\$ 357,286
Materials and Supplies Inventory	31,934	31,934	63,868	-
Accounts Receivable	636,276	377,185	1,013,461	-
Special Assessments Receivable	626,983	976,016	1,602,999	-
<i>Total Current Assets</i>	<u>5,027,445</u>	<u>3,063,088</u>	<u>8,090,533</u>	<u>357,286</u>
<i>Noncurrent Assets</i>				
Non-Depreciable Capital Assets, Net	93,612	93,612	187,224	-
Depreciable Capital Assets, Net	4,903,296	5,351,155	10,254,451	-
<i>Total Assets</i>	<u>10,024,353</u>	<u>8,507,855</u>	<u>18,532,208</u>	<u>357,286</u>
<b>Liabilities</b>				
<i>Current Liabilities</i>				
Accounts Payable	20,702	235,865	256,567	-
Accrued Wages	7,371	6,275	13,646	-
Compensated Absences Payable	4,594	4,594	9,188	-
Intergovernmental Payable	358,560	6,853	365,413	-
Accrued Interest Payable	2,448	3,220	5,668	-
Claims Payable	-	-	-	82,846
Capital Leases Payable	13,068	-	13,068	-
Special Assessment Bonds Payable	37,000	103,000	140,000	-
<i>Total Current Liabilities</i>	<u>443,743</u>	<u>359,807</u>	<u>803,550</u>	<u>82,846</u>
<i>Long-Term Liabilities</i>				
Compensated Absences	23,110	23,110	46,220	-
Special Assessment Bonds Payable	451,338	694,662	1,146,000	-
<i>Total Long-Term Liabilities</i>	<u>474,448</u>	<u>717,772</u>	<u>1,192,220</u>	<u>-</u>
<i>Total Liabilities</i>	<u>918,191</u>	<u>1,077,579</u>	<u>1,995,770</u>	<u>82,846</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	4,495,502	4,647,105	9,142,607	-
Unrestricted	4,610,660	2,783,171	7,393,831	274,440
<i>Total Net Assets</i>	<u>\$ 9,106,162</u>	<u>\$ 7,430,276</u>	<u>16,536,438</u>	<u>\$ 274,440</u>

Net assets reported for business-type activities in the statement of net assets is different because their share of internal service fund assets and liabilities is included.

	16,955
Net assets of business-type activities	\$ 16,553,393

See accompanying notes to the basic financial statements



**City of Tallmadge, Ohio**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2003**

	Business-Type Activities			Governmental Activities- Internal Service Fund
	Sewer Operating	Water Operating	Total	
<b>Operating Revenues</b>				
Charges for Services	\$ 2,207,559	\$ 1,544,119	\$3,751,678	\$ 1,298,114
Other	5,624	6,355	11,979	125,586
<i>Total Operating Revenues</i>	2,213,183	1,550,474	3,763,657	1,423,700
<b>Operating Expenses</b>				
Personal Services	288,171	262,546	550,717	-
Contractual Services	1,622,812	1,031,734	2,654,546	499,664
Materials and Supplies	132,107	114,262	246,369	-
Depreciation	193,936	282,519	476,455	-
Other	64,109	31,896	96,005	-
Claims	-	-	-	758,048
<i>Total Operating Expenses</i>	2,301,135	1,722,957	4,024,092	1,257,712
<i>Operating Income (Loss)</i>	(87,952)	(172,483)	(260,435)	165,988
<b>Non-Operating Revenues (Expenses)</b>				
Interest	43,842	21,112	64,954	-
Loss on Disposal of Capital Assets	(1,900)	-	(1,900)	-
Capital Grants	178,209	111,780	289,989	-
Interest and Fiscal Charges	(33,304)	(39,588)	(72,892)	-
<i>Total Non-Operating Revenues (Expenses)</i>	186,847	93,304	280,151	-
<i>Change in Net Assets</i>	98,895	(79,179)	19,716	165,988
<i>Net Assets Beginning of Year</i> <i>Restated (See Note 4)</i>	9,007,267	7,509,455		108,452
<i>Net Assets End of Year</i>	\$ 9,106,162	\$ 7,430,276		\$ 274,440

Some amounts reported for business-type activities in the statement of activities are different because their share of the change in internal service fund assets and liabilities is included.

10,255

Change in net assets of business-type activities

\$ 29,971

See accompanying notes to the basic financial statements

**City of Tallmadge, Ohio**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2003**

	Business-Type Activities			Governmental Activities- Internal Service Fund
	Sewer Operating	Water Operating	Totals	
<b><i>Increase (Decrease) in</i></b>				
<b><i>Cash and Cash Equivalents</i></b>				
<b>Cash Flows From Operating Activities</b>				
Cash Received From Customers	\$ 2,240,090	\$ 1,620,500	\$ 3,860,590	\$ -
Cash Received From Interfund Services Provided	-	-	-	1,298,114
Cash Payments to Suppliers for				
Materials and Supplies	(124,610)	(105,214)	(229,824)	-
Cash Payments for Employee Services and Benefits	(282,037)	(258,281)	(540,318)	-
Cash Payments for Contractual Services	(1,561,756)	(1,044,348)	(2,606,104)	(499,664)
Cash Payment for Claims	-	-	-	(728,109)
Other Operating Revenues	5,624	6,355	11,979	125,586
Other Operating Expenses	(64,109)	(31,896)	(96,005)	-
<b><i>Net Cash Provided by Operating Activities</i></b>	<b>213,202</b>	<b>187,116</b>	<b>400,318</b>	<b>195,927</b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	(911,328)	(320,335)	(1,231,663)	-
Special Assessments	41,193	226,035	267,228	-
Capital Grants	178,209	-	178,209	-
Interest Paid on Special Assessment Bonds	(31,805)	(39,657)	(71,462)	-
Interest Paid on Capital Leases	(1,717)	-	(1,717)	-
Principal Paid on Special Assessment Bonds	(32,000)	(133,000)	(165,000)	-
Principal Paid on Capital Leases	(12,238)	-	(12,238)	-
<b><i>Net Cash Used for Capital and Related Financing Activities</i></b>	<b>(769,686)</b>	<b>(266,957)</b>	<b>(1,036,643)</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>				
Interest	46,492	22,125	68,617	-
<b><i>Net Increase (Decrease) in Cash and Cash Equivalents</i></b>	<b>(509,992)</b>	<b>(57,716)</b>	<b>(567,708)</b>	<b>195,927</b>
<b><i>Cash and Cash Equivalents Beginning of Year</i></b>	<b>4,242,244</b>	<b>1,735,669</b>	<b>5,977,913</b>	<b>161,359</b>
<b><i>Cash and Cash Equivalents End of Year</i></b>	<b>\$ 3,732,252</b>	<b>\$ 1,677,953</b>	<b>\$ 5,410,205</b>	<b>\$ 357,286</b>

(continued)

**City of Tallmadge, Ohio**  
**Statement of Cash Flows**  
*Proprietary Funds (continued)*  
For the Year Ended December 31, 2003

	<u>Business-Type Activities</u>			Governmental Activities- Internal Service Fund
	<u>Sewer Operating</u>	<u>Water Operating</u>	<u>Totals</u>	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
<i>Operating Income (Loss)</i>	\$ (87,952)	\$ (172,483)	\$ (260,435)	\$ 165,988
<i>Adjustments:</i>				
Depreciation	193,936	282,519	476,455	-
(Increase) Decrease in Assets:				
Accounts Receivable	32,531	76,382	108,913	-
Materials and Supplies Inventory	7,274	7,274	14,548	-
Increase (Decrease) in Liabilities:				
Accounts Payable	(290,055)	(10,840)	(300,895)	-
Accrued Wages	2,587	1,241	3,828	-
Claims Payable	-	-	-	29,939
Compensated Absences Payable	(1,520)	(1,520)	(3,040)	-
Intergovernmental Payable	356,401	4,543	360,944	-
<i>Total Adjustments</i>	<u>301,154</u>	<u>359,599</u>	<u>660,753</u>	<u>29,939</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 213,202</u>	<u>\$ 187,116</u>	<u>\$ 400,318</u>	<u>\$ 195,927</u>

See accompanying notes to the basic financial statements

**City of Tallmadge, Ohio**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*December 31, 2003*

	Private Purpose Trust	
	Endowment	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$37,776	\$252,673
<b>Liabilities</b>		
Deposits Held and Due to Others	-	\$252,673
<b>Net Assets</b>		
Held in Trust for Indigents and the Needy	\$37,776	

See accompanying notes to the basic financial statements

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**City of Tallmadge, Ohio**  
*Statement of Changes in Fiduciary Net Assets*  
*Private Purpose Trust Fund*  
*For the Year Ended December 31, 2003*

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	<u>Endowment</u>
<b>Additions</b>	
Interest	\$ 472
<b>Deductions</b>	
Expenses per Trust Agreement	<u>2,799</u>
<i>Change in Net Assets</i>	(2,327)
<i>Net Assets Beginning of Year</i>	<u>40,103</u>
<i>Net Assets End of Year</i>	<u><u>\$ 37,776</u></u>

See accompanying notes to the basic financial statements

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**City of Tallmadge, Ohio**  
***Notes to the Basic Financial Statements***  
***For the Year Ended December 31, 2003***

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**Note 1 – Description of the City and Reporting Entity**

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, Treasurer and Law Director are elected.

***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 and sewer 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 Ohio Association of Rural Water and Wastewater Systems Workers’ Compensation Group Rating Plan, an insurance purchasing pool. This organization is presented in Note 19 of the Basic Financial Statements.

The City participates in the Akron Metropolitan Area Transportation Study, an organization that is responsible for fulfilling the area’s comprehensive transportation planning process. This jointly governed organization is presented in Note 20 of the Basic Financial Statements.

**Note 2 – Summary of Significant Accounting Policies**

The financial statements of the City of Tallmadge have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict or contradict GASB pronouncements. The entity has elected not to apply FASB pronouncements and Interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The most significant of the City’s accounting policies are described below.

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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**A. Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a statement of net assets 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 assets 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 activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net assets 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 of 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. 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 governmental program or business activity 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 proprietary 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**B. 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. The City's funds are classified as governmental, proprietary or fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions 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:

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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**General Fund** The general fund accounts for all financial resources except those required to be accounted for 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 of Tallmadge and/or the general laws of Ohio.

**Fire/EMS Levy Fund** The fire/emergency medical service levy fund accounts for property tax collections received through a (5) five year 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 and staff.

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

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

**Recreation Center Fund** The recreation center fund is used to account for revenue and expenditures related to the construction of the new recreation facility.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

**Proprietary Funds** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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

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

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

**Internal Service Fund** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City's only internal service fund accounts for a self-insurance program for employee medical and dental benefits.



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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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

**C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

**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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for using 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 fund net assets. The statement of revenues, expenses and changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how City finances and meets the cash flow needs of its proprietary activities.

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

**D. 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; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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**Revenues – Exchange and Nonexchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current 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. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, and grants.

**Deferred Revenue** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2003 but which were levied to finance year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**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.

**E. Cash and Cash Equivalents**

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

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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During fiscal year 2003, investments were limited to STAROhio, Federal Home Loan Mortgage Corporation Bonds, Federal National Mortgage Association Bonds, Federal Home Loan Bank Bonds, and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold at December 31, 2003.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2003 amounted to \$81,676 which includes \$43,929 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.

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2003, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed. The City had no material prepaid items as of December 31, 2003.

***G. Materials and Supplies Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies.

***H. 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 assets 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 assets and in the respective funds.

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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

All capital assets are depreciated except for land 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
Equipment	3-25
Infrastructure	25-40

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

***I. 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 statement of net assets, except for the net residual amounts due between governmental and business-type activities columns of the statement of net assets, which are presented as internal balances.

***J. Compensated Absences***

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

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

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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***K. 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 funds 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, compensated absences, and contractually required pension contributions 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.

***L. Fund Balance Reserve***

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditures. As a result, encumbrances are recorded as a reservation of fund balance.

