



**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 general purpose financial statements of the City of Tallmadge, Summit County, (the City) as of and for the year ended December 31, 2002, and have issued our report thereon dated May 16, 2003. 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 general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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.

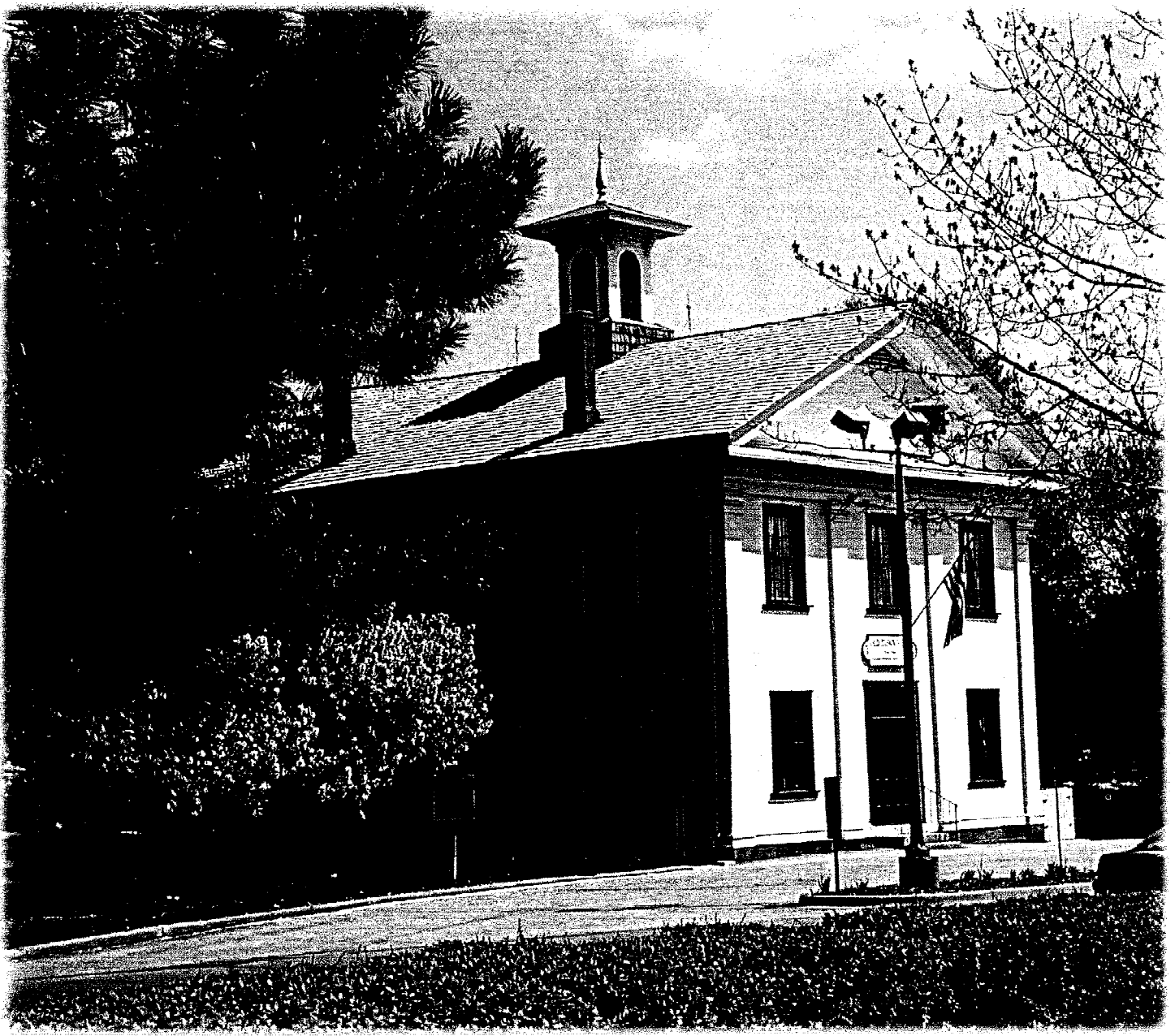
City of Tallmadge  
Summit County  
Independent Accountants' Report on Compliance and on Internal Control  
Required By *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, 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

May 16, 2003



# *City of Tallmadge, Ohio*

## *Comprehensive Annual Financial Report*

*For Fiscal Year Ended December 31, 2002*





# *City of Tallmadge, Ohio*

## *2002*

*Comprehensive Annual  
Financial Report  
for  
Fiscal Year Ended  
December 31, 2002*

*Prepared by the Office of the  
Director of Finance*

*Jill Stritch,  
Director of Finance, C.M.F.A*

*Jimelle Collins,  
Assistant Finance Director*

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**City of Tallmadge, Ohio**

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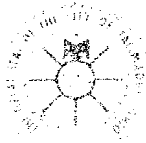
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## **Introductory Section**







46 NORTH AVENUE

**CITY OF TALLMADGE, OHIO**  
44278

JILL STRITCH  
DIRECTOR OF FINANCE  
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JIMELLE COLLINS  
ASSISTANT FINANCE DIRECTOR  
330-633-0858

May 16, 2003

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) for the fiscal year ended December 31, 2002, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation rests with the City. To the best of our knowledge, the data in this report is accurate in all material respects. It is our intention to present this report in a manner that presents fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to provide the reader with a better understanding of the City's financial activities have been included.

The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a listing of the principal City officials and an organizational chart. The financial section contains the Independent Accountants' Report on the financial statements and schedules as well as the general purpose financial statements and the combining and individual fund and account group statements and schedules. The statistical section includes financial and demographic information, generally presented on a multi-year basis.

#### **THE REPORTING ENTITY**

The City was established in 1936 as a village and became a city in 1951. The City is located in Summit County approximately 35 miles south of Cleveland, Ohio and is contiguous to Akron, Ohio. The City's 2002 population of 16,590 makes it the eighth largest City in Summit County.

Effective January 1, 1996, the City became a charter form of government. The charter allows the City to have home rule governing powers including an elected Mayor, Law Director, Director of Finance and Treasurer. The structure of Council changed in 1998 from an eight member council to a seven member council, each with a four year term. Four members of Council are elected from their respective wards and three members are elected at-large. The members of Council choose, by a majority vote, a member to serve as President for a two year term. The limitations for debt are as defined by state statute or local ordinance. The City had the first charter review and placed charter amendments on the ballot in 2002. The major amendment included combining the Treasurer's position and duties under the Director of Finance to commence in 2006.

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## City of Tallmadge, Ohio

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The City provides a full range of services to its citizens. The police protection services include a patrol, investigative, auxiliary program and a K-9 unit. In addition, the department has an established juvenile program that incorporates a drug resistance program, diversionary program, and a safety school for pre-kindergarten children. Tallmadge police also have a delegation of officers on the Summit Metro Critical Response and Rescue Team. Additional services offered by the City include fire protection and emergency medical service that provides ambulance transportation to the citizens. The fire protection services include a prevention bureau, which inspects dwellings and maintains a hazardous materials program, and promotes safety in the community and schools. Street maintenance includes additional services such as fall leaf pickup, tree chipping service, composting, waste oil disposal and recycling. Municipal functions include economic development, planning, zoning, building, cemetery, water and sanitary sewage services, a park and recreation system including a City pool.

Tallmadge is proud of its historical heritage that has been preserved. An excellent example of Western Reserve design is the center of Tallmadge known as the Circle or Rotary. This is still the central architectural focus point of the community. To ensure that the architectural character remains intact, the Design Control District was created and is regulated by a Design Control Board appointed by the Mayor and Council. The City refurbished the Old Town Hall in 2002. The City aided with a \$30,000 grant from Community Development Block Grant program and a \$21,000 grant from the Tallmadge Historical Society replaced the belfry, bringing the structure close to its original appearance.

The financial statements, schedules and statistical tables included herein include all funds and account groups that are controlled by or dependent upon the City, as determined on the basis of budgetary overview, obligations to fund deficits or control the use of surplus funds, taxing authority and fiscal management responsibilities. The Tallmadge City School District and the Tallmadge Public Library conduct all or a portion of their activities within the boundaries of the City. However, these organizations are not considered part of the City's reporting entity because the City is not financially accountable for their activities.

### **ECONOMIC CONDITION AND FUTURE OUTLOOK**

The City offers an attractive opportunity for business growth. A mixed business community operating in a favorable climate is the basis of Tallmadge's stable and healthy environment. Tallmadge's 400 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.

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## City of Tallmadge, Ohio

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The Akron area, including Tallmadge, is the recognized world leader in polymer research and production with over 400 companies involved in this activity. Many Tallmadge firms are indirectly involved in polymer production or provide products to serve this industry.

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 a reported valuation exceeding \$20 million in 2002.

Virtually all the major employers in the City have expanded or built new facilities during this time period. While the national and local economy experienced a downturn in 2002, there were still a significant number of expansions in the City. The latest expansions include Summit Racing Equipment, Martin Wheel Company, J.D. Williamson Company, Cement Tech Construction, Quality Feedscrew, Health Care Solutions, Fortseras Construction and Mosley Companies. The renovations made to West Avenue continue to benefit the City, encouraging business expansion or relocations along this commercial corridor including the opening of Delanie's Restaurant. Delanie's Restaurant is the first restaurant in the City to serve alcohol since prohibition. In addition to these expansions, there have been numerous commercial enterprises built or expanded throughout the City.

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. This size of building is typically in great demand and therefore tends to lease rather quickly thereby preserving jobs in the City. Tallmadge's employment rate remains stable due to this large number of small businesses in the City. Unemployment rates tend to run at least one percent lower than the Akron metropolitan area.

In assessing the Tallmadge labor force, one must focus on the entire Akron area. There are presently over 350,000 jobs in the Akron area. The special demands of local industry have created a highly skilled and educated labor force. The Akron area ranks in the top six percent nationally in high-tech production and technical occupations. Current figures indicate that Tallmadge and the metropolitan area have more than 20,000 engineers, scientists and technicians in the labor force.

Residential development has closely paralleled industrial and commercial development during the same period. A total of 112 residential units were built in 2002, which consists of 36 single-family dwellings and 76 condominiums. Interestingly, 513 units have been built in the City during the last four years. This is more than half as many units as were constructed during the last ten years making up the last census.

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 are comprised 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.

The City has seen a strong influx of young families moving in as evidenced by an increase of approximately 23% in enrollment in the school system since its low in 1989. This has resulted in the school district, in the fall of 1995, reopening one of the previously closed grade schools. The school system plans on expanding their facilities in the near future. They are now using a grade school that

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## City of Tallmadge, Ohio

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had been leased previously for the last 15 years. Current enrollment for school year 2002-03 is 2,726 for grades K through 12.

In order to direct plans that effectuate a sound pattern of development, the City utilizes a Comprehensive Plan. The Comprehensive Plan is a policy document adopted by the administration and Council. The result is a document available to the citizens and the interested public that 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. One of the goals of this plan, created in 1997, was to provide central water and sewer service to all areas of the City. Evidence of our success is that the City now provides sewer to the entire City and water service is available to approximately 98% of the City, with extensions needed in some of the more rural areas.

Growth of industrial, commercial and residential development demonstrates the City's willingness and desire to assist business development and promote future growth in Tallmadge. Reflected in the City's Comprehensive Plan is a willingness to promote planned growth for the future. The Comprehensive Plan details the City's guide for effective utilization of industrial, commercial, and residential areas throughout the City as well as proposed industrially zoned annexation areas.

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. In 2001, the City worked with a developer to expand the usability of the area by installing a new roadway and utilities for further development. This area continues to have new buildings and tenants. This new industrial property, coupled with the demands for development in the City, indicates a promising future for economic development.

The City also intends to create a Joint Economic Development District (JEDD) with Brimfield Township. This will allow for expansion of the number of businesses and enhance the tax base for the City. Brimfield Township will also retain some income tax for their governmental purposes. In exchange, the City will provide economic development and water services to the JEDD area.

### MAJOR INITIATIVES

During 2001, the City completed the Community Road in front of the library. This provided an "outer circle" linking Northeast Avenue and East Avenue. This project allows for much greater access to the library and Community Center. During 2002, the Tallmadge Plaza completed the expansion and renovation of the plaza to go along with the construction of Community Center Road.

The City continued the citywide park renovation in 2002 with the restoration of the Old Town Hall. The Old Town Hall was built in 1859 and is located in the Circle Park in the center of the City. The renovation included rebuilding the belfry, exterior painting and the addition of wood shingles, bringing the structure close to its original appearance. This is also an effort to be prepared for the bicentennial celebration in 2006.

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## City of Tallmadge, Ohio

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Major construction projects included the Potomac/Swank Sewer project, East Avenue School intersection upgrade, Eastwood Waterline project, numerous roads paved and storm water projects completed.

### 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 construct a new community recreation facility during 2003, with the anticipated opening scheduled for January 2004. The facility will be a 91,000 square foot joint use facility that is designed for indoor recreational activities such as basketball, volleyball, tennis, running, walking, indoor soccer, aerobics, weight training and batting cages. The facility will be funded by private donations and capital allocations from city income tax monies. The City issued debt in March 2003 for this project but there will be no new levies passed in order to accomplish the construction of the proposed building.

### CHARTER FOCUS

The City had its first charter review and adopted amendments to the original charter at the November 5, 2002 general election. Tallmadge voters approved several amendments, many of which were housekeeping or minor items. However, the amendment that was most notable and changes the operation of the government was the abolishment of the Office of the Treasurer upon the completion of the current term ending December 31, 2005. The Director of Finance shall perform all the duties as currently assigned and that of the Treasurer as of the effective date. There was also a change to the Appearance Commission which shall now consist of five members for staggered six year terms.

### FINANCIAL INFORMATION

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

### SUMMARY OF ACCOUNTING POLICIES AND BUDGETARY CONTROL

The City's financial statements for the Governmental Fund Types, Expendable Trust Funds and Agency Fund have been prepared using the modified accrual basis of accounting. Under this basis, revenues are recognized in the period in which they become measurable and available to finance current

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## City of Tallmadge, Ohio

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operations. Expenditures are recognized in the period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when it is due.

The Proprietary Fund Types and the Non-Expendable Trust Fund are accounted for using the accrual basis of accounting. Therefore, revenues are recognized when they are earned and expenses are recognized when they are incurred.

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. The level of budgetary control at which expenditures cannot exceed an appropriated amount is established at the program 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. 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 booklet outlining policies and procedures for all employees authorized to order goods or enter into a contract. At the close of the fiscal year, the unencumbered balance of each respective fund becomes available for future appropriations. 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.

### **GENERAL GOVERNMENTAL FUNCTIONS**

The schedules below compare revenues and expenditures for general governmental functions which include the General, Special Revenue, Debt Service, Capital Projects and Expendable Trust Funds. A discussion of the material differences in revenues and expenditures from 2002 to 2001 follows.

## City of Tallmadge, Ohio

Revenues	2002 Amount	2001 Amount	Increase (Decrease) Amount
Taxes	\$ 8,562,756	\$ 8,493,766	\$ 68,990
Intergovernmental	2,223,887	2,376,048	(152,161)
Charges for services	700,941	593,539	107,402
Fines, licenses and permits	414,832	323,608	91,224
Investment income	145,717	296,318	(150,601)
Special assessments	105,829	85,883	19,946
Miscellaneous	124,480	366,468	(241,988)
<b>Total Revenues</b>	<b>\$ 12,278,442</b>	<b>\$ 12,535,630</b>	<b>\$ (257,188)</b>

The revenue category of taxes has remained relatively stagnant with a modest increase of .81%. This is due to the collection of income taxes being sluggish as a result of an overall economic downturn.

The revenue category of intergovernmental decreased 6.40% due to the fact that the City received \$195,000 in permissive license tax in 2001 for a community road project. There was no such revenue in 2002. Otherwise, the City would have received more in this fiscal year in comparison to 2001.

The revenue category of charges for services increased substantially from fiscal year 2001 to 2002 due to a re-evaluation of the fee structures for various items. Due to changes in fee structures, the Fire/EMS Ambulance fees increased by approximately \$42,300. Additionally, the General Fund experienced a \$36,000 increase in pool passes and community center rentals.

The revenue category of fines, licenses and permits increased by 28.19% due to the increase of all building and zoning fees commencing midway through 2001 and collected for a full year in 2002.

The revenue category of investment income declined by approximately 50.8% due primarily to the low rates of interest received on the City's investments.

The revenue category of miscellaneous decreased from fiscal year 2001 due to a one time contribution in 2001 for a capital project.

## City of Tallmadge, Ohio

Expenditures	2002 Amount	2001 Amount	Increase (Decrease) Amount
Current			
Security of persons and property	\$ 4,554,729	\$ 4,546,800	\$ 7,929
Public health and welfare	178,764	173,349	5,415
Leisure time activities	695,650	727,899	(32,249)
Community development	382,185	385,460	(3,275)
Transportation	1,410,876	1,403,016	7,860
General government	2,580,493	2,639,616	(59,123)
Capital outlay	1,512,013	2,845,234	(1,333,221)
Debt service			
Principal	255,000	200,000	55,000
Interest	401,197	358,523	42,674
<b>Total Expenditures</b>	<b>\$ 11,970,907</b>	<b>\$ 13,279,897</b>	<b>\$ (1,308,990)</b>

The expenditure category of leisure time activities was reduced due to the City canceling the private contract for the operations at Maca pool and taking over those functions in house at reduced costs which enabled the City to break even for the first time.

The expenditure category of general government decreased due to management's proactive approach in maintaining financial stability in a sluggish economy. All wage increases for the elected officials were frozen for 2002 and operating budgets were cut back.

The expenditure category of capital outlay reflected a substantial decrease of 46.86%. This decrease in expenditures is due to the completion of the Community Road and City Hall Renovation projects. New capital expenditures in 2002 were minimized to set aside more funds for 2003 when the City intends to build a recreation center.

The expenditure category of principal and interest increased due to the first full year of debt payments on the City Building bond issuance.

**General Fund** - The General Fund accounts for all financial transactions of the City that are not accounted for in any of the other funds. The General Fund accounts for all governmental administrative functions, safety and security, community environment, recycling and leisure time activities.

**Special Revenue Funds** - Special Revenue Funds of the City account for revenues derived from special levies or a legally restricted revenue source. The major funds in this classification are the Fire/EMS Levy, State Highway and Street Maintenance and Repair Funds.

**Capital Projects Funds** - Capital Projects Funds of the City account for all financial transactions related to major capital projects that are not reflected as Enterprise Funds. These projects are typically funded from transfers from the General Fund or from the sale of general obligation debt.

**Enterprise Funds** - Enterprise Funds of the City account for those operations of the City where the costs of providing the services are paid for by user charges. It also includes utility projects whereby the debt is paid for by special assessments and monies in the major enterprise funds. The two distinct major enterprise operations of the City are the Sanitary Sewer Operating and Water Operating Funds.



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## City of Tallmadge, Ohio

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In an effort to maintain and refurbish the infrastructure of the City there are also General Infrastructure, Sanitary Sewer and Water Operating Infrastructure Funds. In accordance with City ordinances, the Infrastructure Funds receive annual revenues equal to 6% of the operating revenue from the Sanitary Sewer Operating and Water Operating Funds. This is accomplished as a direct posting of the percentage to the Infrastructure funds. The City does not operate its own water plant, rather the City purchases water from the City of Akron. The City owns and maintains the water lines and bills all the water customers within the City limits. The City also utilizes sewage treatment services provided by the City of Akron. Again, the City of Tallmadge maintains the sewer lines and bills its customers within the City limits. The water rates that the City sets for its citizens are based upon the rates charged by the City of Akron.

**Pension Trust Programs** - Employees of the City belong to one of two state operated pension plans. These are the Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire Pension Fund (OP&F). The elected officials participate in OPERS on a voluntary basis. The Ohio Revised Code mandates the participation in the plans by the City and its employees.

The total payrolls for employees covered by OPERS and OP&F for the year ended December 31, 2002, were \$3,598,894 and \$1,944,180, respectively. The City's 2002 employer contributions made to OPERS and OP&F were \$487,650 and \$406,687, respectively. A portion of the employer's contribution for OPERS and OP&F is set aside for the funding of postretirement health care which was 5% and 7.75%, respectively.

**Debt Administration** - The total amount of the City's debt is substantially lower than the statutory debt margins as indicated in Table 7 in the Statistical Section of this report. At December 31, 2002, the City's long-term bonds and notes payable were as follows:

Enterprise Funds Obligations	\$ 1,451,000
Other Long-Term General Obligations	\$ 6,589,000

**Cash Management** - The primary goal of the cash management program is to minimize the level of idle cash on hand to meet the daily cash requirements while simultaneously maximizing the funds available for investment. The City does not invest and has not invested in derivative instruments. All investments of interim funds must have a maturity of no longer than two years and investments of inactive funds five years.

The eligible investments under the City's investment policy are as follows:

- A. All interest bearing bank accounts, including certificates of deposit, savings accounts, and checking accounts when purchased from institutions with branch offices located in Tallmadge.
- B. Bonds, notes, or other direct obligations of or guaranteed by the United States or its agencies or instrumentalities or those for which the full faith and credit of the United States is pledged for payment of principal and interest issued by the United States Treasury, Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), and Federal Home Loan Mortgage Corporation (FHLMC).
- C. Bonds or other obligations of the State of Ohio and the City of Tallmadge.
- D. Repurchase agreements with institutions that have signed a master repurchase agreement with the City.
- E. The State Treasury Asset Reserve of Ohio (STAR Ohio).

