



**CITY OF TALLMADGE  
SUMMIT COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2004**



**Auditor of State  
Betty Montgomery**



CITY OF TALLMADGE  
SUMMIT COUNTY

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**Auditor of State  
Betty Montgomery**

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

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

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tallmadge, Summit County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 27, 2005 in which we noted the City adopted Governmental Accounting Standard Board Technical Bulletin 2004-2 and made a correction of an error regarding the estimated useful lives of capital assets. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated May 27, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the City's management dated May 27, 2005, we reported an other matter related to noncompliance we deemed immaterial.

City of Tallmadge  
Summit County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of management and City Council. It is not intended for 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 27, 2005

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# *City of Tallmadge, Ohio*



***Our New Recreation Center***

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*Comprehensive Annual Financial Report*  
*for the Year Ended December 31, 2004*





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## *About our Recreation Center . . .*

*Fallmadge proudly opened the doors to its 91,000 square foot community Recreation Center in February of 2004. Within a year, memberships soared to 3,600, exceeding enrollment projections, and the facility's operation was profitable.*

*Our Recreation Center is filled with life! Members of all ages participate in activities that include basketball, volleyball, tennis, running, walking, indoor soccer, aerobics and weight training. There is also supervised play for children and there are practice facilities for school sports.*

*Funding came from private donations, capital allocations from city income tax monies and a \$4.2 million note issued in 2004 and reduced to \$3.9 million in 2005. In 2006 the city intends to reduce that note by issuing bonds.*

*Our new Recreation Center . . . another example of the teamwork, winning spirit and community pride that make Fallmadge, Ohio a great place to call "home."*

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*City of Tallmadge, Ohio*

*Comprehensive Annual Financial Report*

*—For the Year Ended December 31, 2004—*



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

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*City of Fallmadge, Ohio—2004*



*Introductory Section*

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**CITY OF TALLMADGE, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

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46 NORTH AVENUE

**CITY OF TALLMADGE, OHIO**  
**44278**

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

**JIMELLE COLLINS**  
**ASSISTANT FINANCE DIRECTOR**  
330-633-0858

May 27, 2005

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

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the City of Tallmadge, Ohio (the City) is hereby presented. This CAFR represents the official report of the City of Tallmadge's operations and financial position for the year ended December 31, 2004, and has been developed to accurately detail the status of City finances to Tallmadge residents and elected officials, investment banks, underwriters and all other interested parties. This report is being presented in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments."

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, the data contained in this report is accurate in all material respects, and is presented in a manner designed to set forth fairly the financial position and results of operations of the City. All disclosures necessary to provide the reader with a better understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report consists of three sections.

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

#### **THE REPORTING ENTITY**

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

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

The City participates in the Ohio Association of Rural Water and Wastewater Systems Workers' Compensation Group Rating Plan and the Akron Metropolitan Area Transportation Study (AMATS). These organizations are described in more detail in Notes 12 and 17 of the Basic Financial Statements.

## **THE CITY OF TALLMADGE**

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

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

The City is located in Summit and Portage Counties, with over 97% of the property located in Summit County and the remainder in Portage County. The City is approximately 13.5 square miles in size, is located approximately 35 miles south of Cleveland, Ohio and is contiguous to Akron, Ohio. The City's 2004 population of 17,500 makes it the eighth largest City in Summit County.

## **CITY GOVERNMENT**

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

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

The City's chief executive and administrative officer is the Mayor, who is elected by the voters to that office for a four-year term. The other elected officials (the Director of Finance, Director of Law, and Treasurer) are all elected to a four year term. The Mayor also appoints members to a number of boards and commissions. The Charter was amended in 2002 and the voters approved the abolishment of the Treasurer's position upon the completion of the current term ending December 31, 2005. The Director of Finance will perform all the duties assigned to the Treasurer as of January 1, 2006.

## **ECONOMIC CONDITION AND OUTLOOK**

The City offers an attractive opportunity for business growth. Tallmadge's 455 business establishments, from its largest employer, Summit Racing, 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 industrial for a maximum of ten years and commercial for four years at 50%, on buildings only, is available under the abatement program.

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

Beginning in 1987, the City experienced significant economic growth, which continues today. New investment in industrial, commercial and residential development exceeded \$10 million in 1987 compared to a low of \$1.8 million in 1982. This trend continues with reported property valuation increasing in 2004.

Virtually all the major employers in the City have expanded or built new facilities during this time period. While the national and local economy has been in a downturn since 2001, there were still a significant number of expansions in the City. The latest expansions include Campbell Sport Ltd., Blatt Development, Leppo Equipment, Family Medical Care Physicians Inc., All-Pro Transmission, J's Java Hut and D B Development. The renovations made to West Avenue continue to benefit the City, encouraging business expansion or relocations along this commercial corridor.

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

The City of Tallmadge experienced a decrease in income tax revenue of 0.78 percent in the general fund from the previous year collections. The addition of the Joint Economic Development District (JEDD) with the township of Brimfield will result in additional income tax collections for the City in the future.

Residential development has closely paralleled industrial and commercial development during the same period. A total of 104 residential units were built in 2004, which consists of 48 single-family dwellings and 56 condominiums. Interestingly, 622 units have been built in the City during the last five years.

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

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

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

## **MAJOR INITIATIVES**

### **Current**

The majority of the construction for a new community recreation facility occurred in 2003. The construction was completed in 2004 and the facility was opened to the public on February 14, 2004. This is the first of its kind in the City. The facility is a 91,000 square foot joint use recreational facility that is designed for indoor recreational activities such as basketball, volleyball, tennis, running, walking, indoor soccer, aerobics, weight training, batting cages, game rooms, and children's play area. The facility was funded by private donations and capital allocations from City income tax monies. The City issued debt in March of 2003 for this project. Presently, there are approximately 3,200 members at the facility exceeding our anticipated enrollment projections.

Major construction projects in 2004 included the Southeast Avenue / Circle Storm Sewer and Widening Project, the Erie Drive Widening Project, the Nutwood Waterline Project and the completion of various road paving and minor storm water projects.

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

## **Future**

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

Major construction projects for 2005 consist of the East Avenue / Munroe Road Widening Project which will upgrade this area in anticipation of the completion of the new Tallmadge High School and the Northwest Avenue Widening Project to complement expanded commercial development in this area of the City.

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

The City will continue to place a major emphasis on economic development within the City as well as within the newly created JEDD in Brimfield Township. There are numerous sites within the City for development including the Portage Boulevard Industrial Park and within the Circle Redevelopment Area. There are significant areas for development in the Joint Economic Development District including the Karg Industrial Park, the Sunnybrook / Forge Road area and the land associated with the Interstate 76 / Route 18 interchange. There are a number of developments expected to take place in the I 76 / Route 18 area during 2005.