***M. Net Assets***

Net Assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City 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 assets are available.

***N. 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 self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the funds. All revenues and expenses not meeting these definitions are reported as non-operating.

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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***O. Interfund Activity***

Exchange transactions between funds are reported as revenue 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 expenditure/expenses to the funds that initially paid for them are not presented on the financial statements.

***P. 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.

***Q. Estimates***

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

***R. Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the program level within the general fund and at the fund level for all other funds. Capital items such as capital equipment are budgeted on a line item basis as specified by City Council legislatively. The Finance Director may transfer appropriations within each fund and within each general fund program as long as the totals are not exceeded.

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 when the original appropriations were adopted. 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.

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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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.

**Note 3 – Accountability**

The community development special revenue fund had a deficit fund balance of \$23,430 as of December 31, 2003. The deficit resulted from adjustments for accrued liabilities. The general fund is liable for any deficit and provides operating transfers when cash is required, not when accruals occur.

**Note 4 – Change in Accounting Principles and Restatement of Fund Equity**

**Changes in Accounting Principles** For 2003, The City has implemented GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”, GASB Statement No. 37, “Basic Financial Statements for State and Local Governments: Omnibus”, GASB Statement No. 38, “Certain Financial Statement Note Disclosures” and GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.”

GASB Statement No. 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City’s programs between governmental and business-type activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2002, caused by the elimination of the internal service fund and the conversion to the accrual basis of accounting.

GASB Statement No.37 clarifies certain provisions of Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

**Restatement of Fund Balance/Fund Equity** The new standards for reporting fund obligations for compensated absences in Interpretation 6 caused changes in previously reported fund balances as did fund reclassifications. These restatements had the following effects on fund balance of the major and nonmajor funds of the City as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

	General	Fire EMS Levy	Street Maintenance and Repair	Bond Retirement	Nonmajor	Total
Fund Balances, December 31, 2002	\$ 2,589,426	468,579	510,447	21,151	572,030	\$ 4,161,633
Restatements:						
Fund Reclassifications	0	0	0	0	(163,282)	(163,282)
Overstatement Pension Obligations	0	33,801	0	0	60,262	94,063
Interpretation No. 6						
Compensated Absences Payable	214,431	36,558	47,641	0	0	298,630
Restated Fund Balances						
December 31, 2002	<u>\$ 2,803,857</u>	<u>\$ 538,938</u>	<u>\$ 558,088</u>	<u>\$ 21,151</u>	<u>\$ 469,010</u>	4,391,044
GASB 34 Adjustments:						
Capital Assets						22,633,511
Pension Obligations						(94,063)
Long-Term Liabilities:						
Compensated Absences Payable						(770,330)
Capital Leases						(91,973)
Accrued Interest Payable						(29,729)
Special Assessments Payable						(1,010,000)
General Obligation Bonds Payable						(5,579,000)
Long-Term (Deferred) Assets						2,387,730
Internal Service Fund						108,452
Internal Service Balance						(6,700)
Governmental Activities Net Assets, December 31, 2002						<u>\$ 21,938,942</u>

The fund reclassifications of \$159,012 in sanitary sewer operating and \$11,456 in capital assets are due to a prior year capital projects fund being reclassified and reported with the sewer operating fund. The capital lease of \$25,306 was also reclassified from the street maintenance and repair special revenue fund.

	Sewer Operating	Water Operating	Business-Type Activities
Fund Equity, December 31, 2002	\$ 8,862,105	\$ 7,509,455	\$ 16,371,560
Fund Reclassification	159,012	0	159,012
Capital Assets	11,456	0	11,456
Understated Capital Leases	<u>(25,306)</u>	<u>0</u>	<u>(25,306)</u>
Internal Service			<u>6,700</u>
Adjusted Net Assets, December 31, 2002	<u>\$ 9,007,267</u>	<u>\$ 7,509,455</u>	<u>\$ 16,523,422</u>



**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

**Note 5 – Budgetary Basis of Accounting**

While the City is 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 transactions on a basis of cash receipts, disbursements and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual presented for the general fund and the Fire/EMS Levy, and the Street Maintenance and Repair major special revenue funds are presented on the budgetary basis to provide meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Investments are reported at cost (budget) rather than fair value (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general and major special revenue funds.

Net Change in Fund Balance

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>
GAAP Basis	\$ (91,136)	\$ (431,450)	\$ (296,945)
Adjustment for Revenue Accruals	(62,101)	216,609	25,953
Beginning Fair Value Adjustment for Investments	(828)	(24)	(8)
Unrecorded Cash	(1,746)	(55)	(19)
Adjustment for Expenditure Accruals	45,992	22,408	638
Ending Fair Value Adjustment for Investments	(6,498)	(205)	(69)
Advances Out	(23,500)	0	0
Encumbrances	<u>(148,253)</u>	<u>(3,656)</u>	<u>(105,640)</u>
Budget Basis	<u>\$ (288,070)</u>	<u>\$ (196,373)</u>	<u>\$ (376,090)</u>

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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**Note 6 – 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 of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

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

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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investments in securities described in this division are made only through eligible institutions:  
and,

6. The State Treasurer's investment pool (STAROhio).

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 and other political subdivision of Ohio, as to which there is no default of principal, interest or coupons.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature with five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the exception 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 treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

**Deposits** At year-end the carrying amount of City's deposits was (\$39,072) and the bank balance was \$4,606. The entire bank balance was covered by federal depository insurance.

**Investments** The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent by not in the City's name. StarOhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
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	Category 1	Category 3	Carrying and Fair Value
Repurchase Agreements	\$ 0	\$ 3,320,720	\$ 3,320,720
Federal Home Loan Mortgage Corporation Bonds	2,000,048	0	2,000,048
Federal National Mortgage Association Bonds	2,498,818	0	2,498,818
Federal Home Loan Bank Bonds	497,097	0	497,097
StarOhio	0	0	2,521,186
	<u>\$ 4,995,963</u>	<u>\$ 3,320,720</u>	<u>\$ 10,837,869</u>

The classification of cash and cash equivalents, and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined to include investments with original maturities of three months or less and cash and investments of the cash management pool.

Reconciliation between the classification of cash and investments on the financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$ 10,798,797	\$ 0
Repurchase Agreements	(3,320,720)	3,320,720
Federal Home Loan Mortgage Corporation Bonds	(2,000,048)	2,000,048
Federal National Mortgage Association Bonds	(2,498,818)	2,498,818
Federal Home Loan Bank Bonds	(497,097)	497,097
STAROhio	<u>(2,521,186)</u>	<u>2,521,186</u>
GASB Statement 3	<u>\$ (39,072)</u>	<u>\$ 10,837,869</u>

**Note 7 – Receivables**

Receivables at December 31, 2003, consisted primarily of municipal incomes taxes, property and other taxes, special assessments, accounts, interest and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full.

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

Special assessments expected to be collected in more than one year amount to \$945,000 in the bond retirement fund. The City had no material outstanding delinquencies at December 31, 2003.

**A. Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2003 for real and public utility property taxes

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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represents collections of 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) are for 2003 taxes.

2003 real property taxes are levied after October 1, 2003, on the assessed value as of January 1, 2003, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2003 real property taxes are collected in and intended to finance 2004.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2003 public utility property taxes which became a lien December 31, 2002, are levied after October 1, 2003 and collected in 2004 real property taxes.

2003 tangible personal property taxes are levied after October 1, 2002 on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

The tax full rate for all City operations for the year ended December 31, 2003, was \$6.15 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based are as follows:

Real Property	\$ 349,905,870
Public Utility Property	7,515,390
Tangible Personal Property	<u>42,178,937</u>
Total	<u>\$ 399,600,197</u>

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 January 20, the remainder payable by June 20. State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Fiscal Officer collects property taxes on behalf of all taxing districts within 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 and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2003 and for which there is an enforceable legal claim. In the general fund, fire/ems levy and police pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2003 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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**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 increase in the income tax rate would require voter approval. The City, by ordinance, designates the income tax for capital outlay, leisure time activities and general governmental operations for programs within the general fund.

**C. Intergovernmental Receivables**

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Local Government	\$ 453,709
Homestead and Rollback	107,001
Inheritance Tax	38,360
Public Utility Reimbursements	7,976
Property Tax Exemption	13,336
Community Development Grant	30,000
Auto License Tax	72,628
Gas Tax	223,964
Municipal Cents per Gallon Tax	31,604
Total	<u>\$ 978,578</u>

**Note 8 – 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 2003, the City contracted with Selective Insurance of South Carolina for general liability, automobile, firefighters errors and omissions, and police and professional liability. Selective Insurance also covers buildings and contents and boiler and machinery. The City carries a \$2,000,000 general liability with \$1,000,000 occurrence and a \$1,000,000 automobile liability and a \$10,000,000 umbrella liability extending coverage on the general, automobile, police professional liability, firefighter's errors and omissions and public official's liability. Western Surety Company insures performance bonds for all necessary officials and Old Republic/Century Surety covers other employees.

Settled claims have not exceeded this commercial coverage in any of the past three years.

**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

The City participates in the Ohio Association of Rural Water and Wastewater Systems Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 19). The intent of GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This equity pooling arrangement insures that each participant shares equally in the overall performance of the GRP. Participating in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost controls, and actuarial services to the GRP.

The City has elected to provide employee comprehensive medical and dental benefits through a self-insurance program. The City maintains a self-insurance fund to account for and finance its uninsured risks for loss in this program. The plan provides a comprehensive medical plan with no deductibles. The City uses a third party administrator to review, process, and pay all claims, on behalf of the City.

The City purchases stop-loss coverage for claims in excess of \$50,000 per employee per year and an aggregate of \$1,000,000. The City pays into the self-insurance internal service fund \$1,234.52 per family coverage or \$480.41 for individual coverage per employee per month which represents the entire premium required. This premium is paid by the fund that pays the salary of the employee and is based on historical cost information.

The claims liability of \$82,846 reported in the Internal Service fund at December 31, 2003 is estimated by a third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amounts in 2002 and 2003 are:

	Balance at Beginning of Year	Current Claims	Claims Payment	Balance at End of Year
2002	\$ 97,322	\$ 963,330	\$ 1,007,745	\$ 52,907
2003	52,907	758,048	728,109	82,846

**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

**Note 9 – Capital Assets**

Capital asset activity for the year ended December 31, 2003, was as follows:

	Adjusted Balance 12/31/02	Additions	Deductions	Balance 12/31/03
<b>Governmental Activities</b>				
Capital Assets, not being depreciated				
Land	\$ 2,600,301	\$ 250,400	\$ 0	\$ 2,850,701
Construction in Progress	<u>208,523</u>	<u>4,488,702</u>	<u>(208,523)</u>	<u>4,488,702</u>
<i>Total Capital Assets, not being depreciated</i>	<u>2,808,824</u>	<u>4,739,102</u>	<u>(208,523)</u>	<u>7,339,403</u>
Capital Assets, being depreciated				
Buildings and Improvements	7,934,197	23,899	0	7,958,096
Equipment	6,599,936	200,135	(154,428)	6,645,643
Infrastructure				
Streets Subsystem	16,645,150	548,197	0	17,193,347
Storm Sewers Subsystem	<u>2,453,711</u>	<u>46,364</u>	<u>0</u>	<u>2,500,075</u>
<i>Total Capital Assets, being depreciated</i>	<u>33,632,994</u>	<u>818,595</u>	<u>(154,428)</u>	<u>34,297,161</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(3,324,659)	(288,004)	0	(3,612,663)
Equipment	(4,284,409)	(448,487)	144,922	(4,587,974)
Infrastructure				
Streets Subsystem	(5,792,937)	(564,399)	0	(6,357,336)
Storm Sewers Subsystem	<u>(406,302)</u>	<u>(82,565)</u>	<u>0</u>	<u>(488,867)</u>
<i>Total Accumulated Depreciation</i>	<u>(13,808,307)</u>	<u>(1,383,455) *</u>	<u>144,922</u>	<u>(15,046,840)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>19,824,687</u>	<u>(564,860)</u>	<u>(9,506)</u>	<u>19,250,321</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 22,633,511</u>	<u>\$ 4,174,242</u>	<u>\$ (218,029)</u>	<u>\$ 26,589,724</u>