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## City of Tallmadge, Ohio

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The City's investment objectives, in order of priority, are insuring the safety of the public funds, investing those funds in accordance with all state and local laws, maintaining sufficient liquidity to meet all reasonably anticipated expenditures and receiving the highest rate of return.

The City instituted a comprehensive investment policy which was adopted by Council in 1991. In 1992, the investment policy was amended, adopted by Council and the City received certification for that policy by the Municipal Treasurers Association of the United States and Canada (MTA). The Investment Policy was revised in 2002 and is in Chapter 125.01 in the Tallmadge Codified Ordinances.

**Risk Management** - The City, through the Service Director's department, obtains proposals annually for the most competitive insurance coverage. This department administers the City's insurance coverage, which is described as follows:

- General Liability - \$2,000,000 aggregate with a \$1,000,000 occurrence
- Automobile Liability - \$1,000,000 combined single limit on all City owned, hired and non-owned automobiles with a \$250 deductible for comprehensive and \$500 collision
- Umbrella Liability - The City has \$10,000,000 coverage extending the liability on the general liability, automobile liability, police professional liability, firefighters errors and omissions and public officials
- Property and Content - \$14,209,314 blanket coverage on buildings and contents and a \$1,000 deductible
- Firefighters Errors and Omissions - \$2,000,000 aggregate with a \$1,000,000 occurrence coverage
- Public Officials - \$1,000,000 aggregate with a \$1,000,000 loss and a \$5,000 deductible
- Police Professional - \$1,000,000 aggregate with a \$1,000,000 occurrence and \$1,000,000 per person with a \$5,000 deductible

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 Director of Finance and Treasurer are bonded for \$250,000. All persons working under the direction and supervision of either the Director of Finance or Treasurer's office are bonded for \$25,000. All other officers, clerks or employees who are paid by the City are covered by a blanket bond not to exceed \$5,000.

**Fixed Assets** - The General Fixed Assets of the City include all City owned land, buildings and improvements, equipment and vehicles that are essential for the performance of the governmental functions. The General Fixed Assets Account Group accounts for all assets of the City other than those accounted for in the Proprietary Funds. As of December 31, 2002, the General Fixed Assets of the City totaled \$19,808,124. This amount represents the historical cost of acquiring the assets.

Depreciation is not recorded on those assets in the General Fixed Assets Account Group. Infrastructure fixed assets such as streets, drains, traffic signals and signs are not capitalized by the City and are not reported as part of the General Fixed Assets Account Group.

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## City of Tallmadge, Ohio

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### OTHER

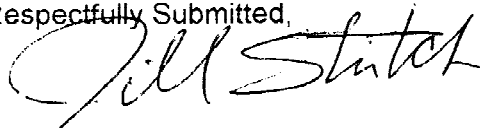
**Independent Audit** - The 2002 audit was performed by the State of Ohio Office of the Auditor. The City continues to receive an unqualified opinion. The Independent Accountants' Report on the City's financial statements is included in the financial section of this report.

**Awards** - 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, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

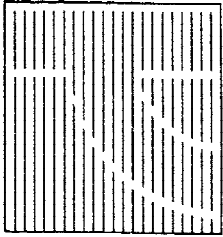
A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last ten consecutive years (fiscal years ended 1992 - 2001). We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it to the GFOA.

**Acknowledgment** - I would like to express my sincere appreciation to those individuals who assisted in the preparation of this Comprehensive Annual Financial Report. Successful preparation of a report of this scope depends upon the dedicated contributions and hard work of many employees. The cooperation and dedication, particularly of those in my office, who assisted me in this endeavor made the accomplishment of this report a reality. I would also like to extend my appreciation to the Administration and City Council for their support and commitment.

Respectfully Submitted,



Jill Stritch, Director of Finance, CMFA



The Government Finance Officers Association  
of the United States and Canada

presents this

## AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Jill Stritch  
Director of Finance

City of Tallmadge, Ohio

*The Award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

Date

October 11, 2002

# 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, 2001

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.



*William Robert Pate*  
President

*Jeffrey L. Essler*  
Executive Director

---

**City of Tallmadge, Ohio  
Listing of Principal City Officials  
As of December 31, 2002**

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**ELECTED OFFICIALS**

Mayor	Christopher B. Grimm
Director of Finance	Jill M. Stritch
Director of Law	Richard A. Schunk
Treasurer	Marc R. Dion, Sr.
President of Council	Jerry E. Feeman
Council Member	Linda S. Poinar
Council Member	John D. Rensel
Council Member	Jack L. Sarver
Council Member	Peter G. De Angelis
Council Member	Gene Stalnaker
Council Member	Dennis P. Thompson

**APPOINTED OFFICIALS**

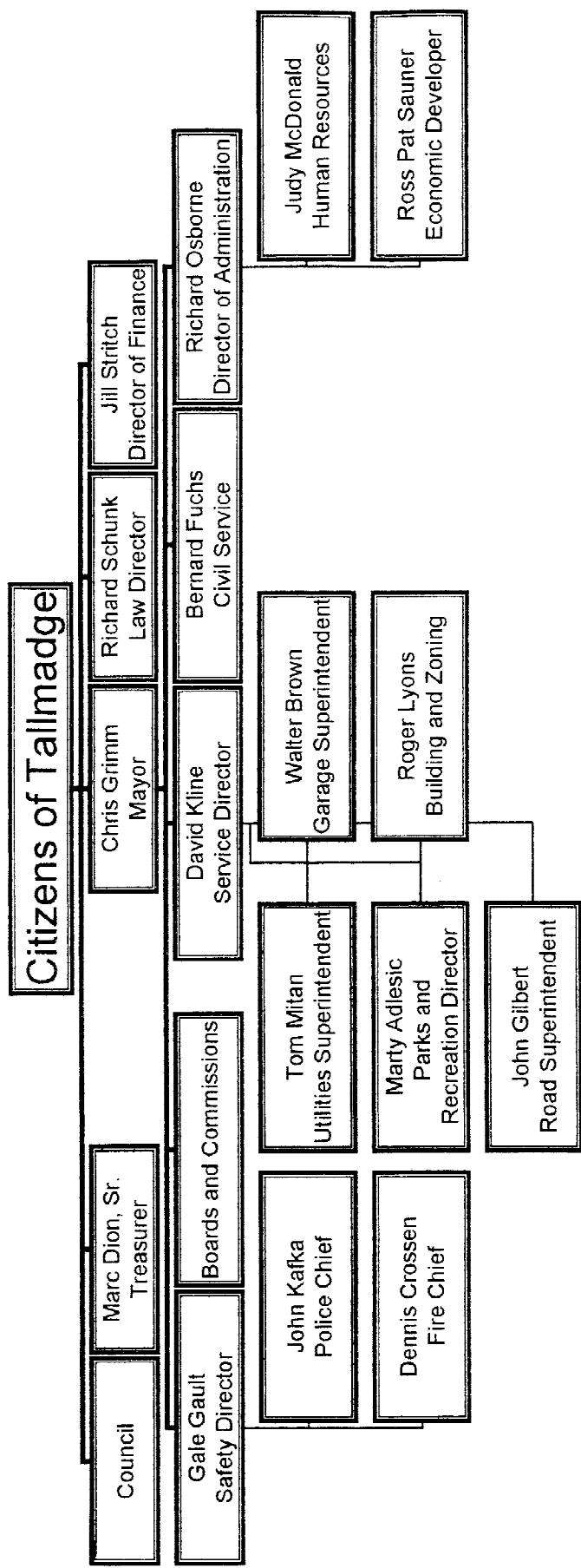
Service Director	David G. Kline
Director of Administration	Richard L. Osborne
Safety Director	Gale G. Gault
Human Resources Director	Judy McDonald
Economic Developer	Ross Sauner
Assistant Director of Law	Penny Taylor
Assistant Director of Finance	Jimelle Collins
Deputy Treasurer	Angela Myers
Chief Deputy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

**DEPARTMENT OFFICIALS**

Chief of Police	John G. Kafka
Chief of Fire	Dennis Crossen
Road Superintendent	John A. Gilbert
Utilities Superintendent	Thomas J. Mitan
Garage Superintendent	Walter J. Brown
Engineer/Building Inspector	Roger A. Lyons
Recreation Director	Martin G. Adlesic
Civil Service Chairman	Bernard J. Fuchs

# CITY OF TALLMADGE – 2002

## 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 general-purpose financial statements of the City of Tallmadge, Summit County, (the City) as of and for the year ended December 31, 2002, as listed in the Table of Contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose 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 opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Tallmadge, Summit County, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types and non-expendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2003 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.

The combining and individual fund and account group financial statements and schedules listed in the Table of Contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

May 16, 2003

111 Second St., NW / Fourth Floor / Canton, OH 44702  
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

**City of Tallmadge, Ohio**  
**Combined Balance Sheet - All Fund Types and Account Groups**  
**December 31, 2002**  
(With Comparative Totals as of December 31, 2001)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
Equity in pooled cash				
and investments	\$ 2,114,537	\$ 868,779	\$ 21,151	\$ 919,814
Receivables	2,663,064	1,466,952	1,648,430	208
Due from other funds	-	-	-	-
Inventory of supplies	75,472	126,840	-	-
Fixed assets (net of accumulated depreciation where applicable)	-	-	-	-
Amount available for retirement of general long-term obligations	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-
<b>Total Assets and Other Debits</b>	<b>\$ 4,853,073</b>	<b>\$ 2,462,571</b>	<b>\$ 1,669,581</b>	<b>\$ 920,022</b>
<b>Liabilities, Fund Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 90,848	\$ 65,826	\$ -	\$ 208,318
Claims payable	-	-	-	-
Due to other funds	-	-	-	237,500
Accrued wages and benefits	357,834	194,124	-	-
Other liabilities	42,885	-	-	-
Deferred revenue	1,772,080	1,125,762	1,648,430	7
General obligation bonds payable	-	-	-	-
Special assessment debt	-	-	-	-
Capital lease payable	-	-	-	-
<b>Total Liabilities</b>	<b>2,263,647</b>	<b>1,385,712</b>	<b>1,648,430</b>	<b>445,825</b>
<b>Fund Equity and Other Credits:</b>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings	-	-	-	-
Fund balance :				
Reserved for encumbrances	105,606	139,624	-	313,315
Reserved for inventory	75,472	126,840	-	-
Reserved for debt service	-	-	21,151	-
Reserved for endowment	-	-	-	-
Unreserved - undesignated	2,408,348	810,395	-	160,882
<b>Total Fund Equity and Other Credits</b>	<b>2,589,426</b>	<b>1,076,859</b>	<b>21,151</b>	<b>474,197</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 4,853,073</b>	<b>\$ 2,462,571</b>	<b>\$ 1,669,581</b>	<b>\$ 920,022</b>

(see notes to the combined financial statements)

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		2002 Totals	2001 Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)	(Memorandum Only)
\$ 5,373,083	\$ 161,359	\$ 206,349	\$ -	\$ -	\$ 9,665,072	\$ 9,381,185
2,884,484	-	114,984	-	-	8,778,122	8,976,183
237,500	-	-	-	-	237,500	-
78,416	-	-	-	-	280,728	306,551
9,676,911	-	-	19,808,124	-	29,485,035	29,516,375
-	-	-	-	21,151	21,151	51,519
-	-	-	-	7,156,848	7,156,848	7,469,812
<u>\$ 18,250,394</u>	<u>\$ 161,359</u>	<u>\$ 321,333</u>	<u>\$ 19,808,124</u>	<u>\$ 7,177,999</u>	<u>\$ 55,624,456</u>	<u>\$ 55,701,625</u>
\$ 349,144	\$ -	\$ 103,276	\$ -	\$ -	\$ 817,412	\$ 735,473
-	52,907	-	-	-	52,907	97,322
-	-	-	-	-	237,500	-
72,735	-	67,943	-	471,720	1,164,356	1,091,714
5,955	-	-	-	-	48,840	38,440
-	-	114,281	-	-	4,660,560	4,932,751
-	-	-	-	5,579,000	5,579,000	5,804,000
1,451,000	-	-	-	1,010,000	2,461,000	2,646,000
-	-	-	-	117,279	117,279	203,313
<u>1,878,834</u>	<u>52,907</u>	<u>285,500</u>	<u>-</u>	<u>7,177,999</u>	<u>15,138,854</u>	<u>15,549,013</u>
-	-	-	19,808,124	-	19,808,124	19,207,735
6,061,693	-	-	-	-	6,061,693	6,074,623
10,309,867	108,452	-	-	-	10,418,319	11,038,910
-	-	-	-	-	558,545	390,917
-	-	-	-	-	202,312	146,154
-	-	-	-	-	21,151	51,519
-	-	30,500	-	-	30,500	30,500
-	-	5,333	-	-	3,384,958	3,212,254
<u>16,371,560</u>	<u>108,452</u>	<u>35,833</u>	<u>19,808,124</u>	<u>-</u>	<u>40,485,602</u>	<u>40,152,612</u>
<u>\$ 18,250,394</u>	<u>\$ 161,359</u>	<u>\$ 321,333</u>	<u>\$ 19,808,124</u>	<u>\$ 7,177,999</u>	<u>\$ 55,624,456</u>	<u>\$ 55,701,625</u>

(see notes to the combined financial statements)

**City of Tallmadge, Ohio**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Funds**  
**for the Year Ended December 31, 2002**  
(With Comparative Totals for the Year Ended December 31, 2001)

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	2002	2001
<b>Revenues</b>							
Taxes	\$ 7,272,622	\$ 1,195,750	\$ -	\$ -	\$ 94,384	\$ 8,562,756	\$ 8,493,766
Intergovernmental	1,480,949	731,940	-	-	10,998	2,223,887	2,376,048
Charges for services	310,571	390,370	-	-	-	700,941	593,539
Fines, licenses and permits	411,164	3,668	-	-	-	414,832	323,608
Investment income	138,480	4,758	-	2,866	(387)	145,717	296,318
Special assessments	-	-	105,829	-	-	105,829	85,883
Miscellaneous	106,355	1,722	-	15,000	1,403	124,480	366,468
<b>Total Revenues</b>	<b>9,720,141</b>	<b>2,328,208</b>	<b>105,829</b>	<b>17,866</b>	<b>106,398</b>	<b>12,278,442</b>	<b>12,535,630</b>
<b>Expenditures</b>							
Current:							
Security of persons and property	2,657,984	1,634,172	-	-	262,573	4,554,729	4,546,800
Public health and welfare	120,423	58,341	-	-	-	178,764	173,349
Leisure time activities	457,139	238,511	-	-	-	695,650	727,899
Community development	382,185	-	-	-	-	382,185	385,460
Transportation	898	1,409,978	-	-	-	1,410,876	1,403,016
General government	2,580,493	-	-	-	-	2,580,493	2,639,616
Capital outlay	348,474	740,174	-	423,365	-	1,512,013	2,845,234
Debt service:							
Principal	-	-	255,000	-	-	255,000	200,000
Interest	-	-	401,197	-	-	401,197	358,523
<b>Total Expenditures</b>	<b>6,547,596</b>	<b>4,081,176</b>	<b>656,197</b>	<b>423,365</b>	<b>262,573</b>	<b>11,970,907</b>	<b>13,279,897</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>3,172,545</b>	<b>(1,752,968)</b>	<b>(550,368)</b>	<b>(405,499)</b>	<b>(156,175)</b>	<b>307,535</b>	<b>(744,267)</b>
Other Financing Sources (Uses)							
Capital lease proceeds	-	-	-	-	-	-	101,441
Proceeds from debt issuance	-	-	-	-	-	-	2,175,000
Operating transfers in	-	2,371,205	520,000	316,162	171,250	3,378,617	3,583,534
Operating transfers out	(3,482,830)	(145,205)	-	-	-	(3,628,035)	(3,775,531)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,482,830)</b>	<b>2,226,000</b>	<b>520,000</b>	<b>316,162</b>	<b>171,250</b>	<b>(249,418)</b>	<b>2,084,444</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(310,285)</b>	<b>473,032</b>	<b>(30,368)</b>	<b>(89,337)</b>	<b>15,075</b>	<b>58,117</b>	<b>1,340,177</b>
Fund Balance at Beginning of Year	2,611,099	624,916	51,519	516,788	(19,345)	3,784,977	2,438,470
Change in Reserve for Inventory	75,472	(19,314)	-	-	-	56,158	6,330
Residual Equity Transfers In	213,140	-	-	114,624	-	327,764	60,000
Residual Equity Transfers Out	-	(1,775)	-	(67,878)	-	(69,653)	(60,000)
<b>Fund Balance at End of Year</b>	<b>\$ 2,589,426</b>	<b>\$ 1,076,859</b>	<b>\$ 21,151</b>	<b>\$ 474,197</b>	<b>\$ (4,270)</b>	<b>\$ 4,157,363</b>	<b>\$ 3,784,977</b>

(see notes to the combined financial statements)

**City of Tallmadge, Ohio**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**All Governmental Fund Types and Expendable Trust Funds**  
**for the Year Ended December 31, 2002**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Taxes	\$ 7,687,607	\$ 7,295,190	\$ (392,417)	\$ 1,011,549	\$ 994,189	\$ (17,360)
Intergovernmental	1,366,346	1,481,829	115,483	746,794	733,095	(13,699)
Charges for services	305,700	310,571	4,871	566,000	398,306	(167,694)
Fines, licenses and permits	305,700	355,129	49,429	7,899	8,659	760
Investment income	215,000	144,089	(70,911)	7,022	6,120	(902)
Special assessments	4,650	56,246	51,596	-	-	-
Miscellaneous	106,509	104,085	(2,424)	20,458	6,327	(14,131)
<b>Total Revenues</b>	<b>9,991,512</b>	<b>9,747,139</b>	<b>(244,373)</b>	<b>2,359,722</b>	<b>2,146,696</b>	<b>(213,026)</b>
<b>Expenditures</b>						
Current:						
Security of persons and property	2,944,243	2,787,433	156,810	1,807,390	1,662,404	144,986
Public health and welfare	120,423	120,423	-	59,200	57,609	1,591
Leisure time activities	698,100	688,565	9,535	231,976	231,976	-
Community environment	377,800	371,095	6,705	-	-	-
Transportation	-	-	-	1,458,074	1,407,110	50,964
General government	2,574,527	2,489,384	85,143	-	-	-
Capital outlay	345,000	-	345,000	757,000	736,262	20,738
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>7,060,093</b>	<b>6,456,900</b>	<b>603,193</b>	<b>4,313,640</b>	<b>4,095,361</b>	<b>218,279</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>2,931,419</b>	<b>3,290,239</b>	<b>358,820</b>	<b>(1,953,918)</b>	<b>(1,948,665)</b>	<b>5,253</b>
Other Financing Sources (Uses)						
Operating advances in	-	-	-	-	-	-
Operating transfers in	42,947	42,947	-	2,039,850	2,371,205	331,355
Operating transfers out	(3,558,900)	(3,482,830)	76,070	(145,205)	(145,205)	-
Other financing sources (uses) net	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(3,515,953)</b>	<b>(3,439,883)</b>	<b>76,070</b>	<b>1,894,645</b>	<b>2,226,000</b>	<b>331,355</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(584,534)</b>	<b>(149,644)</b>	<b>434,890</b>	<b>(59,273)</b>	<b>277,335</b>	<b>336,608</b>
Fund Balance at Beginning of Year	1,915,729	1,915,729	-	385,576	385,576	-
Decertification of prior year encumbrances	21,027	21,027	-	13,410	13,410	-
Residual Equity transfers in	-	166,044	166,044	-	-	-
Residual Equity transfers out	-	-	-	(1,775)	(1,775)	-
<b>Fund Balance at End of Year</b>	<b>\$ 1,352,222</b>	<b>\$ 1,953,156</b>	<b>\$ 600,934</b>	<b>\$ 337,938</b>	<b>\$ 674,546</b>	<b>\$ 336,608</b>

(see notes to the combined financial statements)

(continued)

**City of Tallmadge, Ohio**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**All Governmental Fund Types and Expendable Trust Funds**  
**for the Year Ended December 31, 2002**

	Debt Service Fund			Capital Project Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	237,500	-	(237,500)
Charges for services	-	-	-	-	-	-
Fines, licenses and permits	-	-	-	-	-	-
Investment income	-	-	-	3,838	6,058	2,220
Special assessments	137,100	105,829	(31,271)	-	-	-
Miscellaneous	-	-	-	15,000	15,000	-
<b>Total Revenues</b>	<b>137,100</b>	<b>105,829</b>	<b>(31,271)</b>	<b>256,338</b>	<b>21,058</b>	<b>(235,280)</b>
<b>Expenditures</b>						
Current:						
Security of persons and property	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Leisure time activities	-	-	-	-	-	-
Community environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
General government	-	-	-	-	-	-
Capital outlay	-	-	-	620,814	611,027	9,787
Debt service:						
Principal	255,000	255,000	-	-	-	-
Interest	401,200	401,197	3	-	-	-
<b>Total Expenditures</b>	<b>656,200</b>	<b>656,197</b>	<b>3</b>	<b>620,814</b>	<b>611,027</b>	<b>9,787</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(519,100)</b>	<b>(550,368)</b>	<b>(31,268)</b>	<b>(364,476)</b>	<b>(589,969)</b>	<b>(225,493)</b>
Other Financing Sources (Uses)						
Operating advances in	-	-	-	-	237,500	237,500
Operating transfers in	534,900	520,000	(14,900)	349,162	316,162	(33,000)
Operating transfers out	-	-	-	-	-	-
Other financing sources (uses) net	(7,000)	-	7,000	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>527,900</b>	<b>520,000</b>	<b>(7,900)</b>	<b>349,162</b>	<b>553,662</b>	<b>204,500</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>8,800</b>	<b>(30,368)</b>	<b>(39,168)</b>	<b>(15,314)</b>	<b>(36,307)</b>	<b>(20,993)</b>
Fund Balance at Beginning of Year	51,519	51,519	-	350,267	350,267	-
Decertification of prior year encumbrances	-	-	-	37,439	37,439	-
Residual Equity transfers in	-	-	-	114,624	114,624	-
Residual Equity transfers out	-	-	-	(67,878)	(67,878)	-
<b>Fund Balance at End of Year</b>	<b>\$ 60,319</b>	<b>\$ 21,151</b>	<b>\$ (39,168)</b>	<b>\$ 419,138</b>	<b>\$ 398,145</b>	<b>\$ (20,993)</b>