## **FINANCIAL INFORMATION**

### **Introduction**

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

### **Internal Accounting Controls**

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

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

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

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

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

The level of budgetary control at which expenditures cannot exceed appropriated amounts is established at the 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 where estimated expenditures are encumbered against available appropriations. Encumbrances that would exceed the appropriation are not approved until Council authorizes legislatively additional appropriations. All expenditures over \$100 must have a purchase order encumbered prior to payment, establishing that the monies are legally appropriated and available for use. All expenditures under \$100 are approved by the Director of Finance utilizing a "Then & Now" certification. The Director of Finance has a Procurement Policy outlining policies and procedures for all employees authorized to order goods or enter into a contract.

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

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

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

### **Financial Reporting Model**

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

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

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

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

As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. This discussion follows the Independent Accountants' Report, providing an assessment of the City finances for 2004.

### **THE INDEPENDENT AUDIT**

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. The Auditor of State's office performed the audit for the year ended December 31, 2004. The Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

### **AWARDS**

#### **GFOA Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tallmadge for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

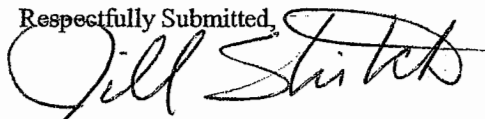
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable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

A Certificate of Achievement is valid for a period of one year only. The City of Tallmadge has received a Certificate of Achievement for the last twelve consecutive years (1992 - 2003). We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it to the GFOA.

#### **ACKNOWLEDGMENTS**

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Jill Stritch". The signature is written in black ink and is positioned above the printed name.

Jill Stritch, Director of Finance, CPFA



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tallmadge,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2003

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.



*Nancy L. Zielke*

President

*Jeffrey R. Emer*

Executive Director

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**CITY OF TALLMADGE, OHIO**

*LISTING OF PRINCIPAL CITY OFFICIALS  
AS OF DECEMBER 31, 2004*

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**ELECTED OFFICIALS**

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

**APPOINTED OFFICIALS**

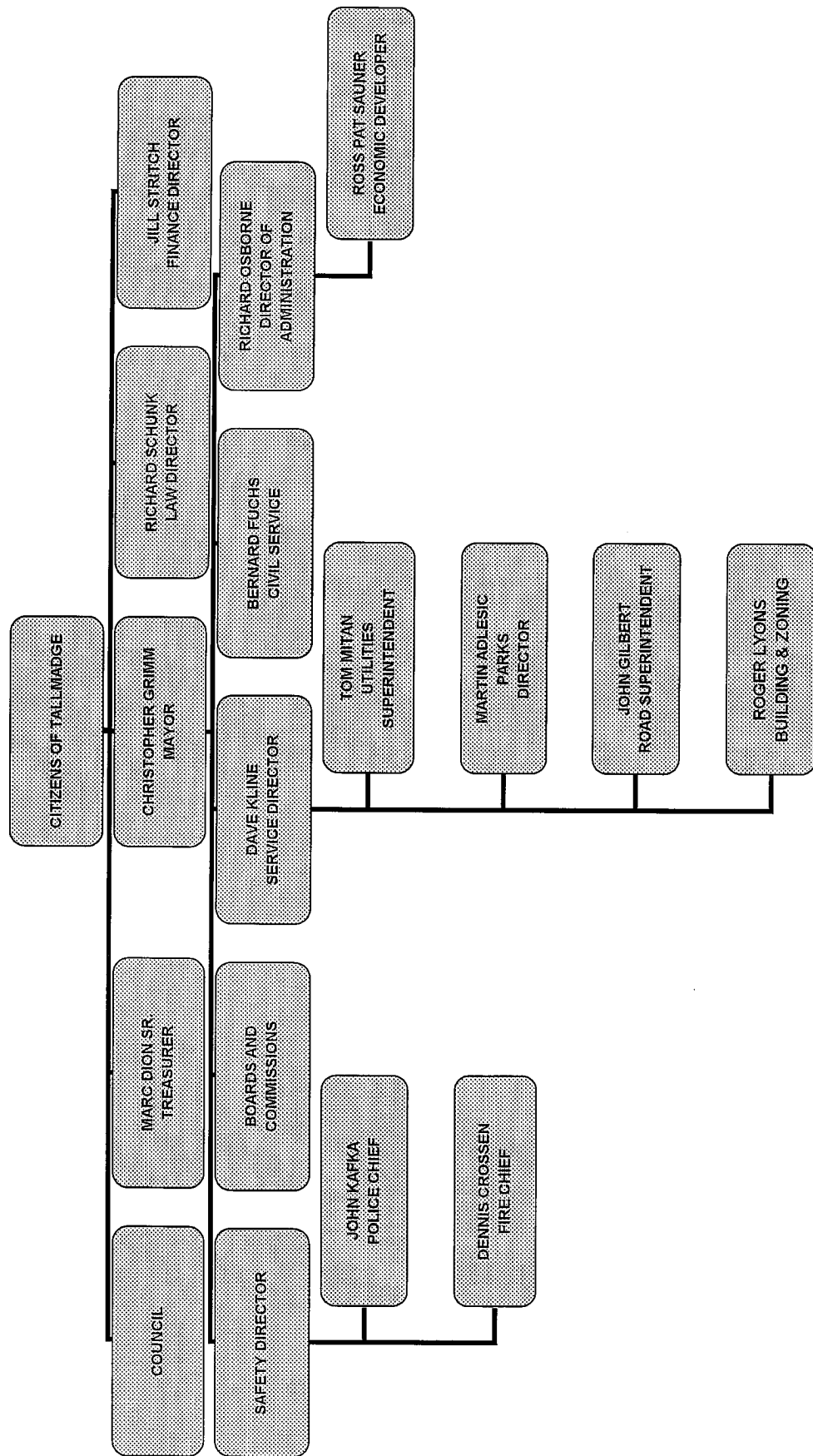
Service Director	David Kline
Director of Administration	Richard Osborne
Economic Developer	Ross Pat Sauner
Assistant Director of Law	Penny Taylor
Assistant Director of Finance	Jimelle Collins
Deputy Treasurer	Angela Myers
Chief Deputy Tax Administrator	Rosemary Berdy
Clerk of Council	Susan Wilson
Deputy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

**DEPARTMENT OFFICIALS**

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

# CITY OF TALLMADGE - 2004

## ORGANIZATIONAL CHART



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# *City of Tallmadge, Ohio—2004*



*Financial Section*

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tallmadge, Summit County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tallmadge, Summit County, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, Fire/EMS Levy Fund, and Street Maintenance and Repair Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3, during the year ended December 31, 2004, the City implemented Governmental Accounting Standards Board Technical Bulletin No. 2004-2, "*Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employees*." Additionally, the City corrected an error in the estimated useful lives of its buildings, resulting in the restatement of capital and net assets as of December 31, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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

**Betty Montgomery**  
Auditor of State

May 27, 2005



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## CITY OF TALLMADGE, OHIO

### *MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 UNAUDITED*

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The management's discussion and analysis of the City of Tallmadge's (the "City") financial statements provides an overall review of the City's financial activities for the year ended December 31, 2004. The intent of this discussion and analysis is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements.