**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
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	Adjusted Balance 12/31/02	Additions	Deductions	Balance 12/31/03
<b>Business-Type Activities</b>				
Capital Assets, not being depreciated				
Land	\$ 176,049	\$ 0	\$ 0	\$ 176,049
Construction in Progress	12,007	11,175	(12,007)	11,175
<i>Total Capital Assets, not being depreciated</i>	<u>188,056</u>	<u>11,175</u>	<u>(12,007)</u>	<u>187,224</u>
Capital Assets, being depreciated				
Buildings and Improvements	1,404,561	60,000	0	1,464,561
Equipment	859,865	218,932	(24,073)	1,054,724
Infrastructure				
Water Lines	7,712,888	299,403	0	8,012,291
Sewer Lines	6,910,567	654,160	0	7,564,727
<i>Total Capital Assets, being depreciated</i>	<u>16,887,881</u>	<u>1,232,495</u>	<u>(24,073)</u>	<u>18,096,303</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,002,126)	(90,365)	0	(1,092,491)
Equipment	(586,638)	(57,798)	22,173	(622,263)
Infrastructure				
Water Lines	(2,799,656)	(174,693)	0	(2,974,349)
Sewer Lines	(2,999,150)	(153,599)	0	(3,152,749)
<i>Total Accumulated Depreciation</i>	<u>(7,387,570)</u>	<u>(476,455)</u>	<u>22,173</u>	<u>(7,841,852)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>9,500,311</u>	<u>756,040</u>	<u>(1,900)</u>	<u>10,254,451</u>
<i>Business-Type Activities Capital Assets, Net</i>	<u>\$ 9,688,367</u>	<u>\$ 767,215</u>	<u>\$ (13,907)</u>	<u>\$ 10,441,675</u>

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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\*Depreciation expense was charged to governmental activities as follows:

General Government	\$	347,278
Security of Persons and Property		
Police		132,568
Fire		108,560
Public Health and Welfare		1,561
Transportation		734,411
Community Environment		462
Leisure Time Activities		58,615
		<hr/>
Total Depreciation Expense	\$	<u>1,383,455</u>

**Note 10 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705.

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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For the year ended December 31, 2003, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2003 was 8.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 11.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 respectively were \$327,404, \$307,705, and \$320,296, respectively; 92.36 percent has been contributed for 2003 and 100 percent for 2002 and 2001. Contributions to the member-directed plan for 2003 were \$61 made by the City and \$38 made by the plan members.

***B. Ohio Police and Fire Pension Fund***

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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 for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for the police and firefighters were \$170,344 and \$105,097 for the year ended December 31, 2003, \$156,562 and \$99,551 for the year ended December 31, 2002, and \$160,949 and \$98,677 for the year ended December 31, 2001. The full amount has been contributed for 2002 and 2001. 76 percent for police and 77 percent for firefighters has been contributed for 2003 with the remainder being reported as a liability.

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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**Note 11 – Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System of Ohio (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$191,462. The actual contribution and the actuarially required contribution amounts are the same. OPERS net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to postemployment health care program during 2003. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2003 that were used to fund postemployment benefits were \$112,151 for police and \$50,142 for firefighters. The OP&F's total health care expenses for the year ended December 31, 2002, (the latest information available) were \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for police and 10,396 for firefighters.

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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**Note 12 – Other Postemployment Benefits**

**A. Compensated Absences**

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

Vacation leave is earned at rates which vary depending upon length of service. Current policy credits vacation leave on January 1 of each year for all full time employees. Vacation accumulation may not exceed two weeks accrual at year end. Any unused excess is eliminated from the employee's leave balance. In case of death, termination, lay-off, or retirement, an employee (or his estate) is paid for his unused vacation to a maximum of two weeks carry-over of previous year plus any current year accrual which depends on time of year plus number of years service.

Sick leave is accumulated at the rate of .0575 hours per hour of service. Upon termination, an employee with at least 7 years of service may receive up to 50 percent of their accumulated sick leave not to exceed a maximum of 150 days. Termination payments are calculated using the rate of pay at the date of termination.

**B. Life Insurance**

The City provides life insurance to its employees through Standard Life Insurance Company of Oregon.

**Note 13 – 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 is 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, 2003.

**B. Litigation**

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

**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

**Note 14 – Interfund Activity**

**A. Interfund Receivables and Payables**

Interfund balances at December 31, 2003 consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
General	\$ 23,500	\$ 0
Nonmajor Funds		
Special Revenue Fund:		
Community Development	<u>0</u>	<u>23,500</u>
Total	<u>\$ 23,500</u>	<u>\$ 23,500</u>

The General Fund advanced \$23,500 to the Community Development Fund. This will be repaid by a Community Development Block Grant in 2004.

**B. Interfund Transfers**

The general fund transferred \$500,000 to the recreation center fund to pay a portion of the construction costs. The remaining transfers are general operating transfers. These transfers consist of \$260,000 to fire/ems levy fund, \$1,534,000 to street maintenance and repair fund, \$525,000 to bond retirement fund, \$104,300 to fire/ems capital fund and \$138,750 to the police pension fund. The \$4,061 was a transfer from Eastwood/South Avenue street improvement fund to the general fund upon project completion. The \$94,300 represents the monthly transfer of 7% of levy revenue for capital outlay.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds		
General Fund	\$ 4,601	\$ 2,967,750
Fire/EMS Levy Fund	260,000	94,300
Street Maintenance and Repair Fund	1,534,000	0
Bond Retirement Fund	525,000	0
Recreation Center Fund	500,000	0
Total Major Funds	<u>2,823,601</u>	<u>3,062,050</u>
Nonmajor Funds		
Fire/EMS Capital Fund	104,300	0
Eastwood/South Avenue	0	4,601
Police Pension Fund	138,750	0
Total Nonmajor Funds	<u>243,050</u>	<u>4,601</u>
Total	<u>\$ 3,066,651</u>	<u>\$ 3,066,651</u>

**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

**Note 15 – Note Payable**

A summary of the note transactions for the year ended December 31, 2003 follows:

	<u>Balance 12/31/2002</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/2003</u>
Recreation Center Improvement Note - 1.75%	\$ 0	\$ 500,000	\$ 0	\$ 500,000

The note is backed by the full faith and credit of the City and matures within one year. The note was issued to fund the building of a recreation center. The note liability is reflected in the recreation center fund which received the proceeds. The note was issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued.

**Note 16 – Long-Term Obligations**

The original issue date, interest rate, original issue amount and date of maturity of each of the City's bonds and loans follows:

<b>Special Assessment Bonds</b>			
1993 Northeast/Martindale Water	4.410%	\$ 395,000	12/1/2003
1992 Southwest Sanitary Sewer and Water	6.390%	493,000	6/1/2012
1996 Northwest Quad Sanitary Sewer	5.862%	450,000	12/1/2016
1998 Ernest Waterline	4.560%	285,000	12/1/2008
2001 Elm/Ferguson Waterline	4.725%	425,000	12/1/2011
2001 Parker/Milton Waterline	4.725%	250,000	12/1/2011
2000 West Avenue Street Improvement	6.000%	1,070,000	12/1/2020
<b>General Obligation Bonds</b>			
1992 Tallmadge Woods	6.390%	852,000	6/1/2012
1995 Concrete Streets	6.540%	1,250,000	12/1/2015
1998 Storm Water Improvement	5.120%	2,400,000	12/1/2018
2001 City Building Improvement	4.725%	2,270,000	12/1/2021
<b>Recreation Center Improvement Note</b>			
2003 Recreation Center Note	1.750%	4,700,000	3/17/2004



**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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

	Balance 12/31/2002	Issued	Retired	Balance 12/31/2003	Amounts Due In One Year
<b>Business-Type Activities</b>					
Special Assessment Bonds					
1993 Northeast/Martindale Water	\$ 40,000	\$ 0	\$ 40,000	\$ 0	\$ 0
1992 Southwest Sanitary Sewer and Water	241,000	0	25,000	216,000	25,000
1996 Northwest Quad Sanitary Sewer	360,000	0	15,000	345,000	20,000
1998 Ernest Waterline	185,000	0	25,000	160,000	30,000
2001 Elm/Ferguson Waterline	395,000	0	40,000	355,000	40,000
2001 Parker/Milton Waterline	230,000	0	20,000	210,000	25,000
<b>Total Special Assessment Bonds</b>	<b>1,451,000</b>	<b>0</b>	<b>165,000</b>	<b>1,286,000</b>	<b>140,000</b>
Capital Lease	25,306	0	12,238	13,068	13,068
Compensated Absences	58,448	0	3,040	55,408	9,188
<b>Total Business-Type Activities</b>	<b>\$ 1,534,754</b>	<b>\$ 0</b>	<b>\$ 180,278</b>	<b>\$ 1,354,476</b>	<b>\$ 162,256</b>
<b>Governmental Activities</b>					
General Obligation Bonds					
1992 Tallmadge Woods	\$ 409,000	\$ 0	\$ 40,000	\$ 369,000	\$ 40,000
1995 Concrete Streets	965,000	0	50,000	915,000	55,000
1998 Storm Water Improvement	2,080,000	0	90,000	1,990,000	95,000
2001 City Building Improvement	2,125,000	0	75,000	2,050,000	75,000
<b>Total General Obligation Bonds</b>	<b>5,579,000</b>	<b>0</b>	<b>255,000</b>	<b>5,324,000</b>	<b>265,000</b>
Special Assessment Bonds:					
2000 West Avenue Street Improvement	1,010,000	0	30,000	980,000	35,000
Recreation Center Improvement Note	0	4,200,000	0	4,200,000	0
Capital Lease	91,973	0	78,906	13,067	13,067
Compensated Absences	770,330	33,554	16,405	787,479	154,263
<b>Total Governmental Activities</b>	<b>\$ 7,451,303</b>	<b>\$ 4,233,554</b>	<b>\$ 380,311</b>	<b>\$ 11,304,546</b>	<b>\$ 467,330</b>

Under business-type activities Northeast/Martindale, Ernest Waterline, Elm/Ferguson Waterline and Parker/Milton Waterline are all petitioned waterline improvement projects. These projects are paid by assessments over a ten year period and will be paid from the water operating fund.

Southwest Sanitary Sewer and Water is a petitioned sewer and water project which was assessed over a twenty year period. This will be paid from the water and sewer operating funds.

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

**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

Under governmental activities Tallmadge Woods, Concrete Streets, Storm Water Improvement and City Building Improvement are twenty year general obligations bonds. These bonds are backed by the full faith and credit of the City and are paid from the bond retirement fund.

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

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

Capital leases consist of the purchase of a street sweeper which is paid from street maintenance and repair fund and the sewer operating fund and a fire engine pumper which is paid from the fire/ems capital fund.