(see notes to the combined financial statements)



**City of Tallmadge, Ohio**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**All Governmental Fund Types and Expendable Trust Funds**  
**for the Year Ended December 31, 2002**

	Expendable Trust Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Taxes	\$ 98,230	\$ 94,359	\$ (3,871)	\$ 8,797,386	\$ 8,383,738	\$ (413,648)
Intergovernmental	10,913	10,997	84	2,361,553	2,225,921	(135,632)
Charges for services	-	-	-	871,700	708,877	(162,823)
Fines, licenses and permits	-	-	-	313,599	363,788	50,189
Investment income	-	-	-	225,860	156,267	(69,593)
Special assessments	-	-	-	141,750	162,075	20,325
Miscellaneous	2,500	1,467	(1,033)	144,467	126,879	(17,588)
<b>Total Revenues</b>	<b>111,643</b>	<b>106,823</b>	<b>(4,820)</b>	<b>12,856,315</b>	<b>12,127,545</b>	<b>(728,770)</b>
<b>Expenditures</b>						
Current:						
Security of persons and property	290,200	259,641	30,559	5,041,833	4,709,478	332,355
Public health and welfare	-	-	-	179,623	178,032	1,591
Leisure time activities	-	-	-	930,076	920,541	9,535
Community environment	-	-	-	377,800	371,095	6,705
Transportation	-	-	-	1,458,074	1,407,110	50,964
General government	-	-	-	2,574,527	2,489,384	85,143
Capital outlay	-	-	-	1,722,814	1,347,289	375,525
Debt service:						
Principal	-	-	-	255,000	255,000	-
Interest	-	-	-	401,200	401,197	3
<b>Total Expenditures</b>	<b>290,200</b>	<b>259,641</b>	<b>30,559</b>	<b>12,940,947</b>	<b>12,079,126</b>	<b>861,821</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(178,557)</b>	<b>(152,818)</b>	<b>25,739</b>	<b>(84,632)</b>	<b>48,419</b>	<b>133,051</b>
Other Financing Sources (Uses)						
Operating advances in	-	-	-	-	237,500	237,500
Operating transfers in	195,000	171,250	(23,750)	3,161,859	3,421,564	259,705
Operating transfers out	-	-	-	(3,704,105)	(3,628,035)	76,070
Other financing sources (uses) net	-	-	-	(7,000)	-	7,000
<b>Total Other Financing Sources (Uses)</b>	<b>195,000</b>	<b>171,250</b>	<b>(23,750)</b>	<b>(549,246)</b>	<b>31,029</b>	<b>580,275</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>16,443</b>	<b>18,432</b>	<b>1,989</b>	<b>(633,878)</b>	<b>79,448</b>	<b>713,326</b>
Fund Balance at Beginning of Year	44,541	44,541	-	2,747,632	2,747,632	-
Decertification of prior year encumbrances	-	-	-	71,876	71,876	-
Residual Equity transfers in	-	-	-	114,624	280,668	166,044
Residual Equity transfers out	-	-	-	(69,653)	(69,653)	-
<b>Fund Balance at End of Year</b>	<b>\$ 60,984</b>	<b>\$ 62,973</b>	<b>\$ 1,989</b>	<b>\$ 2,230,601</b>	<b>\$ 3,109,971</b>	<b>\$ 879,370</b>

(see notes to the combined financial statements)

**City of Tallmadge, Ohio**  
**Combined Statement of Revenues, Expenses and Changes in Fund Equity**  
**All Proprietary Fund Types and Non-Expendable Trust Fund**  
**for the Year Ended December 31, 2002**  
(With Comparative Totals for the Year Ended December 31, 2001)

	Proprietary Fund Types		Fiduciary	Totals	
	Enterprise	Internal Service	Fund Type Non-Expendable Trust	(Memorandum Only)	
				2002	2001
<b>Operating Revenues</b>					
Charges for services	\$ 3,914,879	\$ 1,103,613	\$ -	\$ 5,018,492	\$ 5,327,184
Investment income	-	-	634	634	2,768
Other	267,940	45,586	-	313,526	419,255
<b>Total Operating Revenues</b>	<b>4,182,819</b>	<b>1,149,199</b>	<b>634</b>	<b>5,332,652</b>	<b>5,749,207</b>
<b>Operating Expenses</b>					
Personal services	432,313	266,648	-	698,961	679,086
Contractual services	2,849,225	1,220,787	-	4,070,012	3,675,588
Depreciation	601,838	30,204	-	632,042	519,172
Other	202,428	195,262	6,900	404,590	423,812
<b>Total Operating Expenses</b>	<b>4,085,804</b>	<b>1,712,901</b>	<b>6,900</b>	<b>5,805,605</b>	<b>5,297,658</b>
<b>Operating Income (Loss)</b>	<b>97,015</b>	<b>(563,702)</b>	<b>(6,266)</b>	<b>(472,953)</b>	<b>451,549</b>
Nonoperating Revenues (Expenses)					
Investment income	76,053	-	-	76,053	295,331
Interest expense	(84,677)	-	-	(84,677)	(85,998)
<b>Total Nonoperating Revenues (Expenses) - Net</b>	<b>(8,624)</b>	<b>-</b>	<b>-</b>	<b>(8,624)</b>	<b>209,333</b>
Income (Loss) Before Operating Transfers	88,391	(563,702)	(6,266)	(481,577)	660,882
Operating transfers in	322,997	513,580	-	836,577	586,033
Operating transfers out	(587,159)	-	-	(587,159)	(394,033)
<b>Net Income (Loss)</b>	<b>(175,771)</b>	<b>(50,122)</b>	<b>(6,266)</b>	<b>(232,159)</b>	<b>852,882</b>
Retained Earnings/Fund Balance at Beginning of Year	10,600,262	438,647	46,369	11,085,278	10,372,620
Residual Deficit (Equity) Transfers In/Out	(114,624)	(280,073)	-	(394,697)	(140,223)
Retained Earnings/Fund Balance at End of Year	10,309,867	108,452	40,103	10,458,422	11,085,279
Contributed Capital at Beginning of Year	6,061,693	12,930	-	6,074,623	5,921,470
Residual equity transfers out	-	(12,930)	-	(12,930)	-
Current Year Contributions	-	-	-	-	153,153
Contributed Capital at End of Year	6,061,693	-	-	6,061,693	6,074,623
<b>Fund Equity at End of Year</b>	<b>\$ 16,371,560</b>	<b>\$ 108,452</b>	<b>\$ 40,103</b>	<b>\$ 16,520,115</b>	<b>\$ 17,159,902</b>

(see notes to the combined financial statements)

**City of Tallmadge, Ohio**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types and Non-Expendable Trust Fund**  
**for the Year Ended December 31, 2002**

(With Comparative Totals for the Year Ended December 31, 2001)

	Proprietary Fund Types		Fiduciary	Totals	
	Enterprise	Internal Service	Fund Type	(Memorandum Only)	
			Non-Expendable Trust	2002	2001
Cash Flows Provided by					
(Used in) Operating Activities					
Cash received from customers	\$ 3,990,711	\$ 1,103,292	\$ -	\$ 5,094,003	\$ 4,776,778
Cash payments to suppliers for goods/services	(3,130,942)	(1,410,852)	-	(4,541,794)	(4,051,632)
Cash payments to employees for services	(390,587)	(271,788)	-	(662,375)	(684,156)
Other operating revenues (Uses)	267,938	30,117	(6,187)	291,868	419,254
Net Cash Provided By (Used in)					
Operating Activities	737,120	(549,231)	(6,187)	181,702	460,244
Cash Flows Provided by (Used in)					
Noncapital Financing Activities					
Operating transfers in	322,997	513,580	-	836,577	586,033
Operating transfers out	(587,159)	-	-	(587,159)	(394,033)
Advances out	(237,500)	-	-	(237,500)	-
Residual equity transfers in	97,004	-	-	97,004	-
Residual equity transfers out	(211,628)	(293,003)	-	(504,631)	-
Net Cash Provided by (Used in)					
Noncapital Financing Activities	(616,286)	220,577	-	(395,709)	192,000
Cash Flows Provided by (Used in)					
Capital & Related Financing Activities					
Acquisition and construction of capital assets	(149,638)	149,515	-	(123)	(750,105)
Contributed capital	-	-	-	-	153,153
Residual Equity Transfers Out	-	-	-	-	(140,223)
Principal paid on notes/bonds	(155,000)	-	-	(155,000)	(1,905,000)
Interest paid on notes/bonds	(84,677)	-	-	(84,677)	(89,340)
Proceeds from sale of notes/bonds	-	-	-	-	1,575,000
Net Cash Provided by (Used in)					
Capital & Related Financing Activities	(389,315)	149,515	-	(239,800)	(1,156,515)
Cash Flows Provided by (Used in)					
Investing Activities					
Interest on investments	75,863	-	-	75,863	298,311
Net Cash Provided by (Used in)					
Investing Activities	75,863	-	-	75,863	298,311
Net Increase (Decrease) in Cash	(192,618)	(179,139)	(6,187)	(377,944)	(205,960)
Cash at Beginning of Year	5,565,701	340,498	46,262	5,952,461	6,158,421
Cash at End of Year	\$ 5,373,083	\$ 161,359	\$ 40,075	\$ 5,574,517	\$ 5,952,461

(see notes to the combined financial statements)

(continued)

**City of Tallmadge, Ohio**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types and Non-Expendable Trust Fund**  
**for the Year Ended December 31, 2002**

(With Comparative Totals for the Year Ended December 31, 2001)

	Proprietary Fund Types		Fiduciary	Totals	
	Enterprise	Internal Service	Non-Expendable Trust	(Memorandum Only)	
	2002	2001		2002	2001
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$ 97,015	\$ (563,702)	\$ (6,266)	\$ (472,953)	\$ 451,549
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	601,838	30,204	-	632,042	519,172
Change in assets and liabilities					
Receivables	75,831	1,201	141	77,173	(550,964)
Inventory	10,624	71,357	-	81,981	(25,092)
Accounts payable	(52,936)	(24,305)	-	(77,241)	50,464
Accrued wages and benefits	6,720	(19,571)	-	(12,851)	(6,306)
Other	(1,972)	(44,415)	(62)	(46,449)	21,421
Total adjustments	640,105	14,471	79	654,655	8,695
Net cash provided by (Used in) operating activities:	\$ 737,120	\$ (549,231)	\$ (6,187)	\$ 181,702	\$ 460,244
Reconciliation of Cash to Combined Balance Sheet					
Cash-Combined Statement of Cash Flows	\$ 5,373,083	\$ 161,359	\$ 40,075		
Cash and Investments -Expendable Trust and Agency Funds	-	-	166,274		
Equity in pooled cash and investments- Combined Balance Shee	\$ 5,373,083	\$ 161,359	\$ 206,349		

(see notes to the combined financial statements)

**City of Tallmadge, Ohio  
Year Ended December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Tallmadge, Ohio (the "City") is incorporated as a municipal corporation under the laws of the State of Ohio. The City operates under a Mayor-Council form of government in accordance with a Charter which became effective as of January 1, 1996. This City provides the following services: security of persons and property (police and fire), public health and welfare, leisure time activities, transportation (highways and streets), public improvements, community development, water, sewers, and general governmental services.

**A. Reporting Entity**

For financial reporting purposes, the City's reporting entity includes all funds, account groups, agencies, boards and commissions for which the City is financially accountable. No component units are included in the definition of the City's reporting entity.

**B. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The financial statements of the governmental fund types, the expendable trust funds and agency fund are prepared using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become measurable and available to finance current City operations. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for interest on general long-term debt which is recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current period or within 60 days thereafter): investment earnings, income taxes, fines and forfeitures, and state-levied locally shared taxes (including motor vehicle fees). Reimbursements related to federally funded community development projects are recognized as revenue at the time qualified expenditures are made.

Certain property taxes, though measurable, are not intended to finance current period obligations; therefore, property taxes receivable are recorded as deferred revenue. The revenue will be recognized in the year for which it is levied.

Levied special assessments are measurable and have therefore been recorded as a receivable. Since the amounts recognized as a receivable will not be available to be used to pay obligations of the current period, equal amounts are also recorded as deferred revenue.

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

The proprietary fund types and the non-expendable trust fund are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred. In accordance with Statement No. 20 of the Governmental Accounting Standards

# Notes to the Combined Financial Statements

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(continued)

## City of Tallmadge, Ohio Year Ended December 31, 2002

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Board, the City has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The City will continue applying all applicable pronouncements issued by GASB.

### C. Basis of Presentation-Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Amounts in the "Totals (Memorandum Only)" columns in the financial statements represent a summation of the combined financial statement line items of the fund types and account groups and are presented only for analytical purposes. The data in these columns do not present financial information in accordance with generally accepted accounting principles. The summation includes fund types and account groups that use different bases of accounting, and include interfund transactions that have not been eliminated. Consequently, amounts shown in the "Totals (Memorandum Only)" columns are not comparable to a consolidation.

The City uses the following fund types and account groups:

#### **Governmental Fund Types**

Governmental Funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and the non-expendable trust fund) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The following are the City's Governmental Fund Types:

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue Funds are used to account for revenue derived from specific taxes, grants or other restricted revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, certain general long-term debt principal, interest and related costs.

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**City of Tallmadge, Ohio**  
**Year Ended December 31, 2002**

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**Capital Projects Funds** - Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund types and the non-expendable trust fund).

**Proprietary Fund Types**

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to achieve sound financial administration. The measurement focus is based upon determination of net income, financial position and cash flows. The following are the City's Proprietary Fund types:

**Enterprise Funds** - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Internal Service Funds** - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The City had two internal service funds in 2002. The Garage Revolving Fund accounts for the cost of the maintenance facility for all automotive equipment used by various City departments. The costs of services provided are billed to the various user departments. As of December 31, 2002 the Garage Revolving Fund was eliminated and the balance was transferred to the General Fund which resulted in an inequity to residual transfers due to the fact that the General Fixed Assets Account Group received a portion of this equity transfer in the amount of \$149,516. The other is the Self-Insurance Fund, which accounts for the payment of claims and operations of the City's medical insurance program. The cost of premiums is billed to the various user departments.

**Fiduciary Fund Types**

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These funds include (a) expendable trust funds, (b) a non-expendable trust fund and (c) an agency fund. The measurement focus of expendable trust funds is based upon determination of financial position and changes in financial position. The measurement focus of the non-expendable trust fund is based upon determination of net income, financial position and cash flows. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

**Account Groups**

The following account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations:

# Notes to the Combined Financial Statements

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(continued)

## City of Tallmadge, Ohio Year Ended December 31, 2002

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**General Fixed Assets Account Group** - This account group is established to account for fixed assets other than those accounted for in the proprietary fund types or non-expendable trust fund.

**General Long-Term Obligations Account Group** - This account group is established to account for all long-term obligations of the City that are not a specific liability of any proprietary fund type or non-expendable trust fund.

### D. Budget Requirements and Budgetary Accounting

The budgetary process is prescribed by the provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources and the Appropriation Ordinances, all of which are prepared using a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP basis). The major difference between the budgetary basis and the GAAP basis is that financial transactions are recorded on a cash and encumbrance basis (budgetary basis) as opposed to when susceptible to accrual (GAAP). These budgetary documents are subject to amendment throughout the year, with the legal restriction that appropriations cannot exceed estimated resources as certified by the County Budget Commission. The initial level of budgetary control is established at the program 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. The City maintains budgetary control by not permitting expenditures to exceed appropriations at the level of budgetary control. All funds presented in this CAFR have legally adopted annual budgets.

#### Tax Budget

A budget of estimated cash receipts and disbursements is submitted to the County Fiscal Officer, as Secretary of the County Budget Commission by July 20 of each year for the period January 1 to December 31 of the following year.

#### Estimated Resources

The County Budget Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official Certificate of Estimated Resources which states the projected financial resources (including any carryover fund balance) of each fund for the succeeding

year. The total appropriations in any budget passed for the succeeding year cannot exceed the amount stated in the Certificate of Estimated Resources.

#### Appropriations

A temporary appropriation measure to control expenditures must be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriation



**City of Tallmadge, Ohio  
Year Ended December 31, 2002**

amendments were passed during the current year.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

Council adopts appropriations at the fund level with the exception of the General Fund. The General Fund appropriations are adopted at the program level (i.e. police, recreation, etc.). Management may transfer appropriations within each fund and within each General Fund program as long as the totals are not exceeded.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the future expenditure of funds are recorded in order to reserve a portion of the applicable appropriation, is utilized during the year for budgetary control purposes. Encumbrances outstanding at year end are reported as expenditures under the City's budgetary basis of accounting. The City honors the contracts represented by year end encumbrances. For GAAP reporting purposes, encumbrances outstanding at year end for governmental funds are reported as reservations of fund balances since they do not constitute expenditures or liabilities. For proprietary funds, outstanding year end encumbrances, if significant, are disclosed as purchase commitments in the notes to the financial statements.

**E. Budgetary Basis of Accounting**

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Expendable Trust Funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts and disbursements. The major differences between the budgetary basis and the GAAP basis are:

- A. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
- B. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP);
- C. Encumbrances are recorded as expenditures (budget) as opposed to a reservation of a fund balance (GAAP);
- D. Short-term note proceeds and note principal retirement are considered operating transactions (budget) as opposed to balance sheet transactions (GAAP).

# Notes to the Combined Financial Statements

(continued)

## City of Tallmadge, Ohio Year Ended December 31, 2002

A reconciliation of the results of operations for the year from the GAAP basis to the budgetary basis is shown below:

	Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses					Total
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Funds	
GAAP basis	\$ (310,285)	\$ 473,032	\$ (30,368)	\$ (89,337)	\$ 15,075	\$ 58,117
Increase (decrease) due to:						
Change in receivables and other assets not recognized on the budget basis - January 1 to December 31	69,945	(181,512)	0	240,692	425	129,550
Change in liabilities not recognized on the budget basis - January 1 to December 31	72,352	23,456	0	(39,331)	2,932	59,409
Net impact of encumbrances recognized as expenditures on the budget basis	18,344	(37,641)	0	(148,331)	0	(167,628)
Budget basis	\$ (149,644)	\$ 277,335	\$ (30,368)	\$ (36,307)	\$ 18,432	\$ 79,448

### F. Equity in Pooled Cash and Investments

Cash balances of all funds of the City are pooled and either held in a common group of bank accounts or invested in short-term investments. Investments are stated at fair market value. Adjustments to fair market value are made to securities held at year end. The net effect of these adjustments, along with realized gains and losses from the sale of investments, are recorded as a component of investment income.

For purposes of statements of cash flows, cash includes investments with maturities of three months or less at the date of the purchase.

### G. Fixed Assets and Depreciation

**City of Tallmadge, Ohio  
Year Ended December 31, 2002**

The accounting and reporting treatment applied to the fixed assets is determined by their use. General fixed assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the Governmental Fund Types and capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Infrastructure fixed assets, such as streets, traffic signals and signs are not capitalized by the City and are not reported as part of the General Fixed Assets Account Group.

Fixed assets used in Proprietary Fund Type operations are capitalized in the fund in which they are utilized. All fixed assets are recorded at historical cost or, if donated, at fair market value at the date received.

The City has elected not to record depreciation in the General Fixed Assets Account Group. Depreciation for the proprietary funds is determined by allocating the cost of the fixed assets over their estimated useful lives by the straight-line method. The estimated useful lives are as follows:

	<u>Years</u>
Buildings and Improvements	25
Equipment	3 - 25
Water/Sewer/Storm Water Lines	40

**H. Grants and Other Intergovernmental Revenues**

State grants and assistance awards made on the basis of entitlement programs are recorded as intergovernmental revenues when the entitlement occurs. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

**I. Inventory of Supplies**

Inventories are stated at cost on a first-in, first-out basis. The cost of inventory items is recorded as expenditure in the Governmental Fund Types when purchased and as an expense in the Proprietary Fund Types when used.

Reported supplies inventory is equally offset by a fund balance reserve in the Governmental Funds which indicates that it does not constitute "available spendable resources" even though it is a component of net current assets.

**J. Compensated Absences**

The City utilizes the vesting method as permitted by Governmental Accounting Standards Board Statement No. 16, to accrue sick leave liability.

# Notes to the Combined Financial Statements

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(continued)

## City of Tallmadge, Ohio Year Ended December 31, 2002

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### **K. Interfund Transactions**

During the course of its operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services and construct assets. Transfers for current operations are recorded as operating transfers. The classification of amounts recorded as operating transfers, advances, or equity contributions is determined by City management.