#### **Financial Highlights**

Key financial highlights for 2004 are as follows:

- The total net assets of the City decreased \$289,151 or 0.72% from 2003. Net assets of governmental activities decreased \$38,183 or 0.17% over 2003 and net assets of business-type activities decreased \$250,968 or 1.47% from 2003.
- Total assets of the City decreased \$1,971,222, a decrease of 3.42% over 2003.
- Total current liabilities decreased \$942,484 over 2003.
- Total governmental long-term debt decreased \$576,161 during 2004.
- The City re-issued a \$4,200,000 bond anticipation note in 2004 of which \$300,000 was paid in 2005 to reduce the principal amount of the note.

#### **Using this Comprehensive Annual Financial Report**

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

#### **Government-Wide Financial Statements**

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

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

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

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## CITY OF TALLMADGE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 UNAUDITED

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Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, security of persons and property, public health and welfare, transportation, leisure time activities, community environment, and interest and fiscal charges. The government-wide financial statements can be found on pages 11-13 of this report.

#### ***Fund Financial Statements***

Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. The basic fund financial statements can be found on pages 14-29 of this report.

#### ***Governmental Funds***

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

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

#### ***Proprietary Funds***

The City maintains three proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations. Internal service funds are the other proprietary fund type and account for employee self-insurance. The basic proprietary fund financial statements can be found on pages 24-27 of this report.

#### ***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31-58 of this report.

The nonmajor governmental funds are presented immediately following the notes to the basic financial statements and can be found beginning on page 59 of this report.

**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
UNAUDITED*

**Government-Wide Financial Analysis**

The statement of net assets serves as a useful indicator of a government's financial position. Net assets at December 31, 2003 were restated for capital assets (See Note 3 for detail). The table below provides a summary of the City's net assets for 2004 and 2003:

	<b>Net Assets</b>					
	Governmental	Business-type	(Restated)	(Restated)		(Restated)
	Activities	Activities	Governmental	Business-type	2004	2003
	2004	2004	Activities	Activities	Total	Total
	2004	2004	2003	2003		
<u>Assets</u>						
Current and other assets	\$ 8,193,469	\$ 7,971,929	\$ 10,795,389	\$ 8,107,488	\$ 16,165,398	\$ 18,902,877
Nondepreciable capital assets	3,031,405	203,495	7,339,403	187,224	3,234,900	7,526,627
Depreciable capital assets, net	<u>25,571,698</u>	<u>10,687,859</u>	<u>20,473,861</u>	<u>10,727,712</u>	<u>36,259,557</u>	<u>31,201,573</u>
Capital assets, net	<u>28,603,103</u>	<u>10,891,354</u>	<u>27,813,264</u>	<u>10,914,936</u>	<u>39,494,457</u>	<u>38,728,200</u>
Total assets	<u>36,796,572</u>	<u>18,863,283</u>	<u>38,608,653</u>	<u>19,022,424</u>	<u>55,659,855</u>	<u>57,631,077</u>
<u>Liabilities</u>						
Current and other liabilities	3,189,959	896,547	4,387,696	641,294	4,086,506	5,028,990
Long-term liabilities:						
Due within one year	338,027	141,640	467,330	162,256	479,667	629,586
Due in more than one year	<u>10,390,358</u>	<u>1,049,410</u>	<u>10,837,216</u>	<u>1,192,220</u>	<u>11,439,768</u>	<u>12,029,436</u>
Total liabilities	<u>13,918,344</u>	<u>2,087,597</u>	<u>15,692,242</u>	<u>1,995,770</u>	<u>16,005,941</u>	<u>17,688,012</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	18,399,103	9,745,354	17,737,954	9,615,868	28,144,457	27,353,822
Restricted:						
Capital projects	-	-	194,194	-	-	194,194
Debt service	908,055	-	917,106	-	908,055	917,106
Fire/EMS levy	26,356	-	122,847	-	26,356	122,847
Street maintenance	509,796	-	399,669	-	509,796	399,669
State highway	42,502	-	21,163	-	42,502	21,163
Community development	10,681	-	6,570	-	10,681	6,570
Law enforcement	32,180	-	13,267	-	32,180	13,267
Unrestricted	<u>2,949,555</u>	<u>7,030,332</u>	<u>3,503,641</u>	<u>7,410,786</u>	<u>9,979,887</u>	<u>10,914,427</u>
Total net assets	<u>\$ 22,878,228</u>	<u>\$ 16,775,686</u>	<u>\$ 22,916,411</u>	<u>\$ 17,026,654</u>	<u>\$ 39,653,914</u>	<u>\$ 39,943,065</u>

Total assets exceeded total liabilities in 2004 by \$39,653,914, compared to \$39,943,065 in 2003, a decrease of 0.72% from 2003. Total net assets at January 1, 2004, were restated for capital assets (see Note 3 for detail). During 2004, the City's total assets decreased by \$1,971,222 or 3.42% and total liabilities decreased by \$1,682,071 or 9.51%. Capital outlay expenditures related to the new recreation center resulted in a reduction in equity in pooled cash and cash equivalents, and increased depreciable capital assets. Current liabilities decreased in 2004 due to the retirement of a \$500,000 note payable and the reduction of approximately \$920,000 in contracts payable.

**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
UNAUDITED*

The table below shows the changes in net assets for fiscal years 2004 and 2003.