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

Bond anticipation notes that are refinanced prior to the issuance of the basic financial statements and have a maturity date more than 12 months subsequent to the end of the year are reported in the long-term liabilities and will be paid from the recreation center capital projects fund. This note is backed by the full faith of the City of Tallmadge. (See Note 21)

As of December 31, 2003, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$31,958,144 and the unvoted legal debt margin was \$11,978,134. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2003 are as follows:

	General Obligation Bonds		West Avenue Special Assessment		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 265,000	\$ 282,805	\$ 35,000	\$ 58,800	\$ 300,000	\$ 341,605
2005	275,000	270,038	35,000	56,700	310,000	326,738
2006	286,000	256,623	40,000	54,600	326,000	311,223
2007	301,000	242,351	40,000	52,200	341,000	294,551
2008	311,000	227,109	45,000	49,800	356,000	276,909
2009-2013	1,726,000	874,703	260,000	206,400	1,986,000	1,081,103
2014-2018	1,685,000	396,014	345,000	118,500	2,030,000	514,514
2019-2023	475,000	53,077	180,000	16,800	655,000	69,877
<b>Total</b>	<b>\$ 5,324,000</b>	<b>\$ 2,602,720</b>	<b>\$ 980,000</b>	<b>\$ 613,800</b>	<b>\$ 6,304,000</b>	<b>\$ 3,216,520</b>

**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

	Business Type Activity Special Assessment Debt	
	Principal	Interest
2004	\$ 140,000	\$ 64,275
2005	140,000	58,107
2006	139,000	51,712
2007	149,000	45,219
2008	154,000	38,071
2009-2013	459,000	92,456
2014-2018	105,000	12,600
Total	\$ 1,286,000	\$ 362,440

**Note 17 – Leases**

**A. Capital Leases**

During 2001 the City entered into a capital lease for a street sweeper. This expense was split between governmental activities and business-type activities. This lease meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases." Capital assets were capitalized at the present value of the minimum lease payments at the time the lease was entered into.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Assets:		
Equipment	\$ 50,720	\$ 50,721
Less: Accumulated depreciation	(25,360)	(25,360)
Total	\$ 25,360	\$ 25,361

The future minimum lease payments and the net present value of the minimum lease payments under capital leases as of December 31, 2003 were as follows:

	Governmental Activities	Business-Type Activities
Year Ending December 31, 2003	\$ 13,954	\$ 13,955
Less: amount representing interest	(887)	(887)
Present value of minimum lease payments	\$ 13,067	\$ 13,068

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**City of Tallmadge, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2003**

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**Note 18 – Contractual Commitments**

On December 31, 2003 the City had a total of \$1,904,576 in contractual commitments for the Recreation Center Project. This amount includes the general contractor plus electric, fire suppression, plumbing, heating and air conditioning, and engineering. This project is to be completed in 2004.

**Note 19 – Insurance Purchasing Pool**

*The Ohio Association of Rural Water and Wastewater Systems Workers' Compensation Group Rating Plan*

The Ohio Association of Rural Water and Wastewater Systems Workers' Compensation Group Rating Plan has created a group insurance pool for the purpose of creating a group rating plan for workers' compensation. The governing body is comprised of the members who have been appointed by the respective governing body of each member.

The intent of the pool is to achieve a reduced rate for the City and the other group members. The injury claim history of all participating members is used to calculate a common rate for the group. An annual fee is paid to Comp Management, Inc. to administer the group and to manage any injury claims. Premium savings created by the group are prorated to each member entity annually based on its payroll percent of the group.

**Note 20 – Jointly Governed Organization**

*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 2003, the City contributed \$2,746 to the Akron Metropolitan Area Transportation Study, which represents the City's formula share.

**Note 21– Subsequent Events**

On March 17, 2004, the City issued a \$4,200,000 bond anticipation note for 2 percent. The note matures on March 15, 2005. The proceeds were used to refinance the note issued in 2003.

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**City of Tallmadge, Ohio**  
***Notes to the Basic Financial Statements***  
***For the Year Ended December 31, 2003***

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The City entered into a newly created Joint Economic Development District (JEDD) effective January 1, 2004, which encompasses approximately 70 percent of Brimfield Township. The City will be providing water service, sewer service and economic development while Brimfield will provide planning, zoning, police and fire service and street maintenance. The creation of the JEDD allows the JEDD Board of Directors to institute an income tax on a graduating scale over 20 years and continuing in effect for 100 years throughout the industrial and commercially zoned areas. The City will be receiving 55 percent of tax and the Township will receive 45 percent.

The voters, in February 2004, voted to make the income tax a permanent tax effective March 1, 2004. Prior to 2004, the income tax had to be renewed every five years.

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# Combining Statements and Individual Fund Schedules

## *Fund Descriptions – Nonmajor Governmental Funds*

### *Nonmajor Special Revenue Funds*

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted for specific purposes.

***Fire/EMS Capital Fund*** – To accumulate a portion of the fire and EMS property tax collections to be used exclusively for repair and refurbishment of equipment.

***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.

***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 operation of a motor vehicle while under the influence of alcohol.

***Drug Law Enforcement Fund*** – To account for monies from mandatory fines for trafficking offenses to be used for the investigation and prosecution of drug cases.

***Law Enforcement Trust Fund*** – To account for proceeds from the sale of contraband that are restricted to subsidizing law enforcement efforts.

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

***Emergency Medical Service Donation Fund*** – To account for donations received for the City's emergency medical service and fire programs.

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

### *Nonmajor Capital Projects Funds*

Capital projects funds are established to account for financial resources to be used for construction or acquisition of major capital facilities (other than those financed by proprietary funds.)

***General Infrastructure Reserve 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.

***Eastwood/South Avenue Improvement Fund*** – To account for improvement and construction expenditures related to the City's joint Issue II project with the City of Akron.

**City of Tallmadge, Ohio**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 88,882	\$ 235,602	\$ 324,484
Accounts Receivable	310	-	310
Intergovernmental Receivable	49,481	-	49,481
Property Taxes Receivable	114,835	-	114,835
<i>Total Assets</i>	<u>\$ 253,508</u>	<u>\$ 235,602</u>	<u>\$ 489,110</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ -	\$ 11,859	\$ 11,859
Interfund Payable	23,500	-	23,500
Intergovernmental Payable	1,041	-	1,041
Deferred Revenue	160,471	-	160,471
<i>Total Liabilities</i>	185,012	11,859	196,871
<b>Fund Balances</b>			
Reserved for Encumbrances	93	68,370	68,463
Unreserved, Undesignated			
Special Revenue Funds	68,403	-	68,403
Capital Projects Funds	-	155,373	155,373
<i>Total Fund Balances</i>	68,496	223,743	292,239
<i>Total Liabilities and Fund Balances</i>	<u>\$ 253,508</u>	<u>\$ 235,602</u>	<u>\$ 489,110</u>



**City of Tallmadge, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2003*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property and Other Local Taxes	\$ 104,905	\$ -	\$ 104,905
Intergovernmental	52,288	211,671	263,959
Interest	358	3,455	3,813
Fines, Licenses and Permits	16,392	-	16,392
Miscellaneous	2,633	-	2,633
<i>Total Revenues</i>	<u>176,576</u>	<u>215,126</u>	<u>391,702</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property			
Police	268,445	-	268,445
Fire	77,095	-	77,095
Transportation	58,993	-	58,993
Community Environment	30,000	-	30,000
Capital Outlay	-	301,967	301,967
Debt Service:			
Principal Retirement	66,668	-	66,668
Interest and Fiscal Charges	3,754	-	3,754
<i>Total Expenditures</i>	<u>504,955</u>	<u>301,967</u>	<u>806,922</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(328,379)</u>	<u>(86,841)</u>	<u>(415,220)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	243,050	-	243,050
Transfers Out	-	(4,601)	(4,601)
<i>Total Other Financing Sources (Uses)</i>	<u>243,050</u>	<u>(4,601)</u>	<u>238,449</u>
<i>Net Change in Fund Balances</i>	(85,329)	(91,442)	(176,771)
<i>Fund Balances Beginning of Year</i>	<u>153,825</u>	<u>315,185</u>	<u>469,010</u>
<i>Fund Balances End of Year</i>	<u>\$ 68,496</u>	<u>\$ 223,743</u>	<u>\$ 292,239</u>

**City of Tallmadge, Ohio**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2003**

	Fire/EMS Capital	State Highway	Alcohol Enforcement and Education	Drug Law Enforcement
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 4,054	\$ 9,007	\$ 4,586	\$ 22,464
Accounts Receivable	-	-	100	210
Intergovernmental Receivable	-	12,549	-	-
Property Taxes Receivable	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,054</b>	<b>\$ 21,556</b>	<b>\$ 4,686</b>	<b>\$ 22,674</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Interfund Payable	\$ -	\$ -	\$ -	\$ -
Intergovernmental Payable	-	1,041	-	-
Deferred Revenue	-	8,704	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>9,745</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Reserved for Encumbrances	-	93	-	-
Unreserved, Undesignated	4,054	11,718	4,686	22,674
<b>Total Fund Balances (Deficit)</b>	<b>4,054</b>	<b>11,811</b>	<b>4,686</b>	<b>22,674</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,054</b>	<b>\$ 21,556</b>	<b>\$ 4,686</b>	<b>\$ 22,674</b>

<u>Law Enforcement</u>	<u>Community Development</u>	<u>Emergency Medical Service Donation</u>	<u>Police Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 10,304	\$ 70	\$ 6,773	\$ 31,624	\$ 88,882
-	-	-	-	310
-	30,000	-	6,932	49,481
-	-	-	114,835	114,835
<u>\$ 10,304</u>	<u>\$ 30,070</u>	<u>\$ 6,773</u>	<u>\$ 153,391</u>	<u>\$ 253,508</u>
\$ -	\$ 23,500	\$ -	\$ -	\$ 23,500
-	-	-	-	1,041
-	30,000	-	121,767	160,471
-	53,500	-	121,767	185,012
-	-	-	-	93
10,304	(23,430)	6,773	31,624	68,403
10,304	(23,430)	6,773	31,624	68,496
<u>\$ 10,304</u>	<u>\$ 30,070</u>	<u>\$ 6,773</u>	<u>\$ 153,391</u>	<u>\$ 253,508</u>

**City of Tallmadge, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2003*

	Fire/EMS Capital	State Highway	Alcohol Enforcement and Education	Drug Law Enforcement
<b>Revenues</b>				
Property and Other Local Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	40,703	-	-
Interest	281	77	-	-
Fines, Licenses and Permits	-	-	1,808	7,345
Miscellaneous	-	13	-	-
<i>Total Revenues</i>	<u>281</u>	<u>40,793</u>	<u>1,808</u>	<u>7,345</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	-	-	-	-
Fire	70,085	-	-	-
Transportation	-	58,993	-	-
Community Environment	-	-	-	-
Debt Service:				
Principal Retirement	66,668	-	-	-
Interest and Fiscal Charges	3,754	-	-	-
<i>Total Expenditures</i>	<u>140,507</u>	<u>58,993</u>	<u>-</u>	<u>-</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(140,226)	(18,200)	1,808	7,345
<b>Other Financing Sources</b>				
Transfers In	104,300	-	-	-
<i>Net Change in Fund Balances</i>	(35,926)	(18,200)	1,808	7,345
<i>Fund Balances Beginning of Year</i>	<u>39,980</u>	<u>30,011</u>	<u>2,878</u>	<u>15,329</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 4,054</u>	<u>\$ 11,811</u>	<u>\$ 4,686</u>	<u>\$ 22,674</u>

<u>Law Enforcement</u>	<u>Community Development</u>	<u>Emergency Medical Service Donation</u>	<u>Police Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ 104,905	\$ 104,905
-	-	-	11,585	52,288
-	-	-	-	358
7,239	-	-	-	16,392
-	-	2,620	-	2,633
<u>7,239</u>	<u>-</u>	<u>2,620</u>	<u>116,490</u>	<u>176,576</u>
-	-	-	268,445	268,445
-	-	7,010	-	77,095
-	-	-	-	58,993
-	30,000	-	-	30,000
-	-	-	-	66,668
-	-	-	-	3,754
<u>-</u>	<u>30,000</u>	<u>7,010</u>	<u>268,445</u>	<u>504,955</u>
7,239	(30,000)	(4,390)	(151,955)	(328,379)
<u>-</u>	<u>-</u>	<u>-</u>	<u>138,750</u>	<u>243,050</u>
7,239	(30,000)	(4,390)	(13,205)	(85,329)
<u>3,065</u>	<u>6,570</u>	<u>11,163</u>	<u>44,829</u>	<u>153,825</u>
<u>\$ 10,304</u>	<u>\$ (23,430)</u>	<u>\$ 6,773</u>	<u>\$ 31,624</u>	<u>\$ 68,496</u>

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**City of Tallmadge, Ohio**  
*Balance Sheet*  
*Nonmajor Capital Projects Fund*  
*December 31, 2003*

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	General Infrastructure Reserve
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 235,602
<b>Liabilities and Fund Balances</b>	
<b>Liabilities</b>	
Accounts Payable	\$ 11,859
<b>Fund Balances</b>	
Reserved for Encumbrances	68,370
Unreserved, Undesignated	155,373
<i>Total Fund Balances</i>	223,743
<i>Total Liabilities and Fund Balances</i>	\$ 235,602

**City of Tallmadge, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Year Ended December 31, 2003*

	General Infrastructure Reserve	Eastwood/ South Avenue Improvement	Total Nonmajor Capital Projects Funds
<b>Revenues</b>			
Intergovernmental	\$ -	\$ 211,671	\$ 211,671
Interest	3,455	-	3,455
<i>Total Revenues</i>	3,455	211,671	215,126
<b>Expenditures</b>			
Capital Outlay	90,296	211,671	301,967
<i>Excess of Revenues Under Expenditures</i>	(86,841)	-	(86,841)
<b>Other Financing Uses</b>			
Transfers Out	-	(4,601)	(4,601)
<i>Net Change in Fund Balances</i>	(86,841)	(4,601)	(91,442)
<i>Fund Balances Beginning of Year</i>	310,584	4,601	315,185
<i>Fund Balances End of Year</i>	\$ 223,743	\$ -	\$ 223,743

## ***Agency Fund***

Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations

***Revolving Trust Fund*** – To account for monies put on deposit with the City in accordance with various City ordinances.