### **L. Fund Balances (Governmental Funds)**

Fund balances are reserved for encumbrances and inventories of supplies, as previously explained. The fund balance in the Debt Service Fund is reserved for retirement of general obligation debt.

### **M. Residual Equity Transfers**

The City records the transfer of residual balances of discontinued funds as residual equity transfers.

### **N. New Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments". This statement revises accounting and reporting standards for general purpose external financial reporting by governmental units. Statement No. 34 is effective for the year ending December 31, 2003. The City has not completed an analysis of the impact of this statement on its reported financial condition and results of operations.

### **O. Nonexchange Transactions**

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

### **P. Interest Capitalization**

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**City of Tallmadge, Ohio  
Year Ended December 31, 2002**

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The City has elected not to capitalize interest on General Fixed Assets. Interest incurred on Capital Project, Proprietary, and similar trust funds historically has not been significant and not been capitalized.

**NOTE 2 - COMPLIANCE AND ACCOUNTABILITY**

**A. Fund Deficit**

Within the Expendable Trust Funds, the Police Pension Fund deficit of \$15,433 will be eliminated by a transfer from the General Fund.

**B. Expenditures in Excess of Appropriations**

There were no instances where expenditures exceeded appropriations at the legal level of budgetary control for the year ended December 31, 2002.

**NOTE 3 - CASH AND INVESTMENTS**

**A. Policies and Practices**

Ohio law requires the classification of funds held by the City into three categories which determines the type of investments which can be made. These categories are described below.

Active deposits are those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the City. Such funds must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand accounts, including negotiable order of withdrawal (NOW) accounts.

Inactive funds are those funds not required for use for up to five (5) years as defined by the City's Investment Policy. Previously, inactive funds represented those funds not required for use within the current two-year period of designation of depositories. It includes all funds not classified as either "active" or "interim". The City's Investment Policy also placed a total cap on inactive funds as 20% of the total portfolio. Inactive funds may be deposited or invested for up to a maximum of five (5) years in any allowable security in which "active" or "interim" funds can be invested.

Interim funds are those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

## Notes to the Combined Financial Statements

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(continued)

### City of Tallmadge, Ohio Year Ended December 31, 2002

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- Bonds, notes or other direct obligations of or guaranteed by the United States or its agencies or instrumentalities or those for which the full faith and credit of the United States is pledged for payment of principal and interest including but not limited to: obligations issued by the United States Treasury, Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), and Federal Home Loan Mortgage Corporation (FHLMC);
- Bonds, notes, debentures or other obligations or securities issued by any federal government agency or the Export-Import Bank of Washington;
- Repurchase agreements in the securities enumerated above;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio; and
- The State Treasury Asset Reserve (STAR Ohio).

Notwithstanding the foregoing requirements, the City may invest any monies not required to be used for a period of six months in the following classes of investments:

- Bonds, notes or other obligations guaranteed by the United States, or those for which the full faith of the United States is pledged for payment of principal and interest;
- Discount notes of the Federal National Mortgage Association;
- Bonds of the State of Ohio; and
- Bonds of any municipal corporation, village, county, township or other political subdivision of Ohio, as to which there is no default of principal, interest or coupons.

Ohio law requires that deposits be placed in eligible banks or domestic building and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities having an aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral may be pledged as a pool for all public deposits held by an individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by the institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority.

**City of Tallmadge, Ohio  
Year Ended December 31, 2002**

**B. Deposits**

At December 31, 2002, the carrying amount of the City's deposits was (\$163,375) and the bank balance was \$11,298. Of the bank balance, \$11,298 was covered by federal depository insurance.

**C. Investments**

As required by GASB Statement No. 3, the City's investments at December 31, 2002 are categorized below to give an indication of the level of custodial credit risk assumed by the City at year end. The categories are described as follows:

- Category 1 Insured or registered, or for which the securities are held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

	Risk Category			Carrying Amount (Fair Value)
	1	2	3	
Categorized Investments:				
Repurchase Agreements	\$ 0	\$ 0	\$ 3,193,766	\$ 3,193,766
U.S. Government Securities	1,001,560	0	0	1,001,560
Certificates of Deposit	1,413,987	0	0	1,413,987
<b>Total Categorized Investments</b>	<b>\$ 2,415,547</b>	<b>\$ 0</b>	<b>\$ 3,193,766</b>	<b>5,609,313</b>
Non-Categorized Investment				
STAR Ohio				4,219,134
<b>Total Investments</b>				<b>\$ 9,828,447</b>

STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. STAR Ohio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be redeemed for on December 31, 2002.

**NOTE 4 - RECEIVABLES**

# Notes to the Combined Financial Statements

(continued)

## City of Tallmadge, Ohio Year Ended December 31, 2002

The City's receivables by fund type consist of the following:

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency
Property Taxes	\$ 761,428	\$ 1,039,452	\$ 0	\$ 0	\$ 0	\$ 108,777
City Income Taxes	1,355,878	0	0	0	0	0
Utility Billings	0	0	0	0	1,110,539	0
Special Assessments	7,150	0	1,648,430	0	1,770,282	0
Interest	4,962	212	0	208	3,663	29
Intergovernmental	516,209	378,392	0	0	0	5,503
Other	17,437	48,896	0	0	0	675
<b>Total</b>	<b>\$ 2,663,064</b>	<b>\$ 1,466,952</b>	<b>\$ 1,648,430</b>	<b>\$ 208</b>	<b>\$ 2,884,484</b>	<b>\$ 114,984</b>

### NOTE 5 - FIXED ASSETS

#### A. General Fixed Assets

A summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2002 follows:

	Balance January 1	Additions	Deletions	Balance December 31
Land	\$ 2,593,801	\$ 6,500	\$ 0	\$ 2,600,301
Buildings and Improvements	7,777,301	156,896	0	7,934,197
Equipment/Storm Waterlines	8,836,633	460,747	(243,733)	9,053,647
Construction in Progress	0	219,979	0	219,979
<b>Total</b>	<b>\$ 19,207,735</b>	<b>\$ 844,122</b>	<b>\$ (243,733)</b>	<b>\$ 19,808,124</b>

#### B. Proprietary Fund Type Fixed Assets

A summary of Proprietary Fund Type property, plant and equipment at December 31, 2002 follows:



**City of Tallmadge, Ohio  
Year Ended December 31, 2002**

	Enterprise
Land	\$ 176,049
Buildings and Improvements	1,404,561
Equipment	859,865
Water/Sewer Storm Water Lines	14,623,455
Construction in Progress	551
Total	17,064,481
Less Accumulated Depreciation	(7,387,570)
Net	\$ 9,676,911

**NOTE 6 – LEASES**

**A. Capital Leases**

In prior years, the City entered into lease agreements as a lessee for financing the acquisition of equipment. These leases qualify as capital leases for accounting purposes and were recorded in the General Fixed Assets Account Group and General Long-Term Obligations Account Group.

The future minimum lease payments and the net present value of the minimum lease payments under capital leases as of December 31, 2002 were as follows:

Year Ending December 31	General Long-Term Obligations
2003	\$ 98,332
2004	27,910
	126,242
Less: amount representing interest	(8,963)
Present value of minimum lease payments	\$ 117,279

**B. Operating Leases**

# Notes to the Combined Financial Statements

(continued)

## City of Tallmadge, Ohio Year Ended December 31, 2002

The City leases sewer lines from Summit County and land from the Tallmadge Board of Education under non-cancelable operating leases. Future minimum rental payments under operating leases with remaining terms in excess of one year as of December 31, 2002 are as follows:

YEAR	AMOUNT
2003	\$ 578,000
2004	578,000
2005	578,000
2006	40,000
2007	60,000
2008-2011	240,000
TOTAL	\$ 2,074,000

The City's rent expense under these leases was \$538,000 for the County for the year ended December 31, 2002.

### NOTE 7 - LONG-TERM OBLIGATIONS AND NOTES PAYABLE

#### A. Long-Term Obligations

A summary of the changes in the City's long-term obligations for the year ended December 31, 2002 is as follows:

	Balance January 1	Additions	Reductions	Balance December 31
Enterprise Funds Obligations:				
Special Assessment Debt:				
4.41% 1993 Northeast/Martindale Water	\$ 80,000	\$ 0	\$ 40,000	\$ 40,000
6.39% 1992 Southwest Sanitary Sewer and Water	266,000	0	25,000	241,000
5.862% 1996 N.W. Quad Sanitary Sewer	375,000	0	15,000	360,000
4.560% 1998 Ernest Waterline	210,000	0	25,000	185,000
4.725% 2001 Elm/Ferguson Waterline	425,000	0	30,000	395,000
4.725% 2001 Parker/Milton Waterline	250,000	0	20,000	230,000
	\$ 1,606,000	\$ 0	\$ 155,000	\$ 1,451,000
General Long-Term Obligations Account Group:				
General Obligation Bonds:				
6.39% 1992 Tallmadge Woods	\$ 449,000	\$ 0	\$ 40,000	\$ 409,000
6.54% 1995 Concrete Streets	1,015,000	0	50,000	965,000
5.120% 1998 Storm Water Improvement	2,165,000	0	85,000	2,080,000
4.725% 2001 City Building Improvement	2,175,000	0	50,000	2,125,000
	5,804,000	0	225,000	5,579,000
Special Assessment Bonds:				

**City of Tallmadge, Ohio  
Year Ended December 31, 2002**

6.00% West Ave. Street Improvement	<u>1,040,000</u>	<u>0</u>	<u>30,000</u>	<u>1,010,000</u>
Other Obligations:				
Accrued wages and benefits-compensated absences	474,018	0	2,298	471,720
Capital Leases (Note 6)	<u>203,313</u>	<u>0</u>	<u>86,034</u>	<u>117,279</u>
	<u>677,331</u>	<u>0</u>	<u>88,332</u>	<u>588,999</u>
Total	<u>\$ 7,521,331</u>	<u>\$ 0</u>	<u>\$ 343,332</u>	<u>\$ 7,177,999</u>

The City's debt service requirements subsequent to December 31, 2002 for its bonded debt are:

	Enterprise Funds Special Assessment Debt		General Long-Term Obligations Account Group General Obligation & Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2003	\$ 165,000	\$ 71,462	\$ 285,000	\$ 355,256
2004	140,000	64,275	300,000	341,605
2005	140,000	58,107	310,000	326,738
2006	139,000	51,712	326,000	311,223
2007	149,000	45,219	341,000	294,551
Thereafter	<u>718,000</u>	<u>143,127</u>	<u>5,027,000</u>	<u>1,942,403</u>
Total	<u>\$ 1,451,000</u>	<u>\$ 433,902</u>	<u>\$ 6,589,000</u>	<u>\$ 3,571,776</u>

**B. DEBT CAPACITY AND SECURITY**

At December 31, 2002, the City had the ability to issue approximately \$14.3 million of additional, unvoted, general obligation debt.

All bond and note obligations are backed by the full faith and credit of the City. In addition, the special assessment bonds are secured by special assessments levied against certain property owners. Although the obligations of the enterprise funds are general obligations of the City, the practice has been to have the debt serviced by special assessments received by the enterprise funds.

# Notes to the Combined Financial Statements

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(continued)

## City of Tallmadge, Ohio Year Ended December 31, 2002

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### NOTE 8 - LOCAL TAX REVENUES

#### A. Income Taxes

An income tax of 2% is levied on substantially all income earned within the City. In addition, residents of the City are required to pay City income taxes on income earned outside the City; however, credit is allowed for income taxes paid to other municipalities up to 100% of the City's current tax rate. The City renewed the 2% income tax at the primary election held on September 7, 1999 for the period commencing March 1, 2000 through February 28, 2005.

Employers within the City are required to withhold income tax on employee compensation and remit this tax to the City at least quarterly. Corporations and self-employed individual taxpayers are required to pay estimated taxes quarterly and file a declaration annually with the City.

Total income tax revenue for the year ended December 31, 2002 was \$6,617,777. This amount was recognized in the General Fund in the accompanying combined financial statements.

#### B. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Fiscal Officer at 35% of appraised market value. All property is required to be revalued every six years with a triennial update. Real property taxes to be received by the City in 2002 were based upon property values which were updated in 1999. 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, with the remainder payable June 20. In certain circumstances, state statute permits earlier or later payment dates to be established.

Tangible personal property taxes (for tangible property other than public utility property) are levied in the preceding calendar year and attach as a lien on January 1 of the current calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value as determined as of the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Amounts 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 by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values as of December 31 of the second year preceding the tax collection year, the lien date. The majority of public utility tangible personal property currently is assessed at 88% of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

**City of Tallmadge, Ohio  
Year Ended December 31, 2002**

The County Fiscal Officer collects property taxes on behalf of all taxing districts within the County. The County Fiscal Officer periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively.

The City records property taxes receivable and deferred revenue as of the levy date as the amounts are not intended to finance the operations of the current period.

The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are shown as follows:

Real Property - 2001 Tax Valuation	\$ 310,110,860
Public Utility Property - 2001 Tax Valuation	7,252,450
Tangible Personal Property - 2001 Tax Valuation	<u>46,082,037</u>
 Total	 <u><u>\$ 363,445,347</u></u>

Total property tax revenue recognized by fund type for the year ended December 31, 2002 is as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 654,845
Special Revenue	1,195,750
Expendable Trust	<u>94,384</u>
 Total	 <u><u>\$ 1,944,979</u></u>

**NOTE 9 - PENSIONS**

**A. Employees and Plans**

# Notes to the Combined Financial Statements

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(continued)

## City of Tallmadge, Ohio Year Ended December 31, 2002

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Full-time, permanent employees of the City and certain part-time employees belong to one of two state operated cost-sharing, multiple-employer pension plans. Non-uniformed employees are members of the Ohio Public Employees Retirement System (OPERS). Full-time police and fire personnel are members of the Ohio Police and Fire Pension Fund (OP&F). The Ohio Revised Code requires participation for the above mentioned employees. Elected officials participate in OPERS on a voluntary basis.

### **B. Ohio Public Employees Retirement System (OPERS)**

All employees of the City are required to be members of the OPERS, a cost-sharing, multiple-employer pension plan. OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements and required supplementary information. The financial report may be obtained by making a written request to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-OPERS (7377).

Benefits fully vest upon reaching five years of service and are established by state statute. Employees may retire at any age with 30 years of service, at age 60 with a minimum of five years of credited service and at age 55 with a minimum of 25 years of service. Those individuals retiring with less than 30 years of service or prior to age 65 receive reduced retirement benefits. Eligible employees are entitled to an annual retirement benefit, payable monthly for life, equal to 2.2% of their final average salary for each year of credited service up to 30 years. Employees are entitled to 2.5% of their final average salary for each year of service over 30 years. Final average salary is the employee's average salary over the highest three years of earnings. OPERS also provides survivor, disability and health care benefits.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees other than law enforcement personnel are required to contribute 8.5% of their covered payroll to OPERS. For local government employer units the rate was 13.55% of covered payroll; 5.0% was the portion used to fund health care for the year 2002, up from 4.3% in 2001. The City's total contributions to OPERS for pension benefits for the years ended December 31, 2002, 2001 and 2000 were \$487,650, \$469,160 and \$359,480, respectively. These contributions equal the required contributions for each year.

### **C. Ohio Police and Fire Pension Fund (OP&F)**

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**City of Tallmadge, Ohio**  
**Year Ended December 31, 2002**

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The City contributes to the 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. The 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Members of the OP&F become partially vested after 15 years of service and fully vested after 25 years of service. Members are eligible for normal retirement benefits at age 48 with 25 years of service credit or at age 62 with 15 years of service credit. The normal retirement benefit is equal to 2.5% of annual earnings for each of the first 20 years of service, 2.0% for each of the next five years of service, and 1.5% for each year of service thereafter; however, this normal retirement benefit is not to exceed 72% of the member's average annual salary for the three years during which total earnings were the greatest. Early retirement with reduced benefits is available to members with 15 years of service credit who have attained age 48 or 25 years from the date the member became a qualified employee. The reduced benefit is equal to 1.5% of the average annual salary multiplied by the number of complete years of service.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0%, respectively, for police officers and firefighters. The City's contributions to OP&F for the years ended December 31, 2002, 2001 and 2000 were \$406,687, \$405,341 and \$409,602, respectively. These contributions equal the required contributions for each year.

**D. Health Care**

Ohio Public Employees Retirement System provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. For local government employer units, the employer contribution rate was 13.55% of covered payroll; 5.0% was the portion that was used to fund health care for the year 2002. During 2002 and 2001, \$179,945 and \$148,864, respectively, of the City's total contribution to OPERS was used for postretirement benefits.

The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

# Notes to the Combined Financial Statements

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(continued)

## City of Tallmadge, Ohio Year Ended December 31, 2002

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OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

OPERS expenditures for OPEB during 2002 were \$545 million. OPEBs are advance-funded on an actuarially determined basis. As of December 31, 2002, the unaudited estimated net assets available for future OPEB payments were \$11.6 billion. The number of active contributing participants was 402,041.

OP&F provides postretirement health care coverage to any person who receives or is eligible to receive a monthly 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 an individual under the age of 22 if attending 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 that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. The Ohio Revised Code also provides the statutory authority allowing the OP&F Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. Currently, 7.75% of covered payroll, the board-defined allocation, is used to pay retiree health care expenses. 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.

Total statewide participants eligible to receive health care benefits as of December 31, 2001 (latest information available) were 13,174 police and 10,239 firefighters. The City's 2002 contributions actually made to pay postretirement health care benefits for police were \$103,077 and \$47,497 for firefighters. The Fund's total health care costs for the year ended December 31, 2001 (latest information available) were \$122 million. Expenditures for postretirement health care benefits cannot reasonably be estimated.

### **NOTE 10 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City maintains six enterprise funds which provide water and sewer services. Segment information as of December 31, 2002 and for the year then ended for the enterprise funds is summarized as follows:



**City of Tallmadge, Ohio  
Year Ended December 31, 2002**

	Sanitary Sewer Services	Water Services	Total
Operating Revenues	\$ 2,429,430	\$ 1,753,389	\$ 4,182,819
Operating Expenses:			
Depreciation	182,692	419,146	601,838
Other	2,141,921	1,342,045	3,483,966
Operating Income (Loss)	104,817	(7,802)	97,015
Operating Transfers In	93,719	229,278	322,997
Operating Transfers Out	(357,881)	(229,278)	(587,159)
Net Income (Loss)	(139,001)	(36,770)	(175,771)
Fixed Assets			
Additions	0	149,638	149,638
Net Working Capital	5,112,483	3,033,166	8,145,649
Total Assets	9,523,715	8,726,679	18,250,394
Bonds and Other Long-Term			
Liabilities Outstanding	520,338	930,662	1,451,000
Total Equity	8,862,105	7,509,455	16,371,560
Encumbrances at December 31, 2002	\$ 212,497	\$ 156,345	\$ 368,842

**NOTE 11 - COMPENSATED ABSENCES**

Vacation leave is accumulated based upon length of service and is credited to employees after 1 year of service. In the case of death, termination or retirement, an employee (or his or her estate) is paid any earned but unused vacation leave for the current year and, in addition, is compensated for any unused vacation leave accrued to his or her credit for the immediately preceding year up to a maximum of 10 days; 12 days for firefighters.

In general, City employees accumulate sick leave at a rate of .0575 hours per hour of service. Upon termination, an employee with at least 7 years of service may receive accumulated sick leave not to exceed a maximum of 150 days. Teamsters are paid upon retirement 100% of banked sick leave and one-half of their accrued balance not to exceed 120 days. Banked sick leave is sick leave accrued before 1984. Termination payments are calculated using the rate of pay at the date of termination. The City accrues vacation and sick pay benefits as earned by its employees. For Governmental Fund Types, the liability not expected to be liquidated with expendable, available financial resources is recorded in the General Long-Term Obligations Account Group.

# Notes to the Combined Financial Statements

(continued)

## City of Tallmadge, Ohio Year Ended December 31, 2002

### NOTE 12 - CONTINGENT LIABILITIES

There is certain pending and threatened litigation against the City. The City's management, after consultation with the City's Law Director, is of the opinion that the ultimate outcome of the pending and threatened litigation will not materially affect the City's financial position.

### NOTE 13 - INSURANCE COVERAGE

The City is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The City's coverage is broken down as follows:

- General Liability - \$2,000,000 aggregate with a \$1,000,000 occurrence
- Automobile Liability - \$1,000,000 combined single limit on all City owned, hired and non-owned automobiles with a \$250 deductible for comprehensive and \$500 collision
- Umbrella Liability - The City has \$10,000,000 coverage extending the liability on the general liability, automobile liability, police professional liability, firefighters errors and omissions and public officials
- Property and Content - \$14,209,314 blanket coverage on buildings and contents and a \$1,000 deductible
- Firefighters Errors and Omissions - \$2,000,000 aggregate with a \$1,000,000 occurrence coverage
- Public Officials - \$1,000,000 aggregate with a \$1,000,000 loss and a \$5,000 deductible
- Police Professional - \$1,000,000 aggregate with a \$1,000,000 occurrence and \$1,000,000 per person with a \$5,000 deductible

Settled claims have not exceeded the City's insurance coverage in any of the past three years. There has not been a significant change in coverage from the past year.