	<b>Change in Net Assets</b>					
			(Restated)		(Restated)	
	Governmental Activities <u>2004</u>	Business-type Activities <u>2004</u>	Governmental Activities <u>2003</u>	Business-type Activities <u>2003</u>	2004 <u>Total</u>	(Restated) 2003 <u>Total</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,688,569	\$ 3,848,472	\$ 1,057,868	\$ 3,751,678	\$ 5,537,041	\$ 4,809,546
Operating grants and contributions	764,100	-	633,414	-	764,100	633,414
Capital grants and contributions	<u>106,961</u>	<u>-</u>	<u>370,041</u>	<u>289,989</u>	<u>106,961</u>	<u>660,030</u>
Total program revenues	<u>2,559,630</u>	<u>3,848,472</u>	<u>2,061,323</u>	<u>4,041,667</u>	<u>6,408,102</u>	<u>6,102,990</u>
General revenues:						
Property and other local taxes	1,979,761	-	1,730,744	-	1,979,761	1,730,744
Municipal income taxes	6,686,817	-	6,896,029	-	6,686,817	6,896,029
Grants and entitlements	1,445,510	-	1,449,803	-	1,445,510	1,449,803
Interest	61,788	47,643	160,018	64,954	109,431	224,972
Miscellaneous	<u>38,535</u>	<u>33,088</u>	<u>103,835</u>	<u>11,979</u>	<u>71,623</u>	<u>115,814</u>
Total general revenues	<u>10,212,411</u>	<u>80,731</u>	<u>10,340,429</u>	<u>76,933</u>	<u>10,293,142</u>	<u>10,417,362</u>
Total revenues	<u>12,772,041</u>	<u>3,929,203</u>	<u>12,401,752</u>	<u>4,118,600</u>	<u>16,701,244</u>	<u>16,520,352</u>
Program Expenses:						
General government	2,813,020	-	2,751,310	-	2,813,020	2,751,310
Security of persons and property						
Police	3,587,033	-	3,247,632	-	3,587,033	3,247,632
Street lighting	18,986	-	20,798	-	18,986	20,798
Fire	1,885,594	-	1,947,126	-	1,885,594	1,947,126
Public health and welfare	209,709	-	150,404	-	209,709	150,404
Transportation	2,168,223	-	2,981,215	-	2,168,223	2,981,215
Community environment	387,578	-	409,640	-	387,578	409,640
Leisure time activity	1,342,519	-	731,878	-	1,342,519	731,878
Interest and fiscal charges	383,820	-	407,820	-	383,820	407,820
Sewer operating	-	2,485,670	-	2,329,878	2,485,670	2,329,878
Water operating	<u>-</u>	<u>1,708,243</u>	<u>-</u>	<u>1,758,751</u>	<u>1,708,243</u>	<u>1,758,751</u>
Total expenses	<u>12,796,482</u>	<u>4,193,913</u>	<u>12,647,823</u>	<u>4,088,629</u>	<u>16,990,395</u>	<u>16,736,452</u>
Transfers	<u>(13,742)</u>	<u>13,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(38,183)	(250,968)	(246,071)	29,971	(289,151)	(216,100)
Net assets beginning of year (restated)	<u>22,916,411</u>	<u>17,026,654</u>	<u>23,162,482</u>	<u>16,996,683</u>	<u>39,943,065</u>	<u>40,159,165</u>
Net assets end of year	<u>\$ 22,878,228</u>	<u>\$ 16,775,686</u>	<u>\$ 22,916,411</u>	<u>\$ 17,026,654</u>	<u>\$ 39,653,914</u>	<u>\$ 39,943,065</u>

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## CITY OF TALLMADGE, OHIO

### *MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 UNAUDITED*

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#### **Governmental Activities**

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

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

The operations of the City's police department account for the largest expenses of the governmental activities, representing 28.0 percent of the total governmental activities expenses. The City's police department consists of 34 officers consisting of 1 Chief, 2 lieutenants, 3 sergeants, 19 patrol and 9 telecommunicators. The department provides a full range of services including patrol, DARE program, bike patrol, juvenile diversionary program, neighborhood crime watch, and residential and commercial security surveys.

The City has operated a fire department since 1945. During 2004, the fire department employed a full time Chief, 1 full time assistant fire chief, 8 full time firefighter paramedics, and 45 part time paramedics/firefighters and 1 full time clerk. The fire expenses account for 14.7 percent of the total governmental activities expenses. The Fire/EMS department is accounted for in a separate fund which receives tax proceeds from a 3.75 mill property tax levy.

The Street Maintenance and Repair department employs 19 full time employees who provide the City and the citizens many services including road maintenance, road salting, ditching, leaf pickup program, cemetery maintenance, and many others. The transportation expenses account for 16.9 percent of the total governmental activities expenses.

#### **Business-Type Activities**

Proprietary funds are the business-type activities of the City of Tallmadge which consist of sewer and water operating activities. The City currently has 6,629 water customers and 7,519 sewer customers. The City owns and maintains all water and sewer lines within the City. In striving to keep revenues in balance with expenses, effective May 1, 2002 water rates for the City increase 1 percent every year for five years through May 1, 2006. There has not been a sewer rate increase. The sewage is treated by Summit County.

The revenues and expenses for both the water and sewer activities are reported under the business-type activities. The revenues are primarily from charges for services. In 2004, this amount of \$3,848,472 accounted for 97.9 percent of the total business-type revenues. The total expenses for the utilities were \$4,193,913, thus leaving a decrease in net assets of \$250,968 for the business-type activities.

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## CITY OF TALLMADGE, OHIO

### *MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2004 UNAUDITED*

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

Information about the City's governmental funds begins on page 14. These funds are accounted for using the modified accrual method of accounting. The fund balances of the general fund, Fire/EMS Levy fund, and the nonmajor Police Pension fund were restated at the beginning of the year for the implementation of GASB Technical Bulletin No. 2004-2 (see Note 3.A. for detail). All governmental funds had revenues of \$13,022,342 and expenditures of \$18,124,129. The difference of revenues under expenditures is supplemented with other financing sources composed of transfers from the general fund or the issuance of debt.

Information about the proprietary funds begins on page 24. These funds are accounted for on an accrual basis. All proprietary funds had operating revenues of \$4,909,710, which were below operating expenses of \$5,139,121. The total depreciation expense for these business-type funds was \$438,598. The change in net assets at year end for the enterprise funds was a decrease of \$234,549 and an increase in the internal service fund of \$6,683. The cash and cash equivalents at year end for the proprietary funds total \$5,814,298.

#### ***Budgeting Highlights***

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

In 2004, City Council adopted ten (10) ordinances adjusting the level of appropriations in various funds. In total the increase in appropriations accounted for an increase of 1.98 percent over the total general fund budget. The total actual expenditures at year end were \$276,778 less than the total final budget. In addition, at year end the prior year encumbrances that are determined to be unnecessary are decertified to the County on the final amended certificate and that amount is returned to the fund balance and becomes available resources.

The City of Tallmadge has strong financial management and is aided by financial policies adopted by Council. The City established a minimum fund balance policy in 1998. The purpose of the policy is to establish minimum levels to be maintained in the major operating funds, which include the general, fire/EMS levy, street maintenance and repair, sewer and water operating. Even with the downturn of the economy, the City has adopted a budget every year meeting those minimum fund balances. In addition, the City adopted a formal debt policy in 1997 establishing limits on debt and affordability limits that are more restrictive than the Ohio Revised Code. The City places strong emphasis on monitoring the budget. The Director of Finance produces monthly appropriation, revenue, and fund reports on a cash basis. These reports are distributed to council, administration and appropriate department heads.

The general fund balance at year end is sufficient to allow for a healthy reserve. Income tax revenue decreased 2.59 percent over 2003 on a cash basis. Overall, the largest revenue shortfall was income tax revenues due to a decrease in local collections.