**City of Tallmadge, Ohio**  
*Statement of Changes in Assets and Liabilities*  
*Agency Fund*  
*For the Year Ended December 31, 2003*

	Beginning Balance <u>12/31/02</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>12/31/03</u>
<b>Revolving Trust</b>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 103,301	\$ 308,464	\$ 159,092	\$ 252,673
Account Receivable	(25)	25	-	-
Total Assets	<u>\$ 103,276</u>	<u>\$ 308,489</u>	<u>\$ 159,092</u>	<u>\$ 252,673</u>
Liabilities				
Accounts Payable	\$ 103,276	\$ -	\$ 103,276	\$ -
Deposits Held and Due to Others	-	308,489	55,816	252,673
Total Liabilities	<u>\$ 103,276</u>	<u>\$ 308,489</u>	<u>\$ 159,092</u>	<u>\$ 252,673</u>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Personal property	\$ 96,772	\$ 96,772	\$ 114,456	\$ 17,684
Real estate (public utility)	664,656	664,656	645,359	(19,297)
Municipal income taxes	6,900,000	6,900,000	6,866,532	(33,468)
Franchise tax	25,000	25,000	29,203	4,203
Intergovernmental				
Local government	1,036,583	965,635	1,070,779	105,144
Rollback	85,928	85,928	86,077	149
Inheritance	105,509	127,456	127,456	-
Miscellaneous	42,000	37,268	33,065	(4,203)
Interest	85,502	85,502	85,502	-
Fines, licenses and permits	333,789	333,789	333,789	-
Special assessments	-	-	5,606	5,606
Charges for services	312,163	312,163	312,163	-
Miscellaneous	251,795	34,581	70,627	36,046
Total Revenues	<u>9,939,697</u>	<u>9,668,750</u>	<u>9,780,614</u>	<u>111,864</u>
<b>Expenditures</b>				
Current:				
General government				
Mayor	150,185	150,185	149,819	366
Director of Administration	318,861	315,891	313,523	2,368
Finance Director	510,028	502,534	502,385	149
Law Director	285,566	295,542	295,451	91
Service Director	289,427	288,181	287,470	711
Safety Director	50,563	50,563	50,098	465
Manager of Information Service	97,323	97,286	96,481	805
Council	150,727	150,727	148,949	1,778
Treasurer	312,996	312,804	310,283	2,521
Civil Service	38,642	46,643	38,032	8,611
Custodian	189,499	189,412	188,697	715
General administration	307,438	307,438	306,885	553
Boards and commissions	9,750	9,450	6,879	2,571
Security of persons and property				
Police	2,766,651	2,966,257	2,955,989	10,268
Street lighting	19,000	20,850	20,798	52
Public health and welfare	123,862	123,862	123,862	-
Transportation				
Garage	336,386	346,386	339,594	6,792
Leisure time activities				
Recreation	415,935	413,379	410,878	2,501
Maca Aquatic Center	88,000	79,981	79,343	638
Community environment				
Building	232,108	230,817	229,168	1,649
Zoning	158,854	157,638	157,301	337
Capital Outlay				
Speed monitor trailer	12,000	8,000	8,000	-
Police cruisers	48,000	48,000	47,613	387
Recreation center	15,213	14,537	14,537	-
Total Expenditures	<u>\$ 6,927,014</u>	<u>\$ 7,126,363</u>	<u>\$ 7,082,035</u>	<u>\$ 44,328</u>

(continued)

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Excess of Revenues Over Expenditures</b>	\$ 3,012,683	\$ 2,542,387	\$ 2,698,579	\$ 156,192
Other Financing Sources (Uses)				
Transfers out				
Police pension	(145,000)	(145,000)	(138,750)	6,250
Street maintenance and repair	(1,525,000)	(1,575,000)	(1,534,000)	41,000
Fire/EMS Levy	(350,000)	(350,000)	(260,000)	90,000
Fire/EMS Capital	(10,000)	(10,000)	(10,000)	-
Debt service	(554,735)	(554,735)	(525,000)	29,735
Recreation center	(500,000)	(500,000)	(500,000)	-
Advances out				
Community development	-	(30,000)	(23,500)	6,500
Transfers in				
Eastwood/South Ave. improvement	-	-	4,601	4,601
Total Other Financing Sources (Uses)	<u>(3,084,735)</u>	<u>(3,164,735)</u>	<u>(2,986,649)</u>	<u>178,086</u>
<b>Net Change in Fund Balance</b>	(72,052)	(622,348)	(288,070)	334,278
Fund Balance at Beginning of Year	1,953,156	1,953,156	1,953,156	-
Prior year encumbrances appropriated	<u>160,553</u>	<u>160,553</u>	<u>160,553</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 2,041,657</u>	<u>\$ 1,491,361</u>	<u>\$ 1,825,639</u>	<u>\$ 334,278</u>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Fire/EMS Levy Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$ 1,039,452	\$ 1,039,452	\$ 1,024,314	\$ (15,138)
Intergovernmental	115,102	115,102	116,882	1,780
Interest	5,000	5,000	2,697	(2,303)
Fines, licenses and permits	-	-	70	70
Charges for services	270,000	270,000	310,664	40,664
Miscellaneous	18,761	18,761	16,912	(1,849)
<b>Total Revenues</b>	<b>1,448,315</b>	<b>1,448,315</b>	<b>1,471,539</b>	<b>23,224</b>
<b>Expenditures</b>				
Current:				
Security of persons and property:				
Fire	1,831,590	1,834,072	1,833,612	460
<b>Excess of Revenues Under Expenditures</b>	<b>(383,275)</b>	<b>(385,757)</b>	<b>(362,073)</b>	<b>23,684</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	350,000	350,000	260,000	(90,000)
Transfers out	(94,300)	(94,300)	(94,300)	-
<b>Total Other Financing Sources (Uses)</b>	<b>255,700</b>	<b>255,700</b>	<b>165,700</b>	<b>(90,000)</b>
<b>Net Change in Fund Balance</b>	<b>(127,575)</b>	<b>(130,057)</b>	<b>(196,373)</b>	<b>(66,316)</b>
Fund Balance at Beginning of Year	277,339	277,339	277,339	-
Prior year encumbrances appropriated	40,590	40,590	40,590	-
<b>Fund Balance at End of Year</b>	<b>\$ 190,354</b>	<b>\$ 187,872</b>	<b>\$ 121,556</b>	<b>\$ (66,316)</b>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Street Maintenance and Repair Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$ 540,000	\$ 552,000	\$ 569,485	\$ 17,485
Interest	1,000	1,000	907	(93)
Charges for services	79,800	79,800	78,931	(869)
Miscellaneous	500	500	6,929	6,429
<b>Total Revenues</b>	<u>621,300</u>	<u>633,300</u>	<u>656,252</u>	<u>22,952</u>
<b>Expenditures</b>				
Current:				
Public health and welfare	64,700	64,700	57,739	6,961
Transportation	1,464,813	1,600,793	1,590,976	9,817
Storm water management	50,000	50,000	47,276	2,724
Leisure time activities	221,885	221,700	197,441	24,259
Capital outlay				
Road program	654,043	627,234	625,993	1,241
Speed monitor	4,000	4,000	4,000	-
Monroe/East intersection improvement	-	30,000	28,962	1,038
Debt Service:				
Principal	12,238	12,238	12,238	-
Interest	1,717	1,717	1,717	-
<b>Total Expenditures</b>	<u>2,473,396</u>	<u>2,612,382</u>	<u>2,566,342</u>	<u>46,040</u>
<b>Excess of Revenues Under Expenditures</b>	(1,852,096)	(1,979,082)	(1,910,090)	68,992
<b>Other Financing Sources</b>				
Transfers in	1,525,000	1,575,000	1,534,000	(41,000)
<b>Net Change in Fund Balance</b>	(327,096)	(404,082)	(376,090)	27,992
Fund Balance at Beginning of Year	303,437	303,437	303,437	-
Prior year encumbrances appropriated	153,607	153,607	153,607	-
<b>Fund Balance at End of Year</b>	<u>\$ 129,948</u>	<u>\$ 52,962</u>	<u>\$ 80,954</u>	<u>\$ 27,992</u>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Bond Retirement Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest	\$ 70,790	\$ 70,790	\$ 70,790	\$ -
Special assessments	20,681	20,681	30,000	9,319
Total Revenue	<u>91,471</u>	<u>91,471</u>	<u>100,790</u>	<u>9,319</u>
<b>Expenditures</b>				
Debt service:				
Principal	285,000	285,000	285,000	-
Interest	375,185	375,185	355,255	19,930
Total Expenditures	<u>660,185</u>	<u>660,185</u>	<u>640,255</u>	<u>19,930</u>
<b>Excess of Revenues Under Expenditures</b>	<u>(568,714)</u>	<u>(568,714)</u>	<u>(539,465)</u>	<u>29,249</u>
<b>Other Financing Sources</b>				
Transfers in	555,735	555,735	525,000	(30,735)
Note Premium	-	-	17,437	17,437
Total Other Financing Sources	<u>555,735</u>	<u>555,735</u>	<u>542,437</u>	<u>(13,298)</u>
<b>Net Change in Fund Balance</b>	(12,979)	(12,979)	2,972	15,951
Fund Balance at Beginning of Year	<u>21,151</u>	<u>21,151</u>	<u>21,151</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 8,172</u>	<u>\$ 8,172</u>	<u>\$ 24,123</u>	<u>15,951</u>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Recreation Center Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Miscellaneous	\$ -	\$ 7,100	\$ 7,100	\$ -
<b>Expenditures</b>				
Capital Outlay	<u>5,000,000</u>	<u>5,125,000</u>	<u>5,124,993</u>	<u>7</u>
<b>Excess of Revenues Under Expenditures</b>	<u>(5,000,000)</u>	<u>(5,117,900)</u>	<u>(5,117,893)</u>	<u>7</u>
<b>Other Financing Sources</b>				
Transfers in	300,000	500,000	500,000	-
Note Issued	<u>4,700,000</u>	<u>4,700,000</u>	<u>4,700,000</u>	<u>-</u>
Total Other Financing Sources	<u>5,000,000</u>	<u>5,200,000</u>	<u>5,200,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	82,100	82,107	7
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ 82,100</u>	<u>\$ 82,107</u>	<u>\$ 7</u>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenses and Changes in Fund Equity*  
*Budget (Non-GAAP Basis) and Actual*  
*Sewer Operating Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Operating Grant	\$ -	\$ 178,210	\$ 178,209	\$ (1)
Interest	42,000	42,000	42,819	819
Charges for services	2,471,426	2,191,426	2,240,090	48,664
Special assessments	60,000	60,000	41,194	(18,806)
Miscellaneous	500	5,994	5,624	(370)
<b>Total Revenues</b>	<u>2,573,926</u>	<u>2,477,630</u>	<u>2,507,936</u>	<u>30,306</u>
<b>Expenses</b>				
Personal services	301,791	301,791	282,112	19,679
Materials and supplies	179,821	162,598	30,036	132,562
Contractual services	1,835,742	1,859,661	1,589,350	270,311
Other	65,000	52,024	64,109	(12,085)
Capital outlay				
Potomac/Swank Sewer Improvement	574,837	560,431	558,153	2,278
Vac-all truck	198,000	198,000	198,000	-
Sewer recreation center	150,000	150,000	150,000	-
Speed Monitor	4,000	4,000	4,000	-
Monroe/East ave intersection improvement	-	100,000	29,585	70,415
West Howe Road repair	-	100,000	82,244	17,756
Sewer pump replacement	38,000	37,996	18,373	19,623
Water meter replacement	16,183	16,123	16,123	-
Debt service				
Principal	44,237	44,238	44,238	-
Interest	33,523	33,522	33,522	-
<b>Total Expenses</b>	<u>3,441,134</u>	<u>3,620,384</u>	<u>3,099,845</u>	<u>520,539</u>
<b>Net Change in Fund Equity</b>	(867,208)	(1,142,754)	(591,909)	550,845
Fund Equity at Beginning of Year	3,507,658	3,507,658	3,507,658	-
Prior year encumbrances appropriated	<u>734,130</u>	<u>734,130</u>	<u>734,130</u>	<u>-</u>
<b>Fund Equity at End of Year</b>	<u>\$ 3,374,580</u>	<u>\$ 3,099,034</u>	<u>\$ 3,649,879</u>	<u>\$ 550,845</u>