The City has elected to provide employee comprehensive medical benefits through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. This plan provides a comprehensive medical plan with no deductibles. The plan also provides dental care. In some instances, there may be co-pay amount or an 80/20 split in liability. A third-party administrator, Klais and Company, located in Akron, Ohio reviews and pays all claims. Stop-loss coverage is based on actual claims paid, not incurred, during the contract year. The City pays the required monthly premium into the Self-Insurance Fund with employee participation of 5% of such premium withheld as a payroll deduction from each covered employee up to a specified amount by ordinance or contract. This amount is deposited into the Self-Insurance Fund.

In accordance with GASB Statement No.10, unpaid claims cost, including estimates of cost relating to incurred but not reported claims are included in the estimated claims liability. The change in the estimated claims liability for the years ended December 31, 2001 and 2002 are as follows:

**City of Tallmadge, Ohio  
Year Ended December 31, 2002**

		Claims Payable Beginning of Year		Current Claims		Claims Payment		Claims Payable End of Year
		<u>                    </u>		<u>                    </u>		<u>                    </u>		<u>                    </u>
2001	\$	49,633	\$	657,736	\$	610,047	\$	97,322
2002	\$	97,322	\$	963,330	\$	1,007,745	\$	52,907

**NOTE 14 - SUBSEQUENT EVENTS**

The City issued a General Obligation Bond Anticipation Note on March 18, 2003 in the amount of \$4,700,000 for the purpose of paying a portion of the costs of constructing a new recreation facility. The revenue stream for this project includes private donations over a five year period, income tax revenue and membership fees.

The City broke ground for the construction of the Tallmadge Recreation Facility in April 2003 and hopes to be open to the public in January of 2004. Construction contracts have been entered into for the general construction, HVAC, plumbing, fire suppression and electrical. The facility will consist of 91,000 square foot multi-purpose center situated on the corner of Munroe Road and East Avenue. It will include a multi purpose field for soccer or other events, track, basketball, batting cages, fitness, aerobics, children's play area, concession area, meeting rooms, and an observation deck with bleachers on a mezzanine level.

The City also formed a Joint Economic Development District (JEDD) with Brimfield Township. This allows both communities to institute and share an income tax within the JEDD District.

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## **Combining Financial Statements Section**



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**City of Tallmadge, Ohio**

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**GENERAL FUND**

**THE GENERAL FUND ACCOUNTS FOR ALL FINANCIAL RESOURCES EXCEPT THOSE  
REQUIRED TO BE ACCOUNTED FOR IN A SEPARATE FUND.**

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**City of Tallmadge, Ohio**  
**Balance Sheet - General Fund**  
**December 31, 2002**

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	<u>General</u>
Assets	
Equity in pooled cash and investments	\$ 2,114,537
Receivables	2,663,064
Inventory	<u>75,472</u>
Total Assets	<u>\$ 4,853,073</u>
Liabilities	
Accounts payable	\$ 90,848
Accrued wages and benefits	357,834
Other liabilities	42,885
Deferred revenue	<u>1,772,080</u>
Total Liabilities	<u>2,263,647</u>
Fund Balance	
Reserved for encumbrances	105,606
Reserved for inventory	75,472
Unreserved - undesignated	<u>2,408,348</u>
Total Fund Balance	<u>2,589,426</u>
Total Liabilities and Fund Balance	<u>\$ 4,853,073</u>



**City of Tallmadge, Ohio**  
**Statement of Revenues, Expenditures and Change in Fund Balance**  
**General Fund**  
**for the Year Ended December 31, 2002**

	General
Revenues	
Taxes	\$ 7,272,622
Intergovernmental	1,480,949
Charges for services	310,571
Fines, licenses and permits	411,164
Investment income	138,480
Miscellaneous	106,355
Total Revenues	9,720,141
Expenditures	
Current:	
Security of persons and property	2,657,984
Public health and welfare	120,423
Leisure time activities	457,139
Community development	382,185
Transportation	898
General government	2,580,493
Capital outlay	348,474
Total Expenditures	6,547,596
Excess of Revenues Over Expenditures	3,172,545
Other Financing Sources (Uses)	
Operating transfers out	(3,482,830)
Total Other Financing Sources (Uses)	(3,482,830)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(310,285)
Fund Balance at Beginning of Year	2,611,099
Change in Reserve for Inventory	75,472
Residual Equity Transfer In	213,140
Fund Balance at End of Year	\$ 2,589,426

**City of Tallmadge, Ohio**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis) - General Fund**  
**for the Year Ended December 31, 2002**

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes			
Personal property	\$ 97,539	\$ 105,058	\$ 7,519
Real estate (public utility)	590,068	572,555	(17,513)
Income tax	7,000,000	6,617,577	(382,423)
Intergovernmental			
Local government	967,752	1,089,362	121,610
Rollback	76,394	77,053	659
Inheritance	322,200	248,638	(73,562)
Miscellaneous	-	66,776	66,776
Charges for services	305,700	310,571	4,871
Fines, licenses and permits	305,700	355,129	49,429
Investment income	215,000	144,089	(70,911)
Special assessments	4,650	56,246	51,596
Miscellaneous	106,509	104,085	(2,424)
<b>Total Revenues</b>	<b>9,991,512</b>	<b>9,747,139</b>	<b>(244,373)</b>
<b>Expenditures</b>			
Current:			
Security of persons and property			
Police	2,822,543	2,675,350	147,193
Capital outlay	121,700	112,083	9,617
Public health and welfare	120,423	120,423	-
Leisure time activities			
Recreation	473,100	464,830	8,270
Capital outlay	225,000	223,735	1,265
Community environment			
Building	226,500	222,345	4,155
Zoning	151,300	148,750	2,550
General government			
Mayor	149,150	145,533	3,617
Director of Administration	313,050	311,766	1,284
Finance Director	448,400	443,490	4,910
Law Director	280,400	276,802	3,598
Service Director	270,800	266,184	4,616
Safety Director	44,850	43,195	1,655
Manager of Information Service	84,500	80,089	4,411
Council	148,400	143,275	5,125
Treasurer	280,300	268,256	12,044
Civil Service	38,000	30,134	7,866
Custodian	197,300	172,310	24,990
General administration	305,077	294,460	10,617
Boards and commissions	14,300	13,890	410
Capital outlay	345,000	-	345,000
<b>Total Expenditures</b>	<b>7,060,093</b>	<b>6,456,900</b>	<b>603,193</b>

**City of Tallmadge, Ohio**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis) - General Fund**  
**for the Year Ended December 31, 2002**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Excess of Revenues Over Expenditures</b>	2,931,419	3,290,239	358,820
Other Financing Uses			
Operating transfers out			
Police pension	(195,000)	(171,250)	23,750
Street maintenance & repair	(1,581,000)	(1,581,000)	-
Fire and EMS	(645,000)	(645,000)	-
Debt service	(534,900)	(520,000)	14,900
Historic district improvement	(52,000)	(52,000)	-
Self Insurance	(200,000)	(200,000)	-
Garage revolving	(351,000)	(313,580)	37,420
Operating transfer in			
Revolving trust	42,947	42,947	-
Total Other Financing Sources (Uses)	(3,515,953)	(3,439,883)	76,070
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	(584,534)	(149,644)	434,890
Fund Balance at Beginning of Year	1,915,729	1,915,729	-
Decertification of prior year encumbrances	21,027	21,027	-
Residual Equity transfers in			
Historic district improvement	-	11,721	11,721
Community road	-	56,156	56,156
Garage revolving	-	96,392	96,392
Local law enforcement block grant	-	1,775	1,775
Total Residual Equity transfers in	-	166,044	166,044
<b>Fund Balance at End of Year</b>	<b>\$ 1,352,222</b>	<b>\$ 1,953,156</b>	<b>\$ 600,934</b>

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## City of Tallmadge, Ohio

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### SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS ARE USED TO ACCOUNT FOR TYPES OF RESOURCES (OTHER THAN EXPENDABLE TRUSTS OR FOR MAJOR CAPITAL PROJECTS) FOR WHICH SPECIFIC USES ARE MANDATED BY CITY ORDINANCES OR FEDERAL AND STATE STATUTES. THE TITLE OF EACH SPECIAL REVENUE FUND IS DESCRIPTIVE OF THE ACTIVITIES ACCOUNTED FOR THEREIN. THE SPECIAL REVENUE FUNDS ARE:

#### **FIRE/EMS LEVY**

To account for property tax collections received through a (5) five year tax levy. Additional sources of revenue include interest earnings. Expenditures are for the operations of the fire and emergency medical service programs and staff.

#### **FIRE/EMS CAPITAL**

To accumulate a portion of the fire and EMS property tax collections to be used exclusively for renovation and acquisition of capital equipment (assets).

#### **STATE HIGHWAY**

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

#### **STREET MAINTENANCE AND REPAIR**

Required by the 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.

#### **LOCAL LAW ENFORCEMENT BLOCK GRANT**

To account for money awarded from the federal government for crime interdiction to aggressively pursue high crime areas of Tallmadge.

#### **ALCOHOL ENFORCEMENT AND EDUCATION**

Required by the Ohio Revised Code Section 4511.99 to account for fines received from offenders. 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.

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## City of Tallmadge, Ohio

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### **DRUG LAW ENFORCEMENT**

To account for fines received by the City that are restricted under the Ohio Revised Code to subsidizing law enforcement efforts that pertain to drug offenses.

### **LAW ENFORCEMENT TRUST**

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

### **COMMUNITY DEVELOPMENT**

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

**City of Tallmadge, Ohio  
Combining Balance Sheet  
All Special Revenue Funds  
December 31, 2002**

	Fire/EMS Levy	Fire/EMS Capital	State Highway	Street Maintenance and Repair
<b>Assets</b>				
Equity in pooled cash and investments	\$ 317,953	\$ 39,963	\$ 26,342	\$ 457,052
Receivables	1,142,913	17	21,048	302,601
Inventory of supplies	-	-	-	126,840
<b>Total Assets</b>	<b>\$ 1,460,866</b>	<b>\$ 39,980</b>	<b>\$ 47,390</b>	<b>\$ 886,493</b>
<b>Liabilities</b>				
Accounts payable	\$ 9,119	\$ -	\$ -	\$ 56,707
Accrued wages and benefits	98,918	-	2,020	93,186
Deferred revenue	884,250	-	15,359	226,153
<b>Total Liabilities</b>	<b>992,287</b>	<b>-</b>	<b>17,379</b>	<b>376,046</b>
<b>Fund Balance</b>				
Reserved for encumbrances	37,504	-	-	102,120
Reserved for inventory	-	-	-	126,840
Unreserved - undesignated	431,075	39,980	30,011	281,487
<b>Total Fund Balance</b>	<b>468,579</b>	<b>39,980</b>	<b>30,011</b>	<b>510,447</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,460,866</b>	<b>\$ 39,980</b>	<b>\$ 47,390</b>	<b>\$ 886,493</b>

<u>Local Law Enforcement Block Grant</u>	<u>Alcohol Enforcement and Education</u>	<u>Drug Law Enforcement</u>	<u>Law Enforcement Trust</u>	<u>Community Development</u>	<u>Total</u>
\$ -	\$ 2,693	\$ 15,141	\$ 3,065	\$ 6,570	\$ 868,779
-	185	188	-	-	1,466,952
-	-	-	-	-	126,840
<u>\$ -</u>	<u>\$ 2,878</u>	<u>\$ 15,329</u>	<u>\$ 3,065</u>	<u>\$ 6,570</u>	<u>\$ 2,462,571</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,826
-	-	-	-	-	194,124
-	-	-	-	-	1,125,762
-	-	-	-	-	1,385,712
-	-	-	-	-	139,624
-	-	-	-	-	126,840
-	2,878	15,329	3,065	6,570	810,395
-	2,878	15,329	3,065	6,570	1,076,859
<u>\$ -</u>	<u>\$ 2,878</u>	<u>\$ 15,329</u>	<u>\$ 3,065</u>	<u>\$ 6,570</u>	<u>\$ 2,462,571</u>

**City of Tallmadge, Ohio**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Special Revenue Funds**  
**for the Year Ended December 31, 2002**

	Fire/EMS Levy	Fire/EMS Capital	State Highway	Street Maintenance and Repair
<b>Revenues</b>				
Taxes	\$ 1,195,750	\$ -	\$ -	\$ -
Intergovernmental revenues	114,383	-	30,842	541,715
Charges for services	305,781	-	-	84,589
Fines, licenses and permits	34	-	-	-
Investment income	4,004	347	(25)	1,175
Miscellaneous	(166)	-	71	400
<b>Total Revenues</b>	<b>1,619,786</b>	<b>347</b>	<b>30,888</b>	<b>627,879</b>
<b>Expenditures</b>				
Current:				
Security of persons & property	1,634,182	-	-	-
Public health and welfare	-	-	-	58,341
Leisure time activities	-	-	-	238,511
Transportation	-	-	51,016	1,358,962
Capital outlay	-	117,341	-	577,833
<b>Total Expenditures</b>	<b>1,634,182</b>	<b>117,341</b>	<b>51,016</b>	<b>2,233,647</b>
Excess (Deficiency) of Revenues Over Expenditures	(14,396)	(116,994)	(20,128)	(1,605,768)
Other Financing Sources (Uses)				
Operating transfers in	645,000	145,205	-	1,581,000
Operating transfers out	(145,205)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>499,795</b>	<b>145,205</b>	<b>-</b>	<b>1,581,000</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	485,399	28,211	(20,128)	(24,768)
Fund Balance at Beginning of Year	(16,820)	11,769	50,139	554,529
Increase (Decrease) in Reserve for Inventory	-	-	-	(19,314)
Residual equity transfers out	-	-	-	-
<b>Fund Balance at End of Year</b>	<b>\$ 468,579</b>	<b>\$ 39,980</b>	<b>\$ 30,011</b>	<b>\$ 510,447</b>



Local Law Enforcement Block Grant	Alcohol Enforcement and Education	Drug Law Enforcement	Law Enforcement Trust	Community Development	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,195,750
-	-	-	-	45,000	731,940
-	-	-	-	-	390,370
-	1,512	2,122	-	-	3,668
(150)	(149)	(148)	(148)	(148)	4,758
-	-	674	743	-	1,722
<u>(150)</u>	<u>1,363</u>	<u>2,648</u>	<u>595</u>	<u>44,852</u>	<u>2,328,208</u>
-	-	(10)	-	-	1,634,172
-	-	-	-	-	58,341
-	-	-	-	-	238,511
-	-	-	-	-	1,409,978
-	-	-	-	45,000	740,174
<u>-</u>	<u>-</u>	<u>(10)</u>	<u>-</u>	<u>45,000</u>	<u>4,081,176</u>
(150)	1,363	2,658	595	(148)	(1,752,968)
-	-	-	-	-	2,371,205
-	-	-	-	-	(145,205)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,226,000</u>
(150)	1,363	2,658	595	(148)	473,032
1,925	1,515	12,671	2,470	6,718	624,916
-	-	-	-	-	(19,314)
<u>(1,775)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,775)</u>
<u>\$ -</u>	<u>\$ 2,878</u>	<u>\$ 15,329</u>	<u>\$ 3,065</u>	<u>\$ 6,570</u>	<u>\$ 1,076,859</u>

**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Special Revenue Funds**  
**for the Year Ended December 31, 2002**

	Fire/EMS Levy			Fire/EMS Capital		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Taxes	\$ 1,011,549	\$ 994,189	\$ (17,360)	\$ -	\$ -	\$ -
Intergovernmental	111,794	114,382	2,588	-	-	-
Charges for services	506,000	313,717	(192,283)	-	-	-
Fines, licenses and permits	-	34	34	-	-	-
Investment income	5,000	4,056	(944)	2,000	536	(1,464)
Miscellaneous	11,458	5,127	(6,331)	-	-	-
<b>Total Revenues</b>	<b>1,645,801</b>	<b>1,431,505</b>	<b>(214,296)</b>	<b>2,000</b>	<b>536</b>	<b>(1,464)</b>
<b>Expenditures</b>						
Current:						
Security of persons and property	1,793,595	1,662,404	131,191	-	-	-
Public health and welfare	-	-	-	-	-	-
Leisure time activities	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Capital outlay	-	-	-	130,000	117,340	12,660
<b>Total Expenditures</b>	<b>1,793,595</b>	<b>1,662,404</b>	<b>131,191</b>	<b>130,000</b>	<b>117,340</b>	<b>12,660</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(147,794)</b>	<b>(230,899)</b>	<b>(83,105)</b>	<b>(128,000)</b>	<b>(116,804)</b>	<b>11,196</b>
Other Financing Sources (Uses)						
Operating transfers in	324,950	645,000	320,050	133,900	145,205	11,305
Operating transfers out	(145,205)	(145,205)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>179,745</b>	<b>499,795</b>	<b>320,050</b>	<b>133,900</b>	<b>145,205</b>	<b>11,305</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>31,951</b>	<b>268,896</b>	<b>236,945</b>	<b>5,900</b>	<b>28,401</b>	<b>22,501</b>
Fund Balance at Beginning of Year	4,885	4,885	-	11,559	11,559	-
Decertification of prior year encumbrances	3,558	3,558	-	-	-	-
Residual Equity transfers out	-	-	-	-	-	-
<b>Fund Balance at End of Year</b>	<b>\$ 40,394</b>	<b>\$ 277,339</b>	<b>\$ 236,945</b>	<b>\$ 17,459</b>	<b>\$ 39,960</b>	<b>\$ 22,501</b>

**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Special Revenue Funds**  
**for the Year Ended December 31, 2002**

	State Highway			Street Maintenance and Repair		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	40,000	39,558	(442)	550,000	534,155	(15,845)
Charges for services	-	-	-	60,000	84,589	24,589
Fines, licenses and permits	-	-	-	-	-	-
Investment income	-	127	127	-	1,379	1,379
Miscellaneous	-	111	111	9,000	1,089	(7,911)
<b>Total Revenues</b>	<b>40,000</b>	<b>39,796</b>	<b>(204)</b>	<b>619,000</b>	<b>621,212</b>	<b>2,212</b>
<b>Expenditures</b>						
Current:						
Security of persons and property	-	-	-	-	-	-
Public health and welfare	-	-	-	59,200	57,609	1,591
Leisure time activities	-	-	-	231,976	231,976	-
Transportation	55,000	49,066	5,934	1,403,074	1,358,044	45,030
Capital outlay	-	-	-	582,000	573,922	8,078
<b>Total Expenditures</b>	<b>55,000</b>	<b>49,066</b>	<b>5,934</b>	<b>2,276,250</b>	<b>2,221,551</b>	<b>54,699</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(15,000)</b>	<b>(9,270)</b>	<b>5,730</b>	<b>(1,657,250)</b>	<b>(1,600,339)</b>	<b>56,911</b>
Other Financing Sources (Uses)						
Operating transfers in	-	-	-	1,581,000	1,581,000	-
Operating transfers out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,581,000</b>	<b>1,581,000</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(15,000)</b>	<b>(9,270)</b>	<b>5,730</b>	<b>(76,250)</b>	<b>(19,339)</b>	<b>56,911</b>
Fund Balance at Beginning of Year	35,611	35,611	-	312,924	312,924	-
Decertification of prior year encumbrances	-	-	-	9,852	9,852	-
Residual Equity transfers out	-	-	-	-	-	-
<b>Fund Balance at End of Year</b>	<b>\$ 20,611</b>	<b>\$ 26,341</b>	<b>\$ 5,730</b>	<b>\$ 246,526</b>	<b>\$ 303,437</b>	<b>\$ 56,911</b>

(continued)

**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Special Revenue Funds**  
**for the Year Ended December 31, 2002**

	Local Law Enforcement Block Grant			Alcohol Enforcement and Education		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines, licenses and permits	-	-	-	1,035	1,411	376
Investment income	22	22	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total Revenues</b>	<b>22</b>	<b>22</b>	<b>-</b>	<b>1,035</b>	<b>1,411</b>	<b>376</b>
<b>Expenditures</b>						
Current:						
Security of persons and property	-	-	-	1,367	-	1,367
Public health and welfare	-	-	-	-	-	-
Leisure time activities	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,367</b>	<b>-</b>	<b>1,367</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>22</b>	<b>22</b>	<b>-</b>	<b>(332)</b>	<b>1,411</b>	<b>1,743</b>
Other Financing Sources (Uses)						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>22</b>	<b>22</b>	<b>-</b>	<b>(332)</b>	<b>1,411</b>	<b>1,743</b>
Fund Balance at Beginning of Year	1,753	1,753	-	1,282	1,282	-
Decertification of prior year encumbrances	-	-	-	-	-	-
Residual Equity transfers out	(1,775)	(1,775)	-	-	-	-
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 950</b>	<b>\$ 2,693</b>	<b>\$ 1,743</b>

**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Special Revenue Funds**  
**for the Year Ended December 31, 2002**

	Drug Law Enforcement			Law Enforcement Trust		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines, licenses and permits	6,121	6,471	350	743	743	-
Investment income	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total Revenues</b>	<b>6,121</b>	<b>6,471</b>	<b>350</b>	<b>743</b>	<b>743</b>	<b>-</b>
<b>Expenditures</b>						
Current:						
Security of persons and property	9,363	-	9,363	3,065	-	3,065
Public health and welfare	-	-	-	-	-	-
Leisure time activities	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>9,363</b>	<b>-</b>	<b>9,363</b>	<b>3,065</b>	<b>-</b>	<b>3,065</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(3,242)</b>	<b>6,471</b>	<b>9,713</b>	<b>(2,322)</b>	<b>743</b>	<b>3,065</b>
Other Financing Sources (Uses)						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(3,242)</b>	<b>6,471</b>	<b>9,713</b>	<b>(2,322)</b>	<b>743</b>	<b>3,065</b>
Fund Balance at Beginning of Year	8,670	8,670	-	2,322	2,322	-
Decertification of prior year encumbrances	-	-	-	-	-	-
Residual Equity transfers out	-	-	-	-	-	-
<b>Fund Balance at End of Year</b>	<b>\$ 5,428</b>	<b>\$ 15,141</b>	<b>\$ 9,713</b>	<b>\$ -</b>	<b>\$ 3,065</b>	<b>\$ 3,065</b>