The budgetary variances in the general fund expenditures totaled \$116,359 or 4.2% positive variance in the general governmental functions, \$109,791 or 3.57% positive variance in security of persons and property, \$27,720 or 7.78% positive variance in the transportation functions and positive variances existed in the community environment, leisure time activities and capital outlay functions. These positive variances in all departments were an effort to contain the budget and control expenditures as the management was aware that the income tax collections were not as high as anticipated. The total variance in the general fund revenue was a positive variance of only \$53,043 or an increase of .53%. However, the increases of \$152,187 in intergovernmental and \$63,303 in charges for services due to the new recreation center in addition to many other small variances made up for the loss of income tax revenue.

**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
UNAUDITED*

Most notable in the revenue variances was the negative variance of \$211,157 or 3.06% in municipal income tax revenue as a result of declining withholding tax from local employers.

**Capital Assets and Debt Administration**

*Capital Assets*

Capital assets were restated at December 31, 2003 (see Notes 3 and 7 for detail). At the end of fiscal 2004, the City had \$39,494,457 (net of accumulated depreciation) invested in land, buildings and improvements, improvements other than buildings, equipment, vehicles, infrastructure and construction in progress. Of this total, \$28,603,103 was reported in governmental activities and \$10,891,354 was reported in business-type activities. The following table shows fiscal 2004 balances compared to 2003:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	(Restated)		(Restated)		(Restated)	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	\$ 2,869,901	\$ 2,850,701	\$ 196,252	\$ 176,049	\$ 3,066,153	\$ 3,026,750
Construction in progress	161,504	4,488,702	7,243	11,175	168,747	4,499,877
Buildings and improvements	11,242,621	5,568,973	801,036	845,331	12,043,657	6,414,304
Machinery and equipment	1,774,468	2,057,669	448,207	432,461	2,222,675	2,490,130
Infrastructure						
Street subsystem	10,584,991	10,836,011	-	-	10,584,991	10,836,011
Storm sewer subsystem	1,969,618	2,011,208	-	-	1,969,618	2,011,208
Sewer lines	-	-	4,309,010	4,411,978	4,309,010	4,411,978
Water lines	-	-	5,129,606	5,037,942	5,129,606	5,037,942
Totals	<u>\$28,603,103</u>	<u>\$27,813,264</u>	<u>\$10,891,354</u>	<u>\$10,914,936</u>	<u>\$39,494,457</u>	<u>\$38,728,200</u>

Total capital assets for the City of Tallmadge for the year ended December 31, 2004 were \$39,494,457 which was an increase of \$766,257 over the 2003 figure of \$38,728,200. The significant increase is due to the construction of a new recreation center as reflected in the governmental activities. There were also some additions of some sewer lines and a minor water line in the business-type activities. See Note 7 in the financial statements for more information regarding the City's capital assets.

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**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
UNAUDITED*

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***Debt Administration***

The City had the following long-term obligations outstanding at December 31, 2004 and 2003:

	Governmental Activities		Business-type Activities	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Special assessment bonds	\$ 945,000	\$ 980,000	\$ 1,146,000	\$ 1,286,000
General obligation bonds	5,059,000	5,324,000	-	-
Recreation center improvement note	3,900,000	4,200,000	-	-
Capital leases	<u>-</u>	<u>13,067</u>	<u>-</u>	<u>13,068</u>
Total long-term obligations	<u>\$ 9,904,000</u>	<u>\$10,517,067</u>	<u>\$ 1,146,000</u>	<u>\$ 1,299,068</u>

The long-term outstanding debt for the City of Tallmadge as of December 31, 2004 was \$11,050,000. This balance reflects \$2,091,000 in special assessment bonds, \$5,059,000 in general obligation bonds and \$3,900,000 in the recreation center improvement notes. This is a decrease in long-term debt of 6.48 percent. For more detailed information on short-term and long-term obligations refer to Notes 9 and 10 of this report.

The Ohio Revised Code provides that the general obligation bonds less self supporting debt (e.g., assessment debt) of the municipal corporation, whether voted or unvoted, shall not exceed 10.5 percent of the assessed valuation of the total property. In addition, the unvoted net debt cannot exceed 5.5 percent of total assessed value of property. The City's legal total debt limit at the 10.5 percent margin is \$32,228,135, and the total unvoted net debt limit at the 5.5 percent margin is \$12,489,786.

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

- The City prepared the annual budget using zero based budgeting for 2005. There were very modest increases, if any, in many departments.
- The City ended 2004 with a decrease of 2.59 percent over 2003 in income tax revenue.
- The voters approved in February of 2004 a permanent municipal income tax.
- The City instituted a 1 percent water increase to go into effect annually for a five-year period.

**Contacting the City's Financial Management**

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



**CITY OF TALLMADGE, OHIO**

*STATEMENT OF NET ASSETS  
DECEMBER 31, 2004*

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 2,421,650	\$ 5,498,225	\$ 7,919,875
Receivables (net of allowances for uncollectibles):			
Income taxes . . . . .	1,383,349	-	1,383,349
Real and other taxes . . . . .	2,057,639	-	2,057,639
Accounts . . . . .	66,340	1,051,157	1,117,497
Special assessments . . . . .	1,072,372	1,362,671	2,435,043
Intergovernmental . . . . .	979,786	-	979,786
Materials and supplies inventory . . . . .	212,869	59,340	272,209
Internal balances . . . . .	(536)	536	-
Capital assets:			
Land and construction in progress . . . . .	3,031,405	203,495	3,234,900
Depreciable capital assets, net . . . . .	25,571,698	10,687,859	36,259,557
Total capital assets . . . . .	28,603,103	10,891,354	39,494,457
<b>Total assets . . . . .</b>	<b>36,796,572</b>	<b>18,863,283</b>	<b>55,659,855</b>
<b>Liabilities:</b>			
Accounts payable . . . . .	231,243	23,977	255,220
Accrued wages and benefits . . . . .	262,869	16,566	279,435
Intergovernmental payable . . . . .	326,370	851,161	1,177,531
Deferred revenue . . . . .	1,960,981	-	1,960,981
Accrued interest payable . . . . .	73,546	4,843	78,389
Note payable . . . . .	300,000	-	300,000
Claims payable . . . . .	34,950	-	34,950
Long-term liabilities:			
Due within one year . . . . .	338,027	141,640	479,667
Due in more than one year . . . . .	10,390,358	1,049,410	11,439,768
<b>Total liabilities . . . . .</b>	<b>13,918,344</b>	<b>2,087,597</b>	<b>16,005,941</b>
<b>Net assets:</b>			
Invested in capital assets, net of related debt . . . . .	18,399,103	9,745,354	28,144,457
Restricted for:			
Debt service . . . . .	908,055	-	908,055
Other purposes:			
Fire/EMS levy . . . . .	26,356	-	26,356
Street maintenance . . . . .	509,796	-	509,796
State highway . . . . .	42,502	-	42,502
Community environment . . . . .	10,681	-	10,681
Law enforcement . . . . .	32,180	-	32,180
Unrestricted . . . . .	2,949,555	7,030,332	9,979,887
<b>Total net assets . . . . .</b>	<b>\$ 22,878,228</b>	<b>\$ 16,775,686</b>	<b>\$ 39,653,914</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities:</b>				
General government . . . . .	\$ 2,813,020	\$ 104,361	\$ 55,537	\$ -
Security of persons and property				
Police. . . . .	3,587,033	8,070	-	-
Street lights. . . . .	18,986	-	-	-
Fire. . . . .	1,885,594	320,636	4,525	-
Public health and welfare . . . . .	209,709	63,360	-	-
Transportation . . . . .	2,168,223	-	592,440	106,961
Community environment. . . . .	387,578	305,058	30,000	-
Leisure time activity. . . . .	1,342,519	887,084	81,598	-
Interest and fiscal charges. . . . .	383,820	-	-	-
Total governmental activities . . . . .	<u>12,796,482</u>	<u>1,688,569</u>	<u>764,100</u>	<u>106,961</u>
<b>Business-type Activities:</b>				
Sewer Operating Fund. . . . .	2,485,670	2,196,419	-	-
Water Operating Fund . . . . .	1,708,243	1,652,053	-	-
Total business-type activities . . . . .	<u>4,193,913</u>	<u>3,848,472</u>	<u>-</u>	<u>-</u>
Total primary government. . . . .	<u>\$ 16,990,395</u>	<u>\$ 5,537,041</u>	<u>\$ 764,100</u>	<u>\$ 106,961</u>