**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenses and Changes in Fund Equity*  
*Budget (Non-GAAP Basis) and Actual*  
*Water Operating Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest	\$ 27,000	\$ 22,000	\$ 20,338	\$ (1,662)
Charges for services	1,816,178	1,580,778	1,620,500	39,722
Special assessments	300,000	275,000	226,035	(48,965)
Miscellaneous	51,100	6,500	6,355	(145)
<b>Total Revenues</b>	<u>2,194,278</u>	<u>1,884,278</u>	<u>1,873,228</u>	<u>(11,050)</u>
<b>Expenses</b>				
Personal services	301,791	301,791	258,356	43,435
Materials and supplies	121,364	117,168	102,342	14,826
Contractual services	1,133,273	1,130,553	1,044,362	86,191
Other	32,500	32,500	32,496	4
Capital outlay				
Replace W-29	20,000	20,000	13,801	6,199
Waterline/recreation center	150,000	150,000	150,000	-
Speed monitor	4,000	4,000	4,000	-
Portage Blvd waterline	-	78,500	75,900	2,600
Eastwood waterline	109,308	93,453	93,453	-
Water meter replacement	15,858	15,000	14,675	325
Debt service:				
Principal	133,000	133,000	133,000	-
Interest	39,695	39,695	39,657	38
<b>Total Expenses</b>	<u>2,060,789</u>	<u>2,115,660</u>	<u>1,962,042</u>	<u>153,618</u>
<b>Net Change in Fund Equity</b>	<u>133,489</u>	<u>(231,382)</u>	<u>(88,814)</u>	<u>142,568</u>
Fund Equity at Beginning of Year	1,579,151	1,579,151	1,579,151	-
Prior year encumbrances appropriated	<u>156,344</u>	<u>156,344</u>	<u>156,344</u>	<u>-</u>
<b>Fund Equity at End of Year</b>	<u>\$ 1,868,984</u>	<u>\$ 1,504,113</u>	<u>\$ 1,646,681</u>	<u>\$ 142,568</u>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Fire/EMS Capital Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest	\$ 3,000	\$ 3,000	\$ 274	\$ (2,726)
<b>Expenditures</b>				
Capital outlay				
Ford expedition	24,000	24,000	21,378	2,622
Jaws of life	25,000	25,000	25,000	-
High pressure compressor	25,000	25,000	23,707	1,293
Debt Service:				
Principal	66,668	66,668	66,668	-
Interest	3,832	3,832	3,754	78
Total Expenditures	<u>144,500</u>	<u>144,500</u>	<u>140,507</u>	<u>3,993</u>
<b>Excess of Revenues Under Expenditures</b>	(141,500)	(141,500)	(140,233)	1,267
<b>Other Financing Sources</b>				
Transfers in	<u>108,000</u>	<u>108,000</u>	<u>104,300</u>	<u>(3,700)</u>
<b>Net Change in Fund Balance</b>	(33,500)	(33,500)	(35,933)	(2,433)
Fund Balance at Beginning of Year	<u>39,960</u>	<u>39,960</u>	<u>39,960</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 6,460</u></u>	<u><u>\$ 6,460</u></u>	<u><u>\$ 4,027</u></u>	<u><u>\$ (2,433)</u></u>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*State Highway Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$ 50,000	\$ 38,800	\$ 42,544	\$ 3,744
Interest	500	100	73	(27)
Miscellaneous	500	100	13	(87)
<b>Total Revenues</b>	<b>51,000</b>	<b>39,000</b>	<b>42,630</b>	<b>3,630</b>
<b>Expenditures</b>				
Transportation	77,000	62,000	60,062	1,938
<b>Net Change in Fund Balance</b>	<b>(26,000)</b>	<b>(23,000)</b>	<b>(17,432)</b>	<b>5,568</b>
Fund Balance at Beginning of Year	26,341	26,341	26,341	-
<b>Fund Balance at End of Year</b>	<b>\$ 341</b>	<b>\$ 3,341</b>	<b>\$ 8,909</b>	<b>\$ 5,568</b>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Alcohol Enforcement and Education Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Fines, licenses and permits	\$ 500	\$ 1,767	\$ 1,893	\$ 126
<b>Expenditures</b>				
Security of persons and property	<u>2,693</u>	<u>2,693</u>	<u>-</u>	<u>2,693</u>
<b>Net Change in Fund Balance</b>	(2,193)	(926)	1,893	2,819
Fund Balance at Beginning of Year	<u>2,693</u>	<u>2,693</u>	<u>2,693</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 500</u>	<u>\$ 1,767</u>	<u>\$ 4,586</u>	<u>\$ 2,819</u>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Drug Law Enforcement Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Fines, licenses and permits	\$ 500	\$ 6,423	\$ 7,323	\$ 900
<b>Expenditures</b>				
Security of persons and property	15,000	15,000	-	15,000
<b>Net Change in Fund Balance</b>	(14,500)	(8,577)	7,323	15,900
Fund Balance at Beginning of Year	15,141	15,141	15,141	-
<b>Fund Balance at End of Year</b>	<u>\$ 641</u>	<u>\$ 6,564</u>	<u>\$ 22,464</u>	<u>\$ 15,900</u>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Law Enforcement Trust Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Fines, licenses and permits	\$ 500	\$ 2,969	\$ 7,239	\$ 4,270
<b>Expenditures</b>				
Security of persons and property	<u>3,065</u>	<u>3,065</u>	<u>-</u>	<u>3,065</u>
<b>Net Change in Fund Balance</b>	(2,565)	(96)	7,239	7,335
Fund Balance at Beginning of Year	<u>3,065</u>	<u>3,065</u>	<u>3,065</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 500</u></u>	<u><u>\$ 2,969</u></u>	<u><u>\$ 10,304</u></u>	<u><u>\$ 7,335</u></u>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Community Development Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
<b>Expenditures</b>				
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
<b>Excess of Revenues Under Expenditures</b>	-	-	(30,000)	(30,000)
<b>Other Financing Sources</b>				
Advances in	<u>-</u>	<u>30,000</u>	<u>23,500</u>	<u>(6,500)</u>
<b>Net Change in Fund Balance</b>	-	30,000	(6,500)	(36,500)
Fund Balance at Beginning of Year	<u>6,570</u>	<u>6,570</u>	<u>6,570</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 6,570</u></u>	<u><u>\$ 36,570</u></u>	<u><u>\$ 70</u></u>	<u><u>\$ (36,500)</u></u>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
**Emergency Medical Service Donation Fund**  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Miscellaneous	\$ 2,000	\$ 2,545	\$ 2,620	\$ 75
<b>Expenditures</b>				
Security of persons and property	<u>11,000</u>	<u>11,000</u>	<u>7,010</u>	<u>3,990</u>
<b>Net Change in Fund Balance</b>	(9,000)	(8,455)	(4,390)	4,065
Fund Balance at Beginning of Year	<u>11,163</u>	<u>11,163</u>	<u>11,163</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 2,163</u></u>	<u><u>\$ 2,708</u></u>	<u><u>\$ 6,773</u></u>	<u><u>\$ 4,065</u></u>



**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Police Pension Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$ 108,777	\$ 108,777	\$ 104,905	\$ (3,872)
Intergovernmental	12,276	12,276	12,285	9
<b>Total Revenues</b>	121,053	121,053	117,190	(3,863)
<b>Expenditures</b>				
Security of persons and property	300,300	300,300	276,126	24,174
<b>Excess of Revenues Under Expenditures</b>				
	(179,247)	(179,247)	(158,936)	20,311
<b>Other Financing Sources</b>				
Transfers in	150,000	135,000	138,750	3,750
<b>Net Change in Fund Balance</b>	(29,247)	(44,247)	(20,186)	24,061
Fund Balance at Beginning of Year	51,810	51,810	51,810	-
<b>Fund Balance at End of Year</b>	<u>\$ 22,563</u>	<u>\$ 7,563</u>	<u>\$ 31,624</u>	<u>\$ 24,061</u>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*General Infrastructure Reserve Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest	\$ -	\$ 2,203	\$ 3,367	\$ 1,164
<b>Expenditures</b>				
Capital outlay	-	165,000	159,965	5,035
<b>Net Change in Fund Balance</b>	-	(162,797)	(156,598)	6,199
Fund Balance at Beginning of Year	<u>310,347</u>	<u>310,347</u>	<u>310,347</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 310,347</u>	<u>\$ 147,550</u>	<u>\$ 153,749</u>	<u>\$ 6,199</u>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Eastwood/South Avenue Improvement Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 211,671	\$ 211,671	\$ \$ -
<b>Expenditures</b>				
Capital outlay	<u>4,601</u>	<u>211,671</u>	<u>211,671</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(4,601)	-	-	-
<b>Other Financing Uses</b>				
Transfers out	<u>-</u>	<u>(4,601)</u>	<u>(4,601)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(4,601)	(4,601)	(4,601)	-
Fund Balance at Beginning of Year	<u>4,601</u>	<u>4,601</u>	<u>4,601</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**City of Tallmadge, Ohio**  
*Schedule of Revenues, Expenses and Changes in Fund Equity*  
*Budget (Non-GAAP Basis) and Actual*  
*Self-Insurance Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for services	\$ 1,200,000	\$ 1,280,000	\$ 1,298,114	\$ 18,114
Miscellaneous	164,000	125,000	125,586	586
<b>Total Revenues</b>	<u>1,364,000</u>	<u>1,405,000</u>	<u>1,423,700</u>	<u>18,700</u>
<b>Expenses</b>				
Contractual services	411,100	411,100	499,664	(88,564)
Claims	928,600	878,600	728,109	150,491
<b>Total Expenses</b>	<u>1,339,700</u>	<u>1,289,700</u>	<u>1,227,773</u>	<u>61,927</u>
<b>Net Change in Fund Equity</b>	24,300	115,300	195,927	80,627
Fund Equity at Beginning of Year	<u>161,359</u>	<u>161,359</u>	<u>161,359</u>	<u>-</u>
<b>Fund Equity at End of Year</b>	<u>\$ 185,659</u>	<u>\$ 276,659</u>	<u>\$ 357,286</u>	<u>\$ 80,627</u>