(continued)

**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Special Revenue Funds**  
**for the Year Ended December 31, 2002**

	Community Development			Total All Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ 1,011,549	\$ 994,189	\$ (17,360)
Intergovernmental	45,000	45,000	-	746,794	733,095	(13,699)
Charges for services	-	-	-	566,000	398,306	(167,694)
Fines, licenses and permits	-	-	-	7,899	8,659	760
Investment income	-	-	-	7,022	6,120	(902)
Miscellaneous	-	-	-	20,458	6,327	(14,131)
<b>Total Revenues</b>	<b>45,000</b>	<b>45,000</b>	<b>-</b>	<b>2,359,722</b>	<b>2,146,696</b>	<b>(213,026)</b>
<b>Expenditures</b>						
Current:						
Security of persons and property	-	-	-	1,807,390	1,662,404	144,986
Public health and welfare	-	-	-	59,200	57,609	1,591
Leisure time activities	-	-	-	231,976	231,976	-
Transportation	-	-	-	1,458,074	1,407,110	50,964
Capital outlay	45,000	45,000	-	757,000	736,262	20,738
<b>Total Expenditures</b>	<b>45,000</b>	<b>45,000</b>	<b>-</b>	<b>4,313,640</b>	<b>4,095,361</b>	<b>218,279</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,953,918)</b>	<b>(1,948,665)</b>	<b>5,253</b>
Other Financing Sources (Uses)						
Operating transfers in	-	-	-	2,039,850	2,371,205	331,355
Operating transfers out	-	-	-	(145,205)	(145,205)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,894,645</b>	<b>2,226,000</b>	<b>331,355</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(59,273)</b>	<b>277,335</b>	<b>336,608</b>
Fund Balance at Beginning of Year	6,570	6,570	-	385,576	385,576	-
Decertification of prior year encumbrances	-	-	-	13,410	13,410	-
Residual Equity transfers out	-	-	-	(1,775)	(1,775)	-
<b>Fund Balance at End of Year</b>	<b>\$ 6,570</b>	<b>\$ 6,570</b>	<b>\$ -</b>	<b>\$ 337,938</b>	<b>\$ 674,546</b>	<b>\$ 336,608</b>

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## City of Tallmadge, Ohio

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### CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUNDS ARE ESTABLISHED TO ACCOUNT FOR FINANCIAL RESOURCES TO BE USED FOR THE ACQUISITION OR CONSTRUCTION OF MAJOR CAPITAL FACILITIES (OTHER THAN THOSE FINANCED BY PROPRIETARY FUNDS AND TRUST FUNDS). THE CAPITAL PROJECTS FUNDS ARE:

**GENERAL INFRASTRUCTURE RESERVE**

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

**COMMUNITY CENTER ROAD**

To account for expenses related to construction of Community Center Road and all improvements.

**POTOMAC/SWANK SEWER IMPROVEMENT**

To account for improvement and construction expenses to repair and renovate the Potomac/Swank Sewer lines.

**HISTORIC DISTRICT IMPROVEMENT**

To account for major repairs to the Historic District (formerly Old Town Hall Improvement).

**EASTWOOD/SOUTH AVENUE IMPROVEMENT**

To account for improvement and construction expenses related to the City's joint Issue II project with the City of Akron.

**City of Tallmadge, Ohio  
Combining Balance Sheet  
All Capital Projects Funds  
December 31, 2002**

	General Infrastructure Reserve	Community Center Road	Potomac/ Swank Sewer Improvement	Historic District Improvement	Eastwood/ South Avenue Improvement	Total
<b>Assets</b>						
Equity in pooled cash and investments	\$ 310,383	\$ -	\$ 604,830	\$ -	\$ 4,601	\$ 919,814
Receivables	208	-	-	-	-	208
<b>Total Assets</b>	<b>\$ 310,591</b>	<b>\$ -</b>	<b>\$ 604,830</b>	<b>\$ -</b>	<b>\$ 4,601</b>	<b>\$ 920,022</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 208,318	\$ -	\$ -	\$ 208,318
Due to other funds	-	-	237,500	-	-	237,500
Deferred revenues	7	-	-	-	-	7
<b>Total Liabilities</b>	<b>7</b>	<b>-</b>	<b>445,818</b>	<b>-</b>	<b>-</b>	<b>445,825</b>
<b>Fund balance (Deficit)</b>						
Reserved for encumbrances	-	-	313,315	-	-	313,315
Unreserved - undesignated	310,584	-	(154,303)	-	4,601	160,882
<b>Total Fund balance</b>	<b>310,584</b>	<b>-</b>	<b>159,012</b>	<b>-</b>	<b>4,601</b>	<b>474,197</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 310,591</b>	<b>\$ -</b>	<b>\$ 604,830</b>	<b>\$ -</b>	<b>\$ 4,601</b>	<b>\$ 920,022</b>



**City of Tallmadge, Ohio**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Capital Projects Funds**  
**for the Year Ended December 31, 2002**

	General Infrastructure Reserve	Community Center Road	Potomac/ Swank Sewer Improvement	Historic District Improvement	Eastwood/ South Avenue Improvement	Total
<b>Revenues</b>						
Investment income	\$ 2,866	\$ -	\$ -	\$ -	\$ -	\$ 2,866
Other	-	-	-	15,000	-	15,000
<b>Total Revenues</b>	<b>2,866</b>	<b>-</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>17,866</b>
<b>Expenditures</b>						
Capital outlay	(483)	35,105	219,774	67,970	100,999	423,365
<b>Total Expenditures</b>	<b>(483)</b>	<b>35,105</b>	<b>219,774</b>	<b>67,970</b>	<b>100,999</b>	<b>423,365</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>3,349</b>	<b>(35,105)</b>	<b>(219,774)</b>	<b>(52,970)</b>	<b>(100,999)</b>	<b>(405,499)</b>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	-	-	264,162	52,000	-	316,162
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>264,162</b>	<b>52,000</b>	<b>-</b>	<b>316,162</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures &amp; Other Uses</b>	<b>3,349</b>	<b>(35,105)</b>	<b>44,388</b>	<b>(970)</b>	<b>(100,999)</b>	<b>(89,337)</b>
<b>Fund Balance (Deficit) at Beginning of Year</b>	<b>307,235</b>	<b>91,261</b>	<b>-</b>	<b>12,692</b>	<b>105,600</b>	<b>516,788</b>
Residual Equity Transfers In	-	-	114,624	-	-	114,624
Residual Equity Transfers Out	-	(56,156)	-	(11,722)	-	(67,878)
<b>Fund Balance at End of Year</b>	<b>\$ 310,584</b>	<b>\$ -</b>	<b>\$ 159,012</b>	<b>\$ -</b>	<b>\$ 4,601</b>	<b>\$ 474,197</b>

**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Capital Projects Funds**  
**for the Year Ended December 31, 2002**

	<u>General Infrastructure Reserve</u>			<u>Community Center Road</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	3,838	6,058	2,220	-	-	-
Misc. donations	-	-	-	-	-	-
<b>Total Revenues</b>	<u>3,838</u>	<u>6,058</u>	<u>2,220</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>						
Capital outlay	8,000	1,410	6,590	8,558	8,558	-
<b>Total Expenditures</b>	<u>8,000</u>	<u>1,410</u>	<u>6,590</u>	<u>8,558</u>	<u>8,558</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(4,162)</u>	<u>4,648</u>	<u>8,810</u>	<u>(8,558)</u>	<u>(8,558)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>						
Operating advances in	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(4,162)</u>	<u>4,648</u>	<u>8,810</u>	<u>(8,558)</u>	<u>(8,558)</u>	<u>-</u>
Fund Balance at Beginning of Year	305,699	305,699	-	27,275	27,275	-
Decertification of prior year encumbrances	-	-	-	37,439	37,439	-
Residual equity transfers in	-	-	-	-	-	-
Residual equity transfers out	-	-	-	(56,156)	(56,156)	-
<b>Fund Balance at End of Year</b>	<u>\$ 301,537</u>	<u>\$ 310,347</u>	<u>\$ 8,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Capital Projects Funds**  
**for the Year Ended December 31, 2002**

	Potomac/Swank Sewer Improvement			Historic District Improvement		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Intergovernmental	\$ 237,500	\$ -	\$ (237,500)	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-	-
Misc. donations	-	-	-	15,000	15,000	-
<b>Total Revenues</b>	237,500	-	(237,500)	15,000	15,000	-
<b>Expenditures</b>						
Capital outlay	536,286	533,089	3,197	67,970	67,970	-
<b>Total Expenditures</b>	536,286	533,089	3,197	67,970	67,970	-
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(298,786)	(533,089)	(234,303)	(52,970)	(52,970)	-
Other Financing Sources (Uses)						
Operating advances in	-	237,500	237,500	-	-	-
Operating transfers in	264,162	264,162	-	85,000	52,000	(33,000)
<b>Total Other Financing Sources (Uses)</b>	264,162	501,662	237,500	85,000	52,000	(33,000)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	(34,624)	(31,427)	3,197	32,030	(970)	(33,000)
Fund Balance at Beginning of Year	-	-	-	12,692	12,692	-
Decertification of prior year encumbrances	-	-	-	-	-	-
Residual equity transfers in	114,624	114,624	-	-	-	-
Residual equity transfers out	-	-	-	(11,722)	(11,722)	-
<b>Fund Balance at End of Year</b>	\$ 80,000	\$ 83,197	\$ 3,197	\$ 33,000	-	(33,000)

(continued)

**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Capital Projects Funds**  
**for the Year Ended December 31, 2002**

	Eastwood/South Avenue			Total All Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ 237,500	\$ -	\$ (237,500)
Investment income	-	-	-	3,838	6,058	2,220
Misc. donations	-	-	-	15,000	15,000	-
Total Revenues	-	-	-	256,338	21,058	(235,280)
<b>Expenditures</b>						
Capital outlay	-	-	-	620,814	611,027	9,787
Total Expenditures	-	-	-	620,814	611,027	9,787
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	-	-	(364,476)	(589,969)	(225,493)
Other Financing Sources (Uses)						
Operating advances in	-	-	-	-	237,500	237,500
Operating transfers in	-	-	-	349,162	316,162	(33,000)
Total Other Financing Sources (Uses)	-	-	-	349,162	553,662	204,500
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	-	-	-	(15,314)	(36,307)	(20,993)
Fund Balance at Beginning of Year	4,601	4,601	-	350,267	350,267	-
Decertification of prior year encumbrances	-	-	-	37,439	37,439	-
Residual equity transfers in	-	-	-	114,624	114,624	-
Residual equity transfers out	-	-	-	(67,878)	(67,878)	-
<b>Fund Balance at End of Year</b>	<u>\$ 4,601</u>	<u>\$ 4,601</u>	<u>\$ -</u>	<u>\$ 419,138</u>	<u>\$ 398,145</u>	<u>\$ (20,993)</u>

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## City of Tallmadge, Ohio

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### **ENTERPRISE FUNDS**

ENTERPRISE FUNDS ARE USED TO ACCOUNT FOR OPERATIONS (A) THAT ARE FINANCED AND OPERATED IN A MANNER SIMILAR TO PRIVATE BUSINESS ENTERPRISES WHERE THE INTENT IS THAT THE COSTS OF PROVIDING GOODS OR SERVICES TO THE GENERAL PUBLIC ON A CONTINUING BASIS BE FINANCED OR RECOVERED PRIMARILY THROUGH USER CHARGES OR (B) WHERE IT HAS BEEN DECIDED THAT PERIODIC DETERMINATION OF REVENUES EARNED, EXPENSES INCURRED AND/OR NET INCOME IS APPROPRIATE FOR EITHER CAPITAL MAINTENANCE, PUBLIC POLICY, MANAGEMENT CONTROL, ACCOUNTABILITY OR OTHER PURPOSES. THE ENTERPRISE FUNDS ARE:

#### **DANNER/PECK WATERLINE**

To account for construction of a waterline funded primarily by special assessments levied against the property owners.

#### **SANITARY SEWER INFRASTRUCTURE RESERVE**

To account for a percentage of revenue from the Sanitary Sewer Fund in accordance with local ordinance to maintain the existing sanitary sewer infrastructure of the City.

#### **WATER OPERATING INFRASTRUCTURE RESERVE**

To account for a percentage of revenue from the Water Operating Fund in accordance with local ordinance to maintain the existing water infrastructure of the City.

#### **SANITARY SEWER LEVY**

This fund was established in the 1950's. There has been no activity in recent years.

#### **SANITARY SEWER OPERATING**

To account for sanitary sewer service provided to residential and commercial users within the City.

#### **WATER OPERATING**

To account for the provision of water treatment and distribution through the City of Akron to residential and commercial users within the City.

**City of Tallmadge, Ohio  
Combining Balance Sheet  
All Enterprise Funds  
December 31, 2002**

	Danner/ Peck Waterline	Sanitary Sewer Infrastructure Reserve	Water Operating Infrastructure Reserve
<b>Assets</b>			
Equity in pooled cash and investments	\$ -	\$ 150,206	\$ 276,002
Receivables	-	308	157
Due from other funds	-	237,500	-
Inventory of supplies	-	-	-
Fixed assets (net of accumulated depreciation)	-	81,135	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 469,149</b>	<b>\$ 276,159</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-
Other liabilities	-	-	-
Special assessment debt	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Equity</b>			
Contributed Capital	-	370,840	-
Retained earnings	-	98,309	276,159
<b>Total Fund Equity</b>	<b>-</b>	<b>469,149</b>	<b>276,159</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ -</b>	<b>\$ 469,149</b>	<b>\$ 276,159</b>

Sanitary Sewer Levy	Sanitary Sewer Operating	Water Operating	Totals
\$ -	\$ 3,487,208	\$ 1,459,667	\$ 5,373,083
-	1,339,325	1,544,694	2,884,484
-	-	-	237,500
-	39,208	39,208	78,416
-	<u>4,188,825</u>	<u>5,406,951</u>	<u>9,676,911</u>
<u>\$ -</u>	<u>\$ 9,054,566</u>	<u>\$ 8,450,520</u>	<u>\$ 18,250,394</u>
\$ -	\$ 102,439	\$ 246,705	\$ 349,144
-	36,167	36,568	72,735
-	2,666	3,289	5,955
-	<u>520,338</u>	<u>930,662</u>	<u>1,451,000</u>
-	<u>661,610</u>	<u>1,217,224</u>	<u>1,878,834</u>
-	2,250,946	3,439,907	6,061,693
-	<u>6,142,010</u>	<u>3,793,389</u>	<u>10,309,867</u>
-	<u>8,392,956</u>	<u>7,233,296</u>	<u>16,371,560</u>
<u>\$ -</u>	<u>\$ 9,054,566</u>	<u>\$ 8,450,520</u>	<u>\$ 18,250,394</u>

**City of Tallmadge, Ohio**  
**Combining Statement of Revenues, Expenses and Changes in Fund Equity**  
**All Enterprise Funds**  
**for the Year Ended December 31, 2002**

	Danner/ Peck Waterline	Sanitary Sewer Infrastructure Reserve	Water Operating Infrastructure Reserve
Operating Revenues			
Charges for services	\$ -	\$ 48,955	\$ 39,732
Other	27,909	-	-
Total Operating Revenues	<u>27,909</u>	<u>48,955</u>	<u>39,732</u>
Operating Expenses			
Personal services	-	-	-
Contractual services	90,905	34,426	13,818
Depreciation	-	-	-
Other	-	-	-
Total Operating Expenses	<u>90,905</u>	<u>34,426</u>	<u>13,818</u>
Operating Income (Loss)	<u>(62,996)</u>	<u>14,529</u>	<u>25,914</u>
Nonoperating Revenues (Expenses)			
Investment Income	-	5,764	4,064
Interest expense	-	-	-
Total Nonoperating Revenues (Expenses) - Net	<u>-</u>	<u>5,764</u>	<u>4,064</u>
Income (Loss) Before Operating Transfers	(62,996)	20,293	29,978
Other Financing Sources (Uses)			
Operating transfers in	160,000	93,719	69,278
Operating transfers out	<u>-</u>	<u>(264,162)</u>	<u>-</u>
Net Income (Loss)	97,004	(150,150)	99,256
Retained Earnings at Beginning of Year	-	248,459	176,903
Residual Equity Transfers In/Out	<u>(97,004)</u>	<u>-</u>	<u>-</u>
Retained Earnings at End of Year	<u>-</u>	<u>98,309</u>	<u>276,159</u>
Contributed Capital at Beginning of Year	-	370,840	-
Current Year Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Contributed Capital at End of Year	<u>-</u>	<u>370,840</u>	<u>-</u>
Fund Equity at End of Year	<u>\$ -</u>	<u>\$ 469,149</u>	<u>\$ 276,159</u>



Sanitary Sewer Levy	Sanitary Sewer Operating	Water Operating	Totals
\$ -	\$ 2,327,196	\$ 1,498,996	\$ 3,914,879
-	53,279	186,752	267,940
-	2,380,475	1,685,748	4,182,819
-	225,088	207,225	432,313
-	1,761,803	948,273	2,849,225
-	182,692	419,146	601,838
-	120,604	81,824	202,428
-	2,290,187	1,656,468	4,085,804
-	90,288	29,280	97,015
-	48,060	18,165	76,053
-	(33,480)	(51,197)	(84,677)
-	14,580	(33,032)	(8,624)
-	104,868	(3,752)	88,391
-	-	-	322,997
-	(93,719)	(229,278)	(587,159)
-	11,149	(233,030)	(175,771)
114,624	6,130,861	3,929,415	10,600,262
(114,624)	-	97,004	(114,624)
-	6,142,010	3,793,389	10,309,867
-	2,250,946	3,439,907	6,061,693
-	-	-	-
-	2,250,946	3,439,907	6,061,693
\$ -	\$ 8,392,956	\$ 7,233,296	\$ 16,371,560

**City of Tallmadge, Ohio**  
**Combining Statement of Cash Flows**  
**All Enterprise Funds**  
**for the Year Ended December 31, 2002**

	Danner/ Peck Waterline	Sanitary Sewer Infrastructure Reserve	Water Operating Infrastructure Reserve
Cash Flows Provided by (Used in) Operating Activities			
Cash received from customers	\$ -	\$ 50,554	\$ 40,130
Cash payments to suppliers for goods/services	(90,905)	(44,654)	(13,817)
Cash payments to employees for services	-	-	-
Other operating revenues	27,909	-	-
Net Cash Provided By (Used in) Operating Activities	<u>(62,996)</u>	<u>5,900</u>	<u>26,313</u>
Cash Flows Provided by (Used In) Noncapital Financing Activities			
Operating transfers in	160,000	93,719	69,278
Operating transfers out	-	(264,162)	-
Advances out	-	(237,500)	-
Residual equity transfers in	-	-	-
Residual equity transfers out	(97,004)	-	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>62,996</u>	<u>(407,943)</u>	<u>69,278</u>
Cash Flows Provided by (Used in) Capital and Related Financing Activities			
Acquisition and construction of capital assets	-	-	-
Principal paid on notes/bonds	-	-	-
Interest paid on notes/bonds	-	-	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Provided by (Used in) Investing activities			
Interest on investments	-	5,764	4,063
Net Cash Provided by (Used in) Investing Activities	<u>-</u>	<u>5,764</u>	<u>4,063</u>
Net Increase (Decrease) in Cash	<u>-</u>	<u>(396,279)</u>	<u>99,654</u>
Cash at Beginning of Year	<u>-</u>	<u>546,485</u>	<u>176,348</u>
Cash at End of Year	<u>\$ -</u>	<u>\$ 150,206</u>	<u>\$ 276,002</u>

Sanitary Sewer Levy	Sanitary Sewer Operating	Water Operating	Total
\$ -	\$ 2,295,935	\$ 1,604,092	\$ 3,990,711
-	(1,900,659)	(1,080,907)	(3,130,942)
-	(215,197)	(175,390)	(390,587)
-	53,279	186,750	267,938
-	233,358	534,545	737,120
-	-	-	322,997
-	(93,719)	(229,278)	(587,159)
-	-	-	(237,500)
-	-	97,004	97,004
(114,624)			(211,628)
(114,624)	(93,719)	(132,274)	(616,286)
-	-	(149,638)	(149,638)
-	(32,000)	(123,000)	(155,000)
-	(33,480)	(51,197)	(84,677)
-	(65,480)	(323,835)	(389,315)
-	48,060	17,976	75,863
-	48,060	17,976	75,863
(114,624)	122,219	96,412	(192,618)
114,624	3,364,989	1,363,255	5,565,701
\$ -	\$ 3,487,208	\$ 1,459,667	\$ 5,373,083

(continued)

**City of Tallmadge, Ohio**  
**Combining Statement of Cash Flows**  
**All Enterprise Funds**  
**for the Year Ended December 31, 2002**