**General Revenues:**

Property taxes levied for:

- General purposes. . . . .
- Fire/EMS Levy. . . . .
- Police pension . . . . .

Municipal income taxes levied for:

- General purposes. . . . .
- Grants and entitlements not restricted to specific programs . . . . .
- Investment earnings . . . . .
- Miscellaneous . . . . .

Total general revenues. . . . .

Transfers. . . . .

Change in net assets. . . . .

Net assets at beginning of year (restated) . . . . .

Net assets at end of year. . . . .

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**Net (Expense) Revenue and Changes in Net Assets**

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<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,653,122)	\$ -	\$ (2,653,122)
(3,578,963)	-	(3,578,963)
(18,986)	-	(18,986)
(1,560,433)	-	(1,560,433)
(146,349)	-	(146,349)
(1,468,822)	-	(1,468,822)
(52,520)	-	(52,520)
(373,837)	-	(373,837)
(383,820)	-	(383,820)
<u>(10,236,852)</u>	<u>-</u>	<u>(10,236,852)</u>
-	(289,251)	(289,251)
<u>-</u>	<u>(56,190)</u>	<u>(56,190)</u>
<u>-</u>	<u>(345,441)</u>	<u>(345,441)</u>
<u>(10,236,852)</u>	<u>(345,441)</u>	<u>(10,582,293)</u>
818,141	-	818,141
1,054,149	-	1,054,149
107,471	-	107,471
6,686,817	-	6,686,817
1,445,510	-	1,445,510
61,788	47,643	109,431
38,535	33,088	71,623
<u>10,212,411</u>	<u>80,731</u>	<u>10,293,142</u>
<u>(13,742)</u>	<u>13,742</u>	<u>-</u>
(38,183)	(250,968)	(289,151)
<u>22,916,411</u>	<u>17,026,654</u>	<u>39,943,065</u>
<u>\$ 22,878,228</u>	<u>\$ 16,775,686</u>	<u>\$ 39,653,914</u>

**CITY OF TALLMADGE, OHIO**

*BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2004*

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>	<u>Bond Retirement</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 1,358,993	\$ 51,655	\$ 359,242	\$ 36,601
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	1,383,349	-	-	-
Real and other taxes . . . . .	827,841	1,112,733	-	-
Accounts . . . . .	7,353	58,952	-	-
Special assessments . . . . .	127,372	-	-	945,000
Intergovernmental . . . . .	579,680	72,793	295,909	-
Materials and supplies inventory . . . . .	81,150	-	131,719	-
Total assets . . . . .	<u>\$ 4,365,738</u>	<u>\$ 1,296,133</u>	<u>\$ 786,870</u>	<u>\$ 981,601</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 139,928	\$ 4,754	\$ 84,076	\$ -
Accrued wages and benefits . . . . .	175,454	52,836	34,579	-
Intergovernmental payable . . . . .	164,575	96,464	18,958	-
Note payable . . . . .	-	-	-	-
Deferred revenue . . . . .	1,819,486	1,176,286	183,103	945,000
Total liabilities . . . . .	<u>2,299,443</u>	<u>1,330,340</u>	<u>320,716</u>	<u>945,000</u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	141,361	5,983	96,137	-
Unreserved, undesignated, reported in:				
General fund . . . . .	1,924,934	-	-	-
Special revenue funds . . . . .	-	(40,190)	370,017	-
Debt service fund . . . . .	-	-	-	36,601
Capital projects funds . . . . .	-	-	-	-
Total fund balances . . . . .	<u>2,066,295</u>	<u>(34,207)</u>	<u>466,154</u>	<u>36,601</u>
Total liabilities and fund balances . . . . .	<u>\$ 4,365,738</u>	<u>\$ 1,296,133</u>	<u>\$ 786,870</u>	<u>\$ 981,601</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Recreation Center</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 50,885	\$ 248,201	\$ 2,105,577
-	-	1,383,349
-	117,065	2,057,639
-	35	66,340
-	-	1,072,372
-	31,404	979,786
-	-	212,869
<u>\$ 50,885</u>	<u>\$ 396,705</u>	<u>\$ 7,877,932</u>
\$ 2,485	\$ -	\$ 231,243
-	-	262,869
-	46,373	326,370
300,000	-	300,000
-	139,299	4,263,174
<u>302,485</u>	<u>185,672</u>	<u>5,383,656</u>
300	2,700	246,481
-	-	1,924,934
-	97,060	426,887
-	-	36,601
<u>(251,900)</u>	<u>111,273</u>	<u>(140,627)</u>
<u>(251,600)</u>	<u>211,033</u>	<u>2,494,276</u>
<u>\$ 50,885</u>	<u>\$ 396,705</u>	<u>\$ 7,877,932</u>

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**CITY OF TALLMADGE, OHIO**

*RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2004*

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<b>Total governmental fund balances</b>		\$ 2,494,276
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		28,603,103
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Delinquent property taxes	\$ 88,273	
Special assessments	1,072,372	
Municipal income taxes	551,570	
Intergovernmental	589,978	
Total		2,302,193
Long-term liabilities, including compensated absences, special assessment bonds and long-term notes are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	(824,385)	
General obligation bonds	(5,059,000)	
Special assessment bonds	(945,000)	
Long-term notes	(3,900,000)	
Total		(10,728,385)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(73,546)
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		281,123
An internal service fund is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		(536)
<b>Net assets of governmental activities</b>		<u>\$ 22,878,228</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF TALLMADGE, OHIO**