## **Statistical Section**

**Table I**

**City of Tallmadge, Ohio  
General Governmental Revenues by Source  
and Expenditures by Function (1)  
Last Ten Years**

	1994	1995	1996	1997
<b>REVENUES</b>				
Property taxes	\$ 1,635,779	\$ 1,681,721	\$ 1,736,644	\$ 1,849,843
Municipal income taxes	4,773,202	5,242,082	5,645,812	6,099,877
Intergovernmental	2,018,556	1,733,291	1,524,570	1,997,967
Charges for services	233,706	250,837	279,715	280,488
Fines, licenses, and permits	217,657	175,690	212,118	240,615
Interest	217,496	370,467	239,633	271,019
Special assessments	87,829	120,105	24,401	7,611
All other revenues	112,613	108,014	193,223	200,747
<b>TOTAL REVENUES</b>	<b>\$ 9,296,838</b>	<b>\$ 9,682,207</b>	<b>\$ 9,856,116</b>	<b>\$ 10,948,167</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Security of persons and property (2)	\$ 3,073,723	\$ 3,229,820	\$ 3,561,634	\$ 3,686,799
Police	N/A	N/A	N/A	N/A
Fire	N/A	N/A	N/A	N/A
Street Lighting	N/A	N/A	N/A	N/A
Public health and welfare	146,460	174,445	153,653	148,372
Leisure time activities	685,258	672,889	754,280	685,236
Community environment	359,789	426,769	337,328	296,608
Transportation	3,313,918	1,457,225	1,068,229	1,111,354
General government	1,659,641	1,922,921	1,960,428	2,158,319
Capital outlay	986,335	1,426,781	3,071,452	4,312,045
<b>Debt Service</b>				
Principal	57,000	1,445,441	224,176	616,767
Interest	71,287	135,977	156,209	207,766
<b>TOTAL EXPENDITURES</b>	<b>\$ 10,353,411</b>	<b>\$ 10,892,268</b>	<b>\$ 11,287,389</b>	<b>\$ 13,223,266</b>

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

(2) 2003 was the first year subcategories were identified for security of persons and property.

1998	1999	2000	2001	2002	2003
\$ 1,604,135	\$ 1,582,460	\$ 1,618,751	\$ 2,010,802	\$ 1,944,979	\$ 1,708,242
6,354,273	6,589,765	6,775,780	6,739,909	6,617,777	6,914,659
2,772,376	2,221,884	2,466,027	2,119,103	2,223,887	2,256,760
289,438	311,443	326,951	593,539	700,941	706,530
258,358	243,252	234,493	323,608	414,832	351,338
291,124	183,937	319,377	296,318	145,717	160,018
1,687	1,695	143,926	85,883	105,829	35,606
254,767	95,461	128,147	366,468	124,480	103,835
<u>\$ 11,826,158</u>	<u>\$ 11,229,897</u>	<u>\$ 12,013,452</u>	<u>\$ 12,535,630</u>	<u>\$ 12,278,442</u>	<u>12,236,988</u>
\$ 4,119,655	\$ 4,534,246	\$ 4,559,866	\$ 4,546,800	\$ 4,554,729	\$ N/A
N/A	N/A	N/A	N/A	N/A	3,204,202
N/A	N/A	N/A	N/A	N/A	1,929,459
N/A	N/A	N/A	N/A	N/A	20,798
166,522	156,997	159,353	173,349	178,764	164,022
608,091	682,367	780,070	727,899	695,650	649,449
250,321	320,732	350,053	385,460	382,185	408,898
1,221,798	1,272,087	1,464,656	1,403,016	1,410,876	1,988,834
2,114,131	2,221,779	2,392,119	2,639,616	2,580,493	2,667,992
2,781,815	2,930,553	3,588,325	2,845,234	1,512,013	5,270,018
367,747	797,434	318,242	200,000	255,000	363,906
284,151	333,460	303,277	358,523	401,197	367,969
<u>\$ 11,914,231</u>	<u>\$ 13,249,655</u>	<u>\$ 13,915,961</u>	<u>\$ 13,279,897</u>	<u>\$ 11,970,907</u>	<u>\$ 17,035,547</u>

**Table 2**

**City of Tallmadge, Ohio**  
**Property Tax Levies and Collections**  
**Real and Public Utility Property Only**  
**Last Ten Years**

Year	Net Tax Levy (Current Billed Portion)	Current Collection	Percentage of Current Collections to Net Levy	Delinquent Collections	Total Collections	Percentage Collections to Net Levy	Current Delinquent Amount
1994	\$ 1,366,571	\$ 1,334,455	97.65 %	\$ 29,225	\$ 1,363,680	99.79 %	\$ 32,116
1995	1,406,820	1,375,506	97.77	30,930	1,406,436	99.97	31,314
1996	1,435,646	1,391,736	96.94	28,357	1,420,093	98.92	43,910
1997	1,639,879	1,591,741	97.06	41,325	1,633,066	99.58	48,138
1998	1,490,904	1,457,910	97.79	26,591	1,484,501	99.57	32,994
1999	1,515,291	1,469,755	96.99	15,961	1,485,716	98.05	45,536
2000	1,594,350	1,576,485	98.88	43,833	1,620,318	101.63	17,865
2001	1,631,483	1,568,764	96.16	51,773	1,620,537	99.33	62,719
2002	1,660,530	1,593,716	95.98	46,620	1,640,336	98.78	66,814
2003	1,789,863	1,700,547	95.01	67,051	1,767,598	98.76	89,316

Source: Summit County, Ohio; County Fiscal Officer

**Table 3**

**City of Tallmadge, Ohio**  
**Property Tax Levies and Collections**  
**Tangible Personal Property Only**  
**Last Ten Years**

Year	Net Tax Levy (Current Billed Portion)	Current Collection	Percentage of Current Collections to Net Levy	Delinquent Collections	Total Collections	Percentage Collections to Net Levy	Current Delinquent Amount
1994	\$ 250,195	\$ 248,471	99.31 %	\$ 3,764	\$ 252,235	100.82 %	\$ 1,724
1995	264,086	261,228	98.92	7,016	268,244	101.57	2,858
1996	305,976	301,613	98.57	13,092	314,705	102.85	4,363
1997	304,878	301,282	98.82	7,244	308,526	101.20	3,596
1998	247,895	239,125	96.46	8,367	247,492	99.84	8,770
1999	241,711	238,398	98.63	8,195	246,593	102.02	3,313
2000	255,877	233,492	91.25	4,092	237,584	92.85	22,385
2001	264,479	256,127	96.84	9,048	265,175	100.26	8,352
2002	263,718	253,179	96.00	9,199	262,378	99.49	10,539
2003	254,955	252,476	99.03	8,416	260,892	102.33	2,479

Source: Summit County, Ohio; County Fiscal Officer



**Table 4**

**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
1994	\$ 2.10	\$ 1.51	\$ 0.30	\$ 3.75	\$ 7.66
1995	2.10	1.51	0.30	3.75	7.66
1996	2.10	1.51	0.30	3.75	7.66
1997	2.10	N/A	0.30	3.75	6.15
1998	2.10	N/A	0.30	3.75	6.15
1999	2.10	N/A	0.30	3.75	6.15
2000	2.10	N/A	0.30	3.75	6.15
2001	2.10	N/A	0.30	3.75	6.15
2002	2.10	N/A	0.30	3.75	6.15
2003	2.10	N/A	0.30	3.75	6.15

Source: Summit County, Ohio; County Fiscal Officer

**Table 5**

**City of Tallmadge, Ohio**  
**Assessed and Estimated Actual Value**  
**of Taxable Property**  
**Last Ten Years**

Collection Year	Real Property		Public Utility Property	Tangible Personal Property	Total Assessed Value
	Estimated Value	Assessed Value	Assessed Value	Assessed Value	
1994	\$ 572,571,971	\$ 200,400,190	\$ 10,700,870	\$ 32,604,440	\$ 243,705,500
1995	587,045,257	205,465,840	10,899,080	34,409,038	250,773,958
1996	610,533,286	213,686,650	9,458,810	39,887,638	263,033,098
1997	712,889,971	249,511,490	9,118,060	39,758,581	298,388,131
1998	731,460,714	256,011,250	8,841,500	40,252,026	305,104,776
1999	738,369,000	258,429,150	8,984,160	39,269,410	306,682,720
2000	816,517,314	285,781,060	9,107,850	41,606,094	336,495,004
2001	859,139,571	300,698,850	8,180,270	46,447,044	355,326,164
2002	886,031,029	310,110,860	7,252,450	46,082,037	363,445,347
2003	999,731,057	349,905,870	7,515,390	42,178,937	399,600,197

Note: The current assessed valuation is computed at approximately the following percentages of estimated true value; real property - 35% public utilities - 100%. The assessed value of Tangible Personal Property has declined as a result of State law from 35% in 1984 to 25% for capital assets and 23% for inventory.

Source: Summit County, Ohio; County Fiscal Officer

**Table 6**

**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	City Levy	Total Levy	Debt Service
1	1995	\$	14.16	\$ 54.23	\$ 0.89	\$ 7.66	\$ 76.94	\$ 0.90
2	1995		14.16	52.34		7.66	74.16	3.30
1	1996		13.99	54.03	0.89	7.66	76.57	0.60
2	1996		13.99	52.41		7.66	74.06	3.87
1	1997		11.39	53.83	0.89	7.66	73.77	0.49
2	1997		11.39	49.34		7.66	68.39	3.09
1	1998		11.65	53.83	1.87	6.15	73.50	1.32
2	1998		11.65	47.74		6.15	65.54	2.25
1	1999		12.27	53.83	1.79	6.15	74.04	1.35
2	1999		12.27	47.64		6.15	66.06	2.55
1	2000		12.27	53.68	1.39	6.15	73.49	0.86
2	2000		12.27	46.44		6.15	64.86	2.16
1	2001		13.07	53.68	1.39	6.15	74.29	0.86
2	2001		13.07	46.44		6.15	65.66	2.86
1	2002		13.07	59.73	1.35	6.15	80.30	0.82
2	2002		13.07	45.74		6.15	64.96	1.94
1	2003		13.07	59.73	1.59	6.15	80.54	1.22
2	2003		13.07	48.32		6.15	67.54	1.87
1	2004		13.07	59.73	0.78	6.15	79.73	1.47
2	2004		13.07	47.93		6.15	67.15	2.09

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 7**

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**City of Tallmadge, Ohio  
Computation of Legal Debt Margin  
December 31, 2003**

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Total of all City Debt Outstanding	\$ 12,290,000
Debt exempt from calculation:	
Self-supporting as defined in O.R.C. 133.10	
Special assessment bonds and bond anticipation notes issued in anticipation of the collection of special assessments	(2,266,000)
Net indebtedness (voted and unvoted) subject to debt limitation	10,024,000
Less applicable Debt Service Fund - budget basis	<u>(24,123)</u>
Net indebtedness subject to debt limitation	<u>\$ 9,999,877</u>
Assessed valuation of City	<u>\$ 399,600,197</u>
<u>Legal 10.5% Debt Margin</u>	
10.5% of valuation (maximum voted and unvoted general obligation debt limitation)	\$ 41,958,021
Net indebtedness outstanding subject to 10.5% debt limitation	<u>9,999,877</u>
Overall Debt Margin Within 10.5 % Limitation	<u>\$ 31,958,144</u>
<u>Legal 5.5% Debt Margin</u>	
5.5% of valuation (maximum unvoted general obligation debt allowed)	\$ 21,978,011
Net indebtedness outstanding subject to 5.5% debt limitation	<u>9,999,877</u>
Unvoted Debt Margin Within 5.5% Limitation	<u>\$ 11,978,134</u>

Note: Calculation of Legal Debt Margin is based on Section 133, the Uniform Bond Act of the Ohio Revised Code.