	<u>Danner/ Peck Waterline</u>	<u>Sanitary Sewer Infrastructure Reserve</u>	<u>Water Operating Infrastructure Reserve</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ (62,996)	\$ 14,529	\$ 25,914
Adjustments to reconcile operating income (Loss) to net cash provided by (Used in) operating activities			
Depreciation and amortization	-	-	-
Change in assets and liabilities			
Receivables	-	1,599	399
Inventory	-	-	-
Accounts payable	-	(10,228)	-
Accrued wages and benefits	-	-	-
Other liabilities	-	-	-
Total Adjustments	<u>-</u>	<u>(8,629)</u>	<u>399</u>
Net Cash Provided By (Used in) Operating Activities	<u>\$ (62,996)</u>	<u>\$ 5,900</u>	<u>\$ 26,313</u>

<u>Sanitary Sewer Levy</u>	<u>Sanitary Sewer Operating</u>	<u>Water Operating</u>	<u>Total</u>
\$ -	\$ 90,288	\$ 29,280	\$ 97,015
-	182,692	419,146	601,838
-	(31,263)	105,096	75,831
-	5,312	5,312	10,624
-	(13,663)	(29,045)	(52,936)
-	145	6,575	6,720
-	(153)	(1,819)	(1,972)
<u>-</u>	<u>143,070</u>	<u>505,265</u>	<u>640,105</u>
<u>\$ -</u>	<u>\$ 233,358</u>	<u>\$ 534,545</u>	<u>\$ 737,120</u>

**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenses and Changes in Fund Equity**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Enterprise Funds**  
**for the Year Ended December 31, 2002**

	Danner/Peck Waterline			Sanitary Sewer Infrastructure Reserve		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Charges for services	\$ -	\$ -	\$ -	\$ 48,955	\$ 48,955	\$ -
Investment income	-	-	-	8,937	8,937	-
Special assessments	27,909	27,909	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total Revenues</b>	27,909	27,909	-	57,892	57,892	-
<b>Expenses</b>						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-
Capital outlay	90,905	90,905	-	164,339	34,648	129,691
Other	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total Expenses</b>	90,905	90,905	-	164,339	34,648	129,691
<b>Excess (Deficiency) of Revenues Over Expenses</b>	(62,996)	(62,996)	-	(106,447)	23,244	129,691
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	160,000	160,000	-	126,808	93,719	(33,089)
Operating advances out	-	-	-	(237,500)	(237,500)	-
Operating transfers out	-	-	-	(264,162)	(264,162)	-
<b>Total Other Financing Sources (Uses)</b>	160,000	160,000	-	(374,854)	(407,943)	(33,089)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenses and Other Uses</b>	97,004	97,004	-	(481,301)	(384,699)	96,602
Fund Equity at Beginning of Year	-	-	-	516,972	516,972	-
Decertification of prior year encumbrances	-	-	-	3,697	3,697	-
Residual Equity transfers in	-	-	-	-	-	-
Residual Equity transfers out	(97,004)	(97,004)	-	-	-	-
<b>Fund Equity at End of Year</b>	\$ -	\$ -	\$ -	\$ 39,368	\$ 135,970	\$ 96,602

**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenses and Changes in Fund Equity**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Enterprise Funds**  
**for the Year Ended December 31, 2002**

	Water Operating Infrastructure Reserve			Sanitary Sewer Levy		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Charges for services	\$ 40,129	\$ 40,129	\$ -	\$ -	\$ -	\$ -
Investment income	4,553	4,553	-	-	-	-
Special assessments	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total Revenues</b>	<b>44,682</b>	<b>44,682</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>						
Personal services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-
Capital outlay	15,000	14,675	325	-	-	-
Other	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total Expenses</b>	<b>15,000</b>	<b>14,675</b>	<b>325</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	<b>29,682</b>	<b>30,007</b>	<b>325</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Financing Sources (Uses)						
Operating transfers in	87,618	69,278	(18,340)	-	-	-
Operating advances out	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>87,618</b>	<b>69,278</b>	<b>(18,340)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenses and Other Uses</b>	<b>117,300</b>	<b>99,285</b>	<b>(18,015)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Equity at Beginning of Year	175,832	175,832	-	114,624	114,624	-
Decertification of prior year encumbrances	-	-	-	-	-	-
Residual Equity transfers in	-	-	-	-	-	-
Residual Equity transfers out	-	-	-	(114,624)	(114,624)	-
<b>Fund Equity at End of Year</b>	<b>\$ 293,132</b>	<b>\$ 275,117</b>	<b>\$ (18,015)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(continued)

**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenses and Changes in Fund Equity**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Enterprise Funds**  
**for the Year Ended December 31, 2002**

	Water Operating			Sanitary Sewer Operating		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Charges for services	\$ 1,620,000	\$ 1,600,979	\$ (19,021)	\$ 2,310,000	\$ 2,285,856	\$ (24,144)
Investment income	100,000	24,876	(75,124)	200,000	68,008	(131,992)
Special assessments	106,000	181,211	75,211	53,000	49,728	(3,272)
Miscellaneous	10,100	5,721	(4,379)	6,300	3,650	(2,650)
<b>Total Revenues</b>	<b>1,836,100</b>	<b>1,812,787</b>	<b>(23,313)</b>	<b>2,569,300</b>	<b>2,407,242</b>	<b>(162,058)</b>
<b>Expenses</b>						
Personal services	203,400	201,882	1,518	203,400	219,745	(16,345)
Materials and supplies	103,000	91,944	11,056	49,000	41,791	7,209
Contractual services	1,100,000	1,110,671	(10,671)	1,944,382	1,706,043	238,339
Capital outlay	195,000	109,858	85,142	15,000	13,955	1,045
Other	47,000	22,630	24,370	28,200	48,197	(19,997)
Debt service:						
Principal	125,000	123,000	2,000	32,000	32,000	-
Interest	79,800	53,013	26,787	34,700	33,633	1,067
<b>Total Expenses</b>	<b>1,853,200</b>	<b>1,712,998</b>	<b>140,202</b>	<b>2,306,682</b>	<b>2,095,364</b>	<b>211,318</b>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	<b>(17,100)</b>	<b>99,789</b>	<b>116,889</b>	<b>262,618</b>	<b>311,878</b>	<b>49,260</b>
Other Financing Sources (Uses)						
Operating transfers in	-	-	-	-	-	-
Operating advances out	-	-	-	-	-	-
Operating transfers out	(245,200)	(229,278)	15,922	(93,718)	(93,718)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(245,200)</b>	<b>(229,278)</b>	<b>15,922</b>	<b>(93,718)</b>	<b>(93,718)</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenses and Other Uses</b>	<b>(262,300)</b>	<b>(129,489)</b>	<b>132,811</b>	<b>168,900</b>	<b>218,160</b>	<b>49,260</b>
Fund Equity at Beginning of Year	1,334,945	1,334,945	-	3,067,855	3,067,855	-
Decertification of prior year encumbrances	1,574	1,574	-	2,476	2,476	-
Residual Equity transfers in	-	97,004	97,004	-	-	-
Residual Equity transfers out	-	-	-	-	-	-
<b>Fund Equity at End of Year</b>	<b>\$ 1,074,219</b>	<b>\$ 1,304,034</b>	<b>\$ 229,815</b>	<b>\$ 3,239,231</b>	<b>\$ 3,288,491</b>	<b>\$ 49,260</b>



**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenses and Changes in Fund Equity**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Enterprise Funds**  
**for the Year Ended December 31, 2002**

	Total All Enterprise Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Charges for services	\$ 4,019,084	\$ 3,975,919	\$ (43,165)
Investment income	313,490	106,374	(207,116)
Special assessments	186,909	258,848	71,939
Miscellaneous	16,400	9,371	(7,029)
<b>Total Revenues</b>	<b>4,535,883</b>	<b>4,350,512</b>	<b>(185,371)</b>
<b>Expenses</b>			
Personal services	406,800	421,627	(14,827)
Materials and supplies	152,000	133,735	18,265
Contractual services	3,044,382	2,816,714	227,668
Capital outlay	480,244	264,041	216,203
Other	75,200	70,827	4,373
Debt service:			
Principal	157,000	155,000	2,000
Interest	114,500	86,646	27,854
<b>Total Expenses</b>	<b>4,430,126</b>	<b>3,948,590</b>	<b>481,536</b>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	<b>105,757</b>	<b>401,922</b>	<b>296,165</b>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	374,426	322,997	(51,429)
Operating advances out	(237,500)	(237,500)	-
Operating transfers out	(603,080)	(587,158)	15,922
<b>Total Other Financing Sources (Uses)</b>	<b>(466,154)</b>	<b>(501,661)</b>	<b>(35,507)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenses and Other Uses</b>	<b>(360,397)</b>	<b>(99,739)</b>	<b>260,658</b>
Fund Equity at Beginning of Year	5,210,228	5,210,228	-
Decertification of prior year encumbrances	7,747	7,747	-
Residual Equity transfers in	-	97,004	97,004
Residual Equity transfers out	(211,628)	(211,628)	-
<b>Fund Equity at End of Year</b>	<b>\$ 4,645,950</b>	<b>\$ 5,003,612</b>	<b>\$ 357,662</b>

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City of Tallmadge, Ohio

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**INTERNAL SERVICE FUNDS**

INTERNAL SERVICE FUNDS ARE USED TO ACCOUNT FOR THE FINANCING OF GOODS OR SERVICES PROVIDED BY ONE DEPARTMENT OR AGENCY TO OTHER DEPARTMENTS OR AGENCIES OF THE GOVERNMENT AND TO OTHER GOVERNMENT UNITS, ON A COST REIMBURSEMENT BASIS.

**GARAGE REVOLVING**

To account for the cost of the maintenance facility for all automotive equipment used by various City departments. The costs of services provided are billed to the various user departments.

**SELF-INSURANCE**

To account for the payment of claims and operations of the City's self-insurance program. The costs of the premiums are billed to the various user departments.

**City of Tallmadge, Ohio  
Combining Balance Sheet  
All Internal Service Funds  
December 31, 2002**

	<u>Garage Revolving</u>	<u>Self- Insurance</u>	<u>Totals</u>
<b>Assets</b>			
Equity in pooled cash and investments	\$ -	\$ 161,359	\$ 161,359
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 161,359</b>	<b>\$ 161,359</b>
<b>Liabilities</b>			
Claims payable	\$ -	\$ 52,907	\$ 52,907
<b>Total Liabilities</b>	<b>-</b>	<b>52,907</b>	<b>52,907</b>
<b>Fund Equity</b>			
Retained Earnings	-	108,452	108,452
<b>Total Fund Equity</b>	<b>-</b>	<b>108,452</b>	<b>108,452</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ -</b>	<b>\$ 161,359</b>	<b>\$ 161,359</b>

**City of Tallmadge, Ohio**  
**Combining Statement of Revenues, Expenses and Changes in Fund Equity**  
**All Internal Service Funds**  
**for the Year Ended December 31, 2002**

	<u>Garage Revolving</u>	<u>Self- Insurance</u>	<u>Totals</u>
Operating Revenues			
Charges for services	\$ 197,159	\$ 906,454	\$ 1,103,613
Other	2,667	42,919	45,586
Total Operating Revenues	<u>199,826</u>	<u>949,373</u>	<u>1,149,199</u>
Operating Expenses			
Personal services	282,117	(15,469)	266,648
Contractual services	36,655	1,184,132	1,220,787
Depreciation	30,204	-	30,204
Other	195,262	-	195,262
Total Operating Expenses	<u>544,238</u>	<u>1,168,663</u>	<u>1,712,901</u>
Operating Income (Loss)	<u>(344,412)</u>	<u>(219,290)</u>	<u>(563,702)</u>
Income (Loss) Before Operating Transfers	(344,412)	(219,290)	(563,702)
Operating transfers in	<u>313,580</u>	<u>200,000</u>	<u>513,580</u>
Net Income (Loss)	(30,832)	(19,290)	(50,122)
Retained Earnings at Beginning of Year	310,905	127,742	438,647
Residual Equity Transfer Out	<u>(280,073)</u>	<u>-</u>	<u>(280,073)</u>
Retained Earnings at End of Year	<u>-</u>	<u>108,452</u>	<u>108,452</u>
Contributed Capital at Beginning of Year	12,930	-	12,930
Residual Equity Transfer Out	<u>(12,930)</u>	<u>-</u>	<u>(12,930)</u>
Contributed Capital at End of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Equity at End of Yea	<u>\$ -</u>	<u>\$ 108,452</u>	<u>\$ 108,452</u>

**City of Tallmadge, Ohio**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**for the Year Ended December 31, 2002**

	Garage Revolving	Self- Insurance	Total
Cash Flows Provided by (Used in) Operating Activities			
Cash received from customers	\$ 196,838	\$ 906,454	\$ 1,103,292
Cash payments to suppliers for goods/services	(197,774)	(1,213,078)	(1,410,852)
Cash payments to employees for services	(271,788)	-	(271,788)
Other operating revenues (uses)	2,667	27,450	30,117
Net Cash Provided By (Used in) Operating Activities	<u>(270,057)</u>	<u>(279,174)</u>	<u>(549,231)</u>
Cash Flows Provided by (Used In) Noncapital Financing Activities			
Operating transfers in	313,580	200,000	513,580
Residual equity transfers out	(293,003)	-	(293,003)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>20,577</u>	<u>200,000</u>	<u>220,577</u>
Cash Flows Provided by (Used in) Capital and Related Financing Activities			
Acquisition and construction of capital assets	149,515	-	149,515
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>149,515</u>	<u>-</u>	<u>149,515</u>
Net Increase in Cash	<u>(99,965)</u>	<u>(79,174)</u>	<u>(179,139)</u>
Cash at Beginning of Year	<u>99,965</u>	<u>240,533</u>	<u>340,498</u>
Cash at End of Year	<u>\$ -</u>	<u>\$ 161,359</u>	<u>\$ 161,359</u>

(continued)

**City of Tallmadge, Ohio**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**for the Year Ended December 31, 2002**

	<u>Garage Revolving</u>	<u>Self- Insurance</u>	<u>Total</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ (344,412)	\$ (219,290)	\$ (563,702)
Adjustments to reconcile operating income (Loss) to net cash provided by (Used in) operating activities			
Depreciation and amortization	30,204	-	30,204
Change in assets and liabilities			
Receivables	1,201	-	1,201
Inventory	71,357	-	71,357
Accounts payable	(8,836)	(15,469)	(24,305)
Accrued wages and benefits	(19,571)	-	(19,571)
Other liabilities	<u>-</u>	<u>(44,415)</u>	<u>(44,415)</u>
Total adjustments	<u>74,355</u>	<u>(59,884)</u>	<u>14,471</u>
Net Cash Provided By (Used in) Operating Activities	<u>\$ (270,057)</u>	<u>\$ (279,174)</u>	<u>\$ (549,231)</u>

**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenses and Changes in Fund Equity**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Internal Service Funds**  
**for the Year Ended December 31, 2002**

	Garage Revolving			Self-Insurance		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Charges for services	\$ 204,000	\$ 196,660	\$ (7,340)	\$ 973,250	\$ 906,453	\$ (66,797)
Other	-	3,096	3,096	-	43,523	43,523
Total Revenues	204,000	199,756	(4,244)	973,250	949,976	(23,274)
<b>Expenses</b>						
Personal services	271,550	271,550	-	-	-	-
Materials and supplies	167,544	167,544	-	-	-	-
Contractual services	30,195	30,195	-	1,247,300	1,228,547	18,753
Other	13,608	13,608	-	-	-	-
Total Expenses	482,897	482,897	-	1,247,300	1,228,547	18,753
<b>Excess (Deficiency) of Revenues Over Expenses</b>	(278,897)	(283,141)	(4,244)	(274,050)	(278,571)	(4,521)
Other Financing Sources (Uses)						
Operating transfers in	351,000	313,580	(37,420)	200,000	200,000	-
Total Other Financing Sources (Uses)	351,000	313,580	(37,420)	200,000	200,000	-
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenses and Other Uses</b>	72,103	30,439	(41,664)	(74,050)	(78,571)	(4,521)
Fund Equity at Beginning of Year	57,199	57,199	-	239,930	239,930	-
Decertification of prior year encumbrances	8,754	8,754	-	-	-	-
Residual Equity transfer out	(96,392)	(96,392)	-	-	-	-
<b>Fund Equity at End of Year</b>	\$ 41,664	\$ -	\$ (41,664)	\$ 165,880	\$ 161,359	\$ (4,521)

(continued)

**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenses and Changes in Fund Equity**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Internal Service Funds**  
**for the Year Ended December 31, 2002**

	<u>Total All Internal Service Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Charges for services	\$ 1,177,250	\$ 1,103,113	\$ (74,137)
Other	-	46,619	46,619
Total Revenues	<u>1,177,250</u>	<u>1,149,732</u>	<u>(27,518)</u>
<b>Expenses</b>			
Personal services	271,550	271,550	-
Materials and supplies	167,544	167,544	-
Contractual services	1,277,495	1,258,742	18,753
Other	13,608	13,608	-
Total Expenses	<u>1,730,197</u>	<u>1,711,444</u>	<u>18,753</u>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	<u>(552,947)</u>	<u>(561,712)</u>	<u>(8,765)</u>
Other Financing Sources (Uses)			
Operating transfers in	551,000	513,580	(37,420)
Total Other Financing Sources(Uses)	<u>551,000</u>	<u>513,580</u>	<u>(37,420)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenses and Other Uses</b>	(1,947)	(48,132)	(46,185)
Fund Equity at Beginning of Year	297,129	297,129	-
Decertification of prior year encumbrances	8,754	8,754	-
Residual Equity transfer out	<u>(96,392)</u>	<u>(96,392)</u>	<u>-</u>
<b>Fund Equity at End of Year</b>	<u>\$ 207,544</u>	<u>\$ 161,359</u>	<u>\$ (46,185)</u>



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## City of Tallmadge, Ohio

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### TRUST AND AGENCY FUNDS

TRUST AND AGENCY FUNDS ARE USED TO ACCOUNT FOR ASSETS HELD BY THE CITY IN A TRUSTEE CAPACITY AND/OR AS AN AGENT FOR INDIVIDUALS, PRIVATE ORGANIZATIONS, OTHER GOVERNMENTAL UNITS AND/OR OTHER FUNDS. THESE INCLUDE (A) EXPENDABLE TRUST FUNDS (B) A NON-EXPENDABLE TRUST FUND, AND (C) AN AGENCY FUND.

#### EXPENDABLE TRUST FUNDS

##### EMERGENCY MEDICAL SERVICE AND FIRE DONATION

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

##### POLICE PENSION

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

#### NON-EXPENDABLE TRUST FUND

##### RICHARDSON TRUST

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 interest received on those monies is used to aid the needy.

#### AGENCY FUND

##### REVOLVING TRUST

To account for refundable deposits.