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>	<u>Bond Retirement</u>
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 821,145	\$ 1,051,759	\$ -	\$ -
Municipal income taxes . . . . .	6,860,554	-	-	-
Intergovernmental . . . . .	1,251,165	135,927	718,875	-
Investment income . . . . .	58,622	847	805	-
Fines, licenses and permits . . . . .	333,171	100	-	-
Special assessments . . . . .	14,294	-	-	89,541
Charges for services . . . . .	887,084	320,536	63,360	-
Miscellaneous . . . . .	27,086	8,667	541	-
Total revenues . . . . .	<u>10,253,121</u>	<u>1,517,836</u>	<u>783,581</u>	<u>89,541</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	2,573,741	-	-	-
Security of persons and property . . . . .				
Police . . . . .	3,007,102	-	-	-
Street lights . . . . .	18,986	-	-	-
Fire . . . . .	-	1,932,466	-	-
Public health and welfare . . . . .	130,936	-	77,246	-
Transportation . . . . .	323,960	-	1,404,748	-
Leisure time activity . . . . .	993,450	-	215,586	-
Community environment . . . . .	382,994	-	-	-
Capital outlay . . . . .	81,417	-	693,831	-
Debt service:				
Principal retirement . . . . .	-	-	13,067	300,000
Interest and fiscal charges . . . . .	-	-	887	364,137
Total expenditures . . . . .	<u>7,512,586</u>	<u>1,932,466</u>	<u>2,405,365</u>	<u>664,137</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>2,740,535</u>	<u>(414,630)</u>	<u>(1,621,784)</u>	<u>(574,596)</u>
<b>Other financing sources (uses):</b>				
Note issuance . . . . .	-	-	-	-
Note premium . . . . .	-	-	-	25,074
Transfers in . . . . .	-	360,000	1,826,795	562,000
Transfers out . . . . .	(3,372,000)	(45,000)	-	-
Total other financing sources (uses) . . . . .	<u>(3,372,000)</u>	<u>315,000</u>	<u>1,826,795</u>	<u>587,074</u>
Net change in fund balances . . . . .	(631,465)	(99,630)	205,011	12,478
<b>Fund balances at beginning of year (restated).</b>	<u>2,697,760</u>	<u>65,423</u>	<u>261,143</u>	<u>24,123</u>
<b>Fund balances (deficits) at end of year . . . . .</b>	<u>\$ 2,066,295</u>	<u>\$ (34,207)</u>	<u>\$ 466,154</u>	<u>\$ 36,601</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<u>Recreation Center</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 107,900	\$ 1,980,804
-	-	6,860,554
-	153,166	2,259,133
-	1,514	61,788
-	6,481	339,752
-	-	103,835
-	-	1,270,980
106,961	2,241	145,496
<u>106,961</u>	<u>271,302</u>	<u>13,022,342</u>
-	-	2,573,741
-	289,093	3,296,195
-	-	18,986
-	-	1,932,466
-	-	208,182
-	38,868	1,767,576
2,485	-	1,211,521
-	-	382,994
910,943	110,845	1,797,036
4,200,000	-	4,513,067
57,341	-	422,365
<u>5,170,769</u>	<u>438,806</u>	<u>18,124,129</u>
<u>(5,063,808)</u>	<u>(167,504)</u>	<u>(5,101,787)</u>
3,900,000	-	3,900,000
-	-	25,074
500,000	210,000	3,458,795
-	(55,537)	(3,472,537)
<u>4,400,000</u>	<u>154,463</u>	<u>3,911,332</u>
(663,808)	(13,041)	(1,190,455)
412,208	224,074	3,684,731
<u>\$ (251,600)</u>	<u>\$ 211,033</u>	<u>\$ 2,494,276</u>

**CITY OF TALLMADGE, OHIO**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004*

**Net change in fund balances - total governmental funds** \$ (1,190,455)

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

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

Capital asset additions	2,207,738	
Current year depreciation	(1,409,947)	
Total		797,791

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (7,952)

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

Delinquent property taxes	(1,043)	
Municipal income taxes	(173,737)	
Intergovernmental	(49,523)	
Special assessments	(25,998)	
Total		(250,301)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 4,513,067

Some expenses, such as compensated absences, reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds. (36,906)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 13,471

Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets. (3,900,000)