**Table 8**

**City of Tallmadge, Ohio  
Special Assessment Billings and Collections  
Last Ten Years**

Year	Current Billed	Delinquent Billed	Current % Collected	Total Collected	Total % Collected	Current Delinquent
1994	\$ 117,582	\$ 6,245	86.30 %	\$ 106,064	90.20 %	\$ 16,112
1995	114,122	22,535	88.12	121,905	106.82	13,562
1996	105,826	16,461	89.14	107,486	101.57	11,492
1997	126,142	15,479	92.86	125,321	99.35	9,005
1998	130,516	17,605	85.25	125,040	95.80	19,250
1999	152,712	23,220	94.05	165,384	108.30	9,088
2000	170,497	11,794	73.42	134,740	79.03	45,321
2001	253,383	18,555	95.26	254,666	100.51	19,256
2002	337,626	32,005	90.85	338,236	91.50	30,882
2003	334,470	30,984	93.08	342,579	102.42	23,146

Source: Summit County, Ohio; County Fiscal Officer

**Table 9**

**City of Tallmadge, Ohio  
Ratio of Net General Bonded Debt to Assessed  
Value and Net Bonded Debt Per Capita  
Last Ten Years**

Year	General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
1994	\$ 770,000	\$ 243,705,500	15,470	0.32 %	\$ 50
1995	2,264,417	250,773,958	15,220	0.90	149
1996	3,145,221	263,006,098	15,300	1.20	206
1997	4,175,070	298,517,188	15,400	1.40	271
1998	4,875,416	305,104,776	15,400	1.60	317
1999	5,246,211	306,682,720	15,600	1.71	336
2000	5,102,925	336,495,004	16,000	1.52	319
2001	5,996,642	355,326,164	16,500	1.69	363
2002	5,696,279	363,445,347	16,700	1.57	341
2003	5,299,877	399,600,197	17,400	1.33	306

Notes: (1) Only general obligation bonds and notes are included in this amount. Issues supported by enterprise activities or special assessments are excluded.

(2) Source: Summit County, Ohio; County Fiscal Officer

(3) Estimated by City of Tallmadge, Planning Department

**Table 10**

**City of Tallmadge, Ohio**  
**Ratio of Annual Debt Service Expenditures for General Bonded Debt to**  
**Total General Governmental Expenditures**  
**Last Ten Years**

Collection Year	Principal	Interest	Debt Service on General Obligations (1)	Total Expenditures	Ratio
1994	\$ 57,000	\$ 71,287	\$ 128,287	\$ 10,353,411	1.24 %
1995	1,445,441 <sup>(2)</sup>	135,977	1,581,418	10,892,268	14.52
1996	224,176	156,209	380,385	11,287,389	3.37
1997	616,767	207,766	824,533	13,223,266	6.24
1998	367,747	248,151	615,898	11,914,231	5.17
1999	797,434	330,460	1,127,894	13,249,655	8.51
2000	318,242	221,924	540,166	13,915,961	3.88
2001	170,000	213,678	383,678	13,279,897	2.89
2002	225,000	338,797	563,797	11,970,907	4.71
2003	255,000	294,656	549,656	17,035,547	3.23

Notes: (1) Includes all general obligation debt except for debt intended to be paid from enterprise fund revenues and special assessments.

(2) 1995 Amount includes principal on a Concrete St. Improvement Note

**Table 11**

**City of Tallmadge, Ohio**  
**Computation of Direct and Overlapping Debt**  
**December 31, 2003**

	General Tax Bonded Debt	Percent Overlapping	Amount Applicable to City of Tallmadge
City of Tallmadge	\$ 5,324,000	100.00 %	\$ 5,324,000
Overlapping Debt:			
Summit County	78,200,000	3.27	2,557,140
MRTA (Metro Regional Transit Authority)	1,250,000	3.27	40,875
Stow/Munroe Falls City School District	5,452,000	0.16	8,723
Akron/Summit Library	64,089,269	4.90	3,140,374
Total Overlapping Debt	148,991,269		5,747,112
Total	\$ 154,315,269		\$ 11,071,112

Source: Summit County, Ohio; County Fiscal Officer

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

**Table 12**

**City of Tallmadge, Ohio  
Demographic Statistics  
1980 - 2000**

**SELECTED POPULATION CHARACTERISTICS**

Age distribution	2000		1990		1980	
	Number	%	Number	%	Number	%
Under 5 years	879	5	825	6	807	6
5 to 9 years	1,114	7	950	6	129	1
10 to 19 years	2,340	14	1,967	13	3,058	21
20 to 29 years	1,444	9	1,889	13	2,296	16
30 to 39 years	2,129	13	2,286	15	2,000	14
40 to 49 years	2,613	16	2,006	13	2,033	14
50 to 59 years	2,097	13	1,836	12	2,146	15
60 to 69 years	1,634	10	1,806	12	1,111	8
70 to 79 years	1,343	8	855	6	577	4
80 and older	797	5	450	4	215	1
Total population	<u>16,390</u>	<u>100</u>	<u>14,870</u>	<u>100</u>	<u>14,372</u>	<u>100</u>

Gender Statistics	2000		1990		1980	
Males	7,901	48.2%	7,138	48%	7,042	49%
Females	8,489	51.8%	7,732	52%	7,330	51%
Median Age	41.4		37.9		32.3	

Owner Occupied Housing	2000	1990	1980
Percent Occupied	79.8%	77%	78%
Persons per Owner	2.69	2.84	2.97

Education Attainment	2000	1990	1980
Percent High School	86.6%	83%	78%
Percent Bachelor's	24.1%	21%	17%

Income	2000	1990	1980
Median family income	\$56,780	\$41,315	\$25,939
Per capita income	\$27,329	\$15,576	\$8,289

Source: U. S. Bureau of the Census

**Table 13**

**City of Tallmadge, Ohio  
Bank Deposits, Property Values and Construction Activity  
Last Ten Years**

Year	Financial Institution Deposits	Estimated Real Property Value	Building Permits Issued
1994	\$ 4,199,905,000	\$ 572,571,971	\$ 19,780,607
1995	4,267,009,000	587,045,257	18,703,936
1996	4,342,660,000	610,533,286	19,771,078
1997	4,421,560,000	712,889,971	18,582,451
1998	4,486,230,000	731,460,714	25,243,549
1999	4,629,280,000	738,369,000	18,475,644
2000	4,789,398,000	816,517,314	22,503,399
2001	4,792,529,000	859,139,571	20,629,902
2002	4,879,525,000	886,031,029	21,377,220
2003	4,998,698,000	999,731,057	19,465,894

Source: Building Permits - City of Tallmadge, Building Department  
Financial Institution Deposits within Summit County - Akron Clearing House  
Estimated Property Value - Summit County, Ohio; County Fiscal Officer

**Table 14**

**City of Tallmadge, Ohio  
New Housing Starts  
Last Ten Years**

Tallmadge New Housing Starts

Year	New Housing Starts
1994	129
1995	94
1996	97
1997	92
1998	96
1999	110
2000	159
2001	153
2002	123
2003	104

Source: Building Department; City of Tallmadge

**Table 15**

**City of Tallmadge, Ohio  
Principal Property Taxpayers  
December 31, 2003**

Name of Taxpayer	Nature of Business	Valuation	Assessed Valuation
<b>Real Property (2003 Collection Year)</b>			
Tallmadge Associates	Retail Property Management	\$ 3,130,000	0.78%
Eastwood Square Associates LTD	Retail Property Management	2,759,120	0.69%
Tallmadge Oaks LTD	Apartment Complex	2,384,990	0.60%
Saxon Village Limited	Apartment Complex	1,908,730	0.48%
87 Midway Plaza LLC	Retail Property Management	1,617,050	0.40%
Colonial Gardens Inc	Nursing Home	1,568,590	0.39%
Myers Family Limited Partnership Limited	Light Manufacturing	1,544,060	0.39%
Cooper Equities Co. LTD	Retail Store	1,408,050	0.35%
Tallmadge Acres Apartments, Inc.	Apartment Complex	1,368,730	0.34%
Rocco Family Limited Partnership	Retail stores	<u>1,360,890</u>	<u>0.34%</u>
<b>Total</b>		<u>\$ 19,050,210</u>	<u>4.77%</u>
<b>Total Assessed Valuation - Real</b>		<u>\$ 349,905,870</u>	<u>87.56%</u>
<b>Tangible Personal Property (other than Public Utilities)(2003 Collection Year)</b>			
Summit Racing Equipment	Auto Parts Distribution	\$ 3,893,730	0.97%
Owens Corning	Insulation: Sheet and Foam	3,411,290	0.85%
Steere Enterprises, Inc.	Custom Plastics & Vinyl	2,083,720	0.52%
Waltco Truck Equipment Co.	Electro-Hydraulic Tailgate Lifts	1,728,650	0.43%
Mark-Glen, Inc.	Auto Sales	1,663,930	0.42%
Star Chevrolet, Inc.	Auto Sales	1,517,310	0.38%
Leppo, Inc.	Machinery Sales	1,387,310	0.35%
S.D. Myers, Inc.	Industrial Repair	1,356,710	0.34%
Summit Plastic Company	Warehouse	1,120,440	0.28%
General Electric Capital Corp.	Industrial	<u>1,053,590</u>	<u>0.26%</u>
<b>Total</b>		<u>\$ 19,216,680</u>	<u>4.81%</u>
<b>Total Assessed Valuation - Tangible Persona</b>		<u>\$ 42,178,937</u>	<u>10.56%</u>
<b>Public Utility (tangible personal property)(2003 Collection Year)</b>			
Ohio Bell Telephone	Telephone Service	\$ 2,607,590	0.65%
Ohio Edison	Utilities	2,356,810	0.59%
American Transmission	Telephone Service	503,270	0.13%
Qwest Communications	Fiber Optic Communication	439,190	0.11%
East Ohio Gas	Utilities	<u>422,890</u>	<u>0.11%</u>
<b>Total</b>		<u>\$ 6,329,750</u>	<u>1.58%</u>
<b>Total Assessed Valuation - Public Utilities</b>		<u>\$ 7,515,390</u>	<u>1.88%</u>
<b>Total Assessed Valuation - All Categorie</b>		<u>\$ 399,600,197</u>	<u>100.00%</u>

Source: Summit County, Ohio ; County Fiscal Office



**Table 16**

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**City of Talmadge, Ohio  
Miscellaneous Statistics  
December 31, 2003**

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Founded	1806	
Incorporated as Village	1936	
Incorporated as City	1951	
Town Hall erected	1859	
Form of government	Charter	
Population	17,400	
	6,787	Dwelling units
Area	13.5	Square miles
	8,915	Acres
Streets & highways	89	Miles of paved streets
Police protection:		
Stations	1	
Number of police officers	34	
Fire protection:		
Stations	2	
Number of full-time firefighters	10	
Number of part-time firefighters	45	
Municipal utility customers	6,514	Water
	7,367	Sewer
Recreation:		
Number of parks	8	(103 acres)
Swimming pools	1	
Wading pools	1	
Tennis courts	9	(includes 3 at the High School)
Baseball/Softball diamonds	7	
Soccer fields	6	(4 regulation, 2 youth)
Recreation Center		Indoor soccer, basketball, fitness
Education:		
Elementary schools	3	K-1, 2-3, 4-5
Middle schools	1	6-8
High schools	1	9-12
Libraries	1	(30,000 volumes)
Churches	28	

Source: Various Departments of the City of Tallmadge

## *Acknowledgements*

*With thanks to our dedicated staff: Constance Garner, Dianne Huth, Claudia Markwald, Claudia Powell, and Pandy Ziegler;*

*And a special thanks and tribute to Donna Counterman, our dear friend and long-time co-worker, who passed away in 2003.*

*Jill Stutch, C.P.F.A.—Director of Finance  
Jimelle Collins—Assistant Finance Director*



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**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  
SEPTEMBER 9, 2004**