**City of Tallmadge, Ohio  
Combining Balance Sheet  
All Fiduciary Funds  
December 31, 2002**

	<u>Expendable Trust Funds</u>		<u>Non-Expendable Trust Fund</u>	<u>Agency Fund</u>	<u>Total-All Fiduciary Funds</u>
	<u>Emergency Medical Service and Fire Donation</u>	<u>Police Pension</u>	<u>Richardson Trust</u>	<u>Revolving Trust</u>	
<b>Assets</b>					
Equity in pooled cash and investments	\$ 11,163	\$ 51,810	\$ 40,075	\$ 103,301	\$ 206,349
Receivables	-	114,980	29	(25)	114,984
<b>Total Assets</b>	<b><u>\$ 11,163</u></b>	<b><u>\$ 166,790</u></b>	<b><u>\$ 40,104</u></b>	<b><u>\$ 103,276</u></b>	<b><u>\$ 321,333</u></b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 103,276	\$ 103,276
Accrued wages and benefits	-	67,943	-	-	67,943
Deferred revenue	-	114,280	1	-	114,281
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>182,223</u></b>	<b><u>1</u></b>	<b><u>103,276</u></b>	<b><u>285,500</u></b>
<b>Fund Balance</b>					
Reserve for endowment	-	-	30,500	-	30,500
Unreserved - undesignated	11,163	(15,433)	9,603	-	5,333
<b>Total Fund Balance</b>	<b><u>11,163</u></b>	<b><u>(15,433)</u></b>	<b><u>40,103</u></b>	<b><u>-</u></b>	<b><u>35,833</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 11,163</u></b>	<b><u>\$ 166,790</u></b>	<b><u>\$ 40,104</u></b>	<b><u>\$ 103,276</u></b>	<b><u>\$ 321,333</u></b>

**City of Tallmadge, Ohio**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Expendable Trust Funds**  
**for the Year Ended December 31, 2002**

	Emergency Medical Service and Fire Donation	Police Pension	Total
Revenues			
Taxes	\$ -	\$ 94,384	\$ 94,384
Intergovernmental	-	10,998	10,998
Investment income	-	(387)	(387)
Miscellaneous	1,403	-	1,403
Total Revenues	<u>1,403</u>	<u>104,995</u>	<u>106,398</u>
Expenditures			
Current			
Security of persons and property	826	261,747	262,573
Total Expenditures	<u>826</u>	<u>261,747</u>	<u>262,573</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>577</u>	<u>(156,752)</u>	<u>(156,175)</u>
Other Financing Sources (Uses)			
Operating transfers in	-	171,250	171,250
Total Other Financing Sources (Uses)	<u>-</u>	<u>171,250</u>	<u>171,250</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	577	14,498	15,075
Fund Balance (Deficit) at Beginning of Year	<u>10,586</u>	<u>(29,931)</u>	<u>(19,345)</u>
Fund Balance (Deficit) at End of Year	<u>\$ 11,163</u>	<u>\$ (15,433)</u>	<u>\$ (4,270)</u>

**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Expendable Trust Funds**  
**for the Year Ended December 31, 2002**

	<u>Emergency Medical Service and Fire Donation</u>			<u>Police Pension</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ 98,230	\$ 94,359	\$ (3,871)
Intergovernmental	-	-	-	10,913	10,997	84
Miscellaneous	2,500	1,467	(1,033)	-	-	-
Total Revenues	<u>2,500</u>	<u>1,467</u>	<u>(1,033)</u>	<u>109,143</u>	<u>105,356</u>	<u>(3,787)</u>
<b>Expenditures</b>						
Current						
Security of persons and property	<u>2,300</u>	<u>826</u>	<u>1,474</u>	<u>287,900</u>	<u>258,815</u>	<u>29,085</u>
Total Expenditures	<u>2,300</u>	<u>826</u>	<u>1,474</u>	<u>287,900</u>	<u>258,815</u>	<u>29,085</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>200</u>	<u>641</u>	<u>441</u>	<u>(178,757)</u>	<u>(153,459)</u>	<u>25,298</u>
Other Financing Sources (Uses)						
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,000</u>	<u>171,250</u>	<u>(23,750)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,000</u>	<u>171,250</u>	<u>(23,750)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>200</u>	<u>641</u>	<u>441</u>	<u>16,243</u>	<u>17,791</u>	<u>1,548</u>
Fund Balance at Beginning of Year	<u>10,522</u>	<u>10,522</u>	<u>-</u>	<u>34,019</u>	<u>34,019</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 10,722</u>	<u>\$ 11,163</u>	<u>\$ 441</u>	<u>\$ 50,262</u>	<u>\$ 51,810</u>	<u>\$ 1,548</u>

**City of Tallmadge, Ohio**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Budgetary Basis) - All Expendable Trust Funds**  
**for the Year Ended December 31, 2002**

	<u>Total All Expendable Trust Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Taxes	\$ 98,230	\$ 94,359	\$ (3,871)
Intergovernmental	10,913	10,997	84
Miscellaneous	2,500	1,467	(1,033)
Total Revenues	<u>111,643</u>	<u>106,823</u>	<u>(4,820)</u>
<b>Expenditures</b>			
Current			
Security of persons and property	290,200	259,641	30,559
Total Expenditures	<u>290,200</u>	<u>259,641</u>	<u>30,559</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(178,557)</u>	<u>(152,818)</u>	<u>25,739</u>
Other Financing Sources (Uses)			
Operating transfers in	195,000	171,250	(23,750)
Total Other Financing Sources (Uses)	<u>195,000</u>	<u>171,250</u>	<u>(23,750)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	16,443	18,432	1,989
Fund Balance at Beginning of Year	<u>44,541</u>	<u>44,541</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 60,984</u>	<u>\$ 62,973</u>	<u>\$ 1,989</u>

**City of Tallmadge, Ohio**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**for the Year Ended December 31, 2002**

	<u>January 1,</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31,</u>
<b>Revolving Trust</b>				
Assets				
Equity in pooled cash and investments	\$ 134,353	\$ 120,650	\$ (151,702)	\$ 103,301
Receivables	-	-	(25)	(25)
Total Assets	<u>\$ 134,353</u>	<u>\$ 120,650</u>	<u>\$ (151,727)</u>	<u>\$ 103,276</u>
Liabilities				
Accounts payable	\$ 134,353	\$ 120,650	(151,727)	\$ 103,276
Total Liabilities	<u>\$ 134,353</u>	<u>\$ 120,650</u>	<u>\$ (151,727)</u>	<u>\$ 103,276</u>

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**City of Tallmadge, Ohio**

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**GENERAL FIXED ASSETS ACCOUNT GROUP**

**TO ACCOUNT FOR THE GENERAL FIXED ASSETS OF THE CITY OTHER THAN THOSE  
ACCOUNTED FOR IN THE PROPRIETARY FUNDS.**

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**City of Tallmadge, Ohio**  
**Schedule of General Fixed Assets by Source**  
**as of December 31, 2002**

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General Fixed Assets

Land	\$ 2,600,301
Buildings and Improvements	7,934,197
Equipment/Storm Waterlines	<u>9,053,647</u>
Total General Fixed Assets	<u><u>\$ 19,588,145</u></u> *

Investment in General Fixed Assets from:

Capital Projects Funds:

General obligation bonds/notes	\$ 6,095,762
Federal grants	485,817
Fire & EMS levy	2,128,296
General Fund Revenues	10,706,594
Gifts	167,838
Other	<u>3,838</u>
Total Investment in General Fixed Assets	<u><u>\$ 19,588,145</u></u> *

\*Excludes amounts capitalized as construction-in-progress



**City of Tallmadge, Ohio**  
**Schedule of General Fixed Assets by Function and Activity**  
**as of December 31, 2002**

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Equipment/ Storm Waterlines</u>	<u>Total</u>
Security of Persons and Property				
Fire safety & EMS	\$ 28,095	\$ 298,765	\$ 1,810,021	\$ 2,136,881
Police protection	-	-	564,348	564,348
Safety communications	-	-	168,511	168,511
Police administration	9,750	1,432,413	277,579	1,719,742
Total Security of Persons and Property	<u>37,845</u>	<u>1,731,178</u>	<u>2,820,459</u>	<u>4,589,482</u>
Public Health and Welfare				
Cemetery	64,931	8,159	9,650	82,740
Leisure Time Activities				
Parks and recreation	981,317	503,297	351,671	1,836,285
Pool	464,574	283,022	111,159	858,755
Total Leisure Time Activities	<u>1,445,891</u>	<u>786,319</u>	<u>462,830</u>	<u>2,695,040</u>
Community Environment				
Community and economic development	-	-	15,322	15,322
Transportation				
Street construction, maintenance, and repair	14,830	387,069	2,869,363	3,271,262
General Government				
Mayor's office	-	-	4,716	4,716
Director of Administration	-	-	147,092	147,092
Finance administration	-	8,207	121,815	130,022
Legal administration	-	-	24,648	24,648
Service administration	1,036,804	5,013,264	2,532,038	8,582,106
Legislative	-	-	35,196	35,196
Other administration	-	-	10,519	10,519
Total General Government	<u>1,036,804</u>	<u>5,021,471</u>	<u>2,876,024</u>	<u>8,934,299</u>
Total General Fixed Assets	<u>\$ 2,600,301</u>	<u>\$ 7,934,196</u>	<u>\$ 9,053,648</u>	<u>\$ 19,588,145</u> *

\*Excludes amounts capitalized as construction-in-progress.

**City of Tallmadge, Ohio**  
**Schedule of Changes in General Fixed Assets by**  
**Function and Activity**  
**for the Year Ended December 31, 2002**

	Balance January 1, 2002	Additions	Deductions	Balance December 31, 2002
<b>Security of Persons and Property</b>				
Fire safety & EMS	\$ 2,227,213	\$ 38,067	\$ (128,399)	\$ 2,136,881
Police protection	527,686	68,409	(31,747)	564,348
Safety communications	168,511	-	-	168,511
Police administration	1,688,294	43,926	(12,478)	1,719,742
<b>Total Security of Persons and Property</b>	<b>4,611,704</b>	<b>150,402</b>	<b>(172,624)</b>	<b>4,589,482</b>
<b>Public Health and Welfare</b>				
Cemetery	82,740	-	-	82,740
<b>Leisure Time Activities</b>				
Parks and recreation	1,838,774	6,015	(8,504)	1,836,285
Pool	858,755	-	-	858,755
<b>Total Leisure Time Activities</b>	<b>2,697,529</b>	<b>6,015</b>	<b>(8,504)</b>	<b>2,695,040</b>
<b>Community Environment</b>				
Community and economic development	38,949	-	(23,627)	15,322
<b>Transportation</b>				
Street construction, maintenance and repair	2,931,729	348,259	(8,726)	3,271,262
<b>General Government</b>				
Mayor's office	18,258	-	(13,542)	4,716
Director of Administration	139,715	34,998	(27,621)	147,092
Finance administration	134,043	-	(4,021)	130,022
Legal administration	31,449	-	(6,801)	24,648
Service administration	8,473,097	119,470	(10,461)	8,582,106
Legislative	35,196	-	-	35,196
Other administration	13,326	1,499	(4,306)	10,519
<b>Total General Government</b>	<b>8,845,084</b>	<b>155,967</b>	<b>(66,752)</b>	<b>8,934,299</b>
<b>Total General Fixed Assets</b>	<b>\$ 19,207,735</b>	<b>\$ 660,643</b>	<b>\$ (280,233)</b>	<b>\$ 19,588,145</b>

\*Excludes amounts capitalized as construction-in-progress.

## **Statistical Section**



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### City of Tallmadge, Ohio

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**City of Tallmadge, Ohio**  
**Governmental and Expendable Trust Fund Revenues by Source**  
**and Expenditures by Function**  
**Last Ten Years**

	1993	1994	1995	1996
<b>REVENUES</b>				
Property taxes	\$ 1,476,851	\$ 1,635,779	\$ 1,681,721	\$ 1,736,644
Municipal income taxes	4,499,209	4,773,202	5,242,082	5,645,812
Other local taxes	6,142	-	-	-
Intergovernmental	1,353,528	2,018,556	1,733,291	1,524,570
Charges for services	229,483	233,706	250,837	279,715
Fines, licenses, and permits	181,882	217,657	175,690	212,118
Investment income	145,546	217,496	370,467	239,633
Special assessments	54,520	87,829	120,105	24,401
All other revenues	115,199	112,613	108,014	193,223
<b>TOTAL REVENUES</b>	<b>\$ 8,062,360</b>	<b>\$ 9,296,838</b>	<b>\$ 9,682,207</b>	<b>\$ 9,856,116</b>
<b>EXPENDITURES</b>				
Current				
Security of persons and property	\$ 2,777,828	\$ 3,073,723	\$ 3,229,820	\$ 3,561,634
Public health and welfare	122,767	146,460	174,445	153,653
Leisure time activities	502,450	685,258	672,889	754,280
Community development	316,434	359,789	426,769	337,328
Transportation	1,334,554	3,313,918	1,457,225	1,068,229
General government	1,493,494	1,659,641	1,922,921	1,960,428
Capital outlay	724,410	986,335	1,426,781	3,071,452
Debt Service				
Principal	57,000	57,000	1,445,441	224,176
Interest	68,130	71,287	135,977	156,209
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,397,067</b>	<b>\$ 10,353,411</b>	<b>\$ 10,892,268</b>	<b>\$ 11,287,389</b>

Note 1:

Amounts were determined in accordance with generally accepted accounting principles  
The provisions of statement No. 33 of the Governmental Accounting Standards Board were implemented in 2000.

**Table 1**

	1997	1998	1999	2000	2001	2002
\$	1,849,843	\$ 1,604,135	\$ 1,582,460	\$ 1,618,751	\$ 2,010,802	\$ 1,944,979
	6,099,877	6,354,273	6,589,765	6,775,780	6,739,909	6,617,777
	-	-	-	-	-	-
	1,997,967	2,772,376	2,221,884	2,466,027	2,119,103	2,223,887
	280,488	289,438	311,443	326,951	593,539	700,941
	240,615	258,358	243,252	234,493	323,608	414,832
	271,019	291,124	183,937	319,377	296,318	145,717
	7,611	1,687	1,695	143,926	85,883	105,829
	200,747	254,767	95,461	128,147	366,468	124,480
<b>\$</b>	<b>10,948,167</b>	<b>\$ 11,826,158</b>	<b>\$ 11,229,897</b>	<b>\$ 12,013,452</b>	<b>\$ 12,535,630</b>	<b>\$ 12,278,442</b>
\$	3,686,799	\$ 4,119,655	\$ 4,534,246	\$ 4,559,866	\$ 4,546,800	\$ 4,554,729
	148,372	166,522	156,997	159,353	173,349	178,764
	685,236	608,091	682,367	780,070	727,899	695,650
	296,608	250,321	320,732	350,053	385,460	382,185
	1,111,354	1,221,798	1,272,087	1,464,656	1,403,016	1,410,876
	2,158,319	2,114,131	2,221,779	2,392,119	2,639,616	2,580,493
	4,312,045	2,781,815	2,930,553	3,588,325	2,845,234	1,512,013
	616,767	367,747	797,434	318,242	200,000	255,000
	207,766	284,151	333,460	303,277	358,523	401,197
<b>\$</b>	<b>13,223,266</b>	<b>\$ 11,914,231</b>	<b>\$ 13,249,655</b>	<b>\$ 13,915,961</b>	<b>\$ 13,279,897</b>	<b>\$ 11,970,907</b>

**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
1993	\$ 1,264,303	\$ 1,239,126	98.01 %	\$ 31,316	\$ 1,270,442	100.49 %	\$ 25,177
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

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
1993	\$ 229,420	\$ 227,499	99.16 %	\$ 3,839	\$ 231,338	100.84 %	\$ 1,921
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

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
1993	\$ 2.10	\$ 1.51	\$ 0.30	\$ 3.75	\$ 7.66
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

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	
1993	\$ 491,224,286	\$ 171,928,500	\$ 10,079,210	\$ 29,924,249	\$ 211,931,959
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

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% in 1994.

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**

Tax Year	Collection Year	County Levy	School Levy	Akron/Summit Library	City Levy	Total Levy	Debt Service	
1993	1	1994	12.31	54.33	0.89	7.66	75.19	0.67
	2	1994	12.31	44.14		7.66	64.11	3.17
1994	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
1995	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
1996	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
1997	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
1998	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
1999	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
2000	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
2001	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
2002	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

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**

**City of Tallmadge, Ohio  
Computation of Legal Debt Margin  
December 31, 2002**

Total of all City Debt Outstanding		\$ 8,157,279
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	\$ 2,461,000	
Unvoted self-supporting bonds and bond anticipation notes	<u>0</u>	
Total exempt debt		<u>(2,461,000)</u>
Net indebtedness (voted and unvoted) subject to debt limitation		5,696,279
Less applicable Debt Service Fund - budget basis		<u>(21,151)</u>
Net indebtedness subject to debt limitation		<u>\$ 5,675,128</u>
Assessed valuation of City	<u>\$ 363,445,347</u>	
<u>Legal 10.5% Debt Margin</u>		
10.5% of valuation (maximum voted and unvoted general obligation debt limitation)		\$ 38,161,761
Net indebtedness outstanding subject to 10.5% debt limitation		<u>5,675,128</u>
Legal 10.5% Margin		<u>\$ 32,486,633</u>
<u>Legal 5.5% Debt Margin</u>		
5.5% of valuation (maximum unvoted general obligation debt allowed)		\$ 19,989,494
Net indebtedness outstanding subject to 5.5% debt limitation		<u>5,675,128</u>
Legal 5.5% Margin		<u>\$ 14,314,366</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
1993	\$ 81,433	\$ 5,111	93.91 %	\$ 80,811	99.24 %	\$ 4,958
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

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	Net General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
1993	\$ 834,000	\$ 211,931,959	15,370	0.39	\$ 54
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	1.56	341

Notes: (1) Only general obligation bonds, notes and capital leases 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, per the U.S. Census in 2000.

**Table 10**

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

Collection Year	Principal	Interest	Debt Service on General Obligations (1)	Total Expenditures	Ratio
1993	\$ 57,000	\$ 68,130	\$ 125,130	\$ 7,397,067	1.69
1994	57,000	71,287	128,287	10,353,411	1.24
1995	1,445,441	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

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

**Table 11**

**City of Tallmadge, Ohio**  
**Computation of Direct and Overlapping Debt**  
**December 31, 2002**

	Net General Tax Bonded Debt	Percent Overlapping	Amount Applicable to City of Tallmadge
City of Tallmadge	\$ 5,696,279	100.00 %	\$ 5,696,279
Overlapping Debt:			
Summit County	123,208,479	3.28	4,041,238
MRTA (Metro Regional Transit Authority)	1,515,000	3.28	49,692
Tallmadge City School District	63,510	99.57	63,237
Stow/Munroe Falls City School District	6,432,000	0.17	10,934
Akron/Summit Library	66,414,269	4.86	3,227,733
Total Overlapping Debt	197,633,258		7,392,834
Total	\$ 203,329,537		\$ 13,089,113

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**

<b>Age distribution</b>	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
<b>Total population</b>	<b>16,390</b>	<b>100</b>	<b>14,870</b>	<b>100</b>	<b>14,372</b>	<b>100</b>

<b>Gender Statistics</b>	2000		1990		1980	
Males	7,901	48.2%	7,138	48%	7,488	49%
Females	8,489	51.8%	7,732	52%	7,781	51%
<b>Median Age</b>	41.4		37.9		32.3	

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

<b>Education Attainment</b>	2000	1990	1980
Percent High School	not/avail	83%	78%
Percent Bachelor's	not/avail	21%	17%

<b>Income</b>	2000	1990	1980
Median family income	not/avail	\$41,315	\$25,939
Per capita income	not/avail	\$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	Property Value	Building Permits Issued
1993	\$ 3,792,255,000	\$ 621,000,492	\$ 14,650,293
1994	4,199,905,000	713,690,601	19,780,607
1995	4,267,009,000	735,580,489	18,703,936
1996	4,342,660,000	779,542,648	19,771,078
1997	4,421,560,000	881,042,355	18,582,451
1998	4,486,230,000	901,310,318	25,243,549
1999	4,629,280,000	904,430,800	18,475,644
2000	4,789,398,000	960,842,632	22,503,399
2001	4,792,529,000	982,702,804	20,629,902
2002	4,879,525,000	990,556,230	21,377,220

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
1993	100
1994	129
1995	94
1996	97
1997	92
1998	96
1999	110
2000	159
2001	153
2002	123

Source: Building Department; City of Tallmadge

**Table 15**

**City of Tallmadge, Ohio  
Principal Property Taxpayers  
December 31, 2002**

Name of Taxpayer	Nature of Business	Valuation	Assessed Valuation
<b>Real Property (2002 Collection Year)</b>			
Tallmadge Associates	Retail Property Management	\$ 3,130,000	0.89%
Eastwood Sqare Associates LTD	Retail Property Management	2,759,120	0.78%
Tallmadge Oaks II	Apartment Complex	2,384,990	0.68%
Saxon Village Ltd.	Apartment Complex	1,908,730	0.54%
87 Midway Plaza LLC	Retail Property Management	1,617,050	0.46%
Colonial Gardens	Nursing Home	1,568,590	0.45%
Myers Family Limited Partnership Limited	Light Manufacturing	1,544,060	0.44%
Cooper Equities Co. LTD	Retail Store	1,408,050	0.40%
Tallmadge Acres Apartments, Inc.	Industrial Property Management	1,368,730	0.39%
Rocco Family Limited Partnership	Property Management	1,360,890	0.39%
<b>Total</b>		<b>\$ 19,050,210</b>	<b>5.42%</b>
<b>Total Assessed Valuation - Real Property</b>		<b>\$ 301,730,070</b>	<b>85.83%</b>
<b>Tangible Personal Property (other than Public Utilities)(2001 Collection Year)</b>			
Summit Racing Equipment	Auto Parts Distribution	\$ 3,893,730	1.11%
Owens Corning	Insulation: Sheet and Foam	3,411,290	0.97%
Steere Enterprises	Custom Plastics & Vinyl	2,083,720	0.59%
Waltco Truck Co	Electro-Hydraulic Tailgate Lifts	1,728,650	0.49%
Mark-Glen Inc.	Auto Sales	1,663,930	0.47%
Star Chevrolet Inc.	Auto Sales	1,517,310	0.43%
Leppo, Inc.	Machinery Sales	1,387,310	0.39%
S.D. Myers, Inc.	Manufacturing	1,356,710	0.39%
Summit Plastic Company	Warehouse	1,120,440	0.32%
General Electric Capital Corp.	Light Manufacturing	1,053,590	0.33%
<b>Total</b>		<b>\$ 19,216,680</b>	<b>5.49%</b>
<b>Total Assessed Valuation - Tangible Personal Property</b>		<b>\$ 42,596,257</b>	<b>12.12%</b>
<b>Public Utility (tangible personal property)(2002 Collection Year)</b>			
Ohio Bell Telephone	Telephone Service	\$ 2,607,590	0.74%
Ohio Edison Co.	Utilities	2,356,810	0.67%
American Transmission	Telephone Service	503,270	0.14%
Qwest Communications	Telephone Service	439,190	0.12%
East Ohio Gas Co.	Utilities	422,890	0.12%
<b>Total</b>		<b>\$ 6,329,750</b>	<b>1.79%</b>
<b>Total Assessed Valuation - Public Utilities</b>		<b>\$ 7,231,650</b>	<b>2.06%</b>
<b>Total Assessed Valuation - All Categories</b>		<b>\$ 351,557,977</b>	<b>100.00%</b>

Source: Summit County, Ohio ; County Fiscal Officer



**Table 16**

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**City of Talmadge, Ohio  
Miscellaneous Statistics  
December 31, 2002**

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Founded	1806	
Incorporated as Village	1936	
Incorporated as City	1951	
Town Hall erected	1859	
Form of government	Charter	
Population	16,700	
	6,552	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	24	
Fire protection:		
Stations	2	
Number of full-time firefighters	11	
Number of part-time firefighters	39	
Municipal utilities	6342 Water	
	7261 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)
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	





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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  
JULY 22, 2003**