An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 23,102

**Change in net assets of governmental activities** \$ (38,183)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Municipal income taxes . . . . .	\$ 6,900,000	\$ 6,900,000	\$ 6,688,843	\$ (211,157)
Property and other taxes . . . . .	786,182	795,606	812,760	17,154
Intergovernmental . . . . .	1,098,876	1,123,330	1,275,517	152,187
Investment income . . . . .	36,555	54,857	59,087	4,230
Fines, licenses and permits . . . . .	210,067	315,244	339,551	24,307
Special assessments . . . . .	8,843	13,271	14,294	1,023
Charges for services. . . . .	547,072	820,979	884,282	63,303
Miscellaneous . . . . .	17,251	25,888	27,884	1,996
Total revenues. . . . .	<u>9,604,846</u>	<u>10,049,175</u>	<u>10,102,218</u>	<u>53,043</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	2,763,733	2,758,243	2,641,884	116,359
Security of persons and property . . . . .	3,082,739	3,071,962	2,962,171	109,791
Public health and welfare. . . . .	130,000	130,000	130,936	(936)
Transportation . . . . .	356,104	355,922	328,202	27,720
Community environment . . . . .	406,269	405,894	396,495	9,399
Leisure time activity . . . . .	1,005,452	1,014,660	1,002,246	12,414
Capital outlay . . . . .	83,450	83,448	81,417	2,031
Total expenditures. . . . .	<u>7,827,747</u>	<u>7,820,129</u>	<u>7,543,351</u>	<u>276,778</u>
Excess of revenues over expenditures . . . . .	<u>1,777,099</u>	<u>2,229,046</u>	<u>2,558,867</u>	<u>329,821</u>
<b>Other financing sources (uses):</b>				
Advances in. . . . .	-	-	23,500	23,500
Transfers out . . . . .	<u>(3,147,000)</u>	<u>(3,372,000)</u>	<u>(3,372,000)</u>	<u>-</u>
Total other financing sources (uses) . . . . .	<u>(3,147,000)</u>	<u>(3,372,000)</u>	<u>(3,348,500)</u>	<u>23,500</u>
Net change in fund balance . . . . .	(1,369,901)	(1,142,954)	(789,633)	353,321
<b>Fund balance at beginning of year. . . . .</b>	1,825,639	1,825,639	1,825,639	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>148,253</u>	<u>148,253</u>	<u>148,253</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 603,991</u>	<u>\$ 830,938</u>	<u>\$ 1,184,259</u>	<u>\$ 353,321</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FIRE/EMS LEVY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 1,043,681	\$ 1,043,681	\$ 1,051,759	\$ 8,078
Intergovernmental . . . . .	118,036	118,036	127,091	9,055
Investment income . . . . .	988	1,127	978	(149)
Fines, licenses and permits . . . . .	101	115	100	(15)
Charges for services . . . . .	310,792	354,410	307,659	(46,751)
Miscellaneous . . . . .	8,755	9,984	8,667	(1,317)
Total revenues. . . . .	<u>1,482,353</u>	<u>1,527,353</u>	<u>1,496,254</u>	<u>(31,099)</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property. . . . .	1,876,106	1,934,319	1,892,373	41,946
Total expenditures . . . . .	<u>1,876,106</u>	<u>1,934,319</u>	<u>1,892,373</u>	<u>41,946</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(393,753)</u>	<u>(406,966)</u>	<u>(396,119)</u>	<u>10,847</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	349,300	349,300	360,000	10,700
Transfers out . . . . .	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Total other financing sources (uses) . . . . .	<u>304,300</u>	<u>304,300</u>	<u>315,000</u>	<u>10,700</u>
Net change in fund balance . . . . .	(89,453)	(102,666)	(81,119)	21,547
<b>Fund balance at beginning of year . . . . .</b>	121,556	121,556	121,556	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>3,656</u>	<u>3,656</u>	<u>3,656</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 35,759</u>	<u>\$ 22,546</u>	<u>\$ 44,093</u>	<u>\$ 21,547</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
STREET MAINTENANCE AND REPAIR FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 651,000	\$ 775,585	\$ 656,580	\$ (119,005)
Investment income . . . . .	1,000	931	788	(143)
Charges for services . . . . .	90,000	74,844	63,360	(11,484)
Other . . . . .	10,000	640	541	(99)
Total revenues. . . . .	<u>752,000</u>	<u>852,000</u>	<u>721,269</u>	<u>(130,731)</u>
<b>Expenditures:</b>				
Current:				
Public health and welfare. . . . .	72,082	72,082	77,122	(5,040)
Transportation . . . . .	1,487,968	1,484,194	1,398,383	85,811
Storm water management . . . . .	21,283	110,811	110,363	448
Leisure time activities . . . . .	208,704	208,235	215,058	(6,823)
Capital outlay . . . . .	704,603	744,165	734,102	10,063
Debt service:				
Principal retirement. . . . .	12,237	12,237	12,237	-
Interest and fiscal charges . . . . .	763	763	763	-
Total expenditures . . . . .	<u>2,507,640</u>	<u>2,632,487</u>	<u>2,548,028</u>	<u>84,459</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(1,755,640)</u>	<u>(1,780,487)</u>	<u>(1,826,759)</u>	<u>(46,272)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	<u>1,695,000</u>	<u>1,695,000</u>	<u>1,826,795</u>	<u>131,795</u>
Total other financing sources . . . . .	<u>1,695,000</u>	<u>1,695,000</u>	<u>1,826,795</u>	<u>131,795</u>
Net change in fund balance . . . . .	(60,640)	(85,487)	36	85,523
<b>Fund balance at beginning of year . . . . .</b>	80,954	80,954	80,954	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>105,641</u>	<u>105,641</u>	<u>105,641</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 125,955</u>	<u>\$ 101,108</u>	<u>\$ 186,631</u>	<u>\$ 85,523</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2004*

	<b>Business-type Activities -Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer Operating</b>	<b>Water Operating</b>	<b>Total</b>	
<b>Assets:</b>				
Current assets:				
Equity in pooled cash and cash equivalents . . . . .	\$ 3,892,171	\$ 1,606,054	\$ 5,498,225	\$ 316,073
Receivables (net of allowance for uncollectibles):				
Accounts . . . . .	622,534	428,623	1,051,157	-
Special assessments . . . . .	527,520	835,151	1,362,671	-
Materials and supplies inventory . . . . .	29,670	29,670	59,340	-
Total current assets . . . . .	<u>5,071,895</u>	<u>2,899,498</u>	<u>7,971,393</u>	<u>316,073</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress . . . . .	100,855	102,640	203,495	-
Depreciable capital assets, net . . . . .	4,785,029	5,902,830	10,687,859	-
Total capital assets . . . . .	<u>4,885,884</u>	<u>6,005,470</u>	<u>10,891,354</u>	<u>-</u>
Total assets . . . . .	<u>9,957,779</u>	<u>8,904,968</u>	<u>18,862,747</u>	<u>316,073</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable . . . . .	16,239	7,738	23,977	-
Accrued wages and benefits . . . . .	9,057	7,509	16,566	-
Compensated absences . . . . .	820	820	1,640	-
Intergovernmental payable . . . . .	546,047	305,114	851,161	-
Claims payable . . . . .	-	-	-	34,950
Current portion of special assessments bonds . . . . .	37,000	103,000	140,000	-
Accrued interest payable . . . . .	2,317	2,526	4,843	-
Total current liabilities . . . . .	<u>611,480</u>	<u>426,707</u>	<u>1,038,187</u>	<u>34,950</u>
Long-term liabilities:				
Compensated absences . . . . .	21,705	21,705	43,410	-
Special assessment bonds . . . . .	414,338	591,662	1,006,000	-
Total long-term liabilities . . . . .	<u>436,043</u>	<u>613,367</u>	<u>1,049,410</u>	<u>-</u>
Total liabilities . . . . .	<u>1,047,523</u>	<u>1,040,074</u>	<u>2,087,597</u>	<u>34,950</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt . . . . .	4,434,546	5,310,808	9,745,354	-
Unrestricted . . . . .	4,475,710	2,554,086	7,029,796	281,123
Total net assets . . . . .	<u>\$ 8,910,256</u>	<u>\$ 7,864,894</u>	<u>16,775,150</u>	<u>\$ 281,123</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.			536	
Net assets of business-type activities			<u>\$ 16,775,686</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2004*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Sewer Operating</b>	<b>Water Operating</b>	<b>Total</b>	<b>Activities - Internal Service Fund</b>
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 2,196,419	\$ 1,652,053	\$ 3,848,472	\$ 990,294
Other . . . . .	1,199	4,055	5,254	65,690
Total operating revenues . . . . .	<u>2,197,618</u>	<u>1,656,108</u>	<u>3,853,726</u>	<u>1,055,984</u>
<b>Operating expenses:</b>				
Personal services . . . . .	288,620	292,390	581,010	-
Contract services . . . . .	1,836,955	1,026,129	2,863,084	502,120
Materials and supplies . . . . .	45,874	53,027	98,901	-
Depreciation . . . . .	203,411	235,187	438,598	-
Other . . . . .	72,489	35,738	108,227	-
Claims. . . . .	-	-	-	547,181
Total operating expenses. . . . .	<u>2,447,349</u>	<u>1,642,471</u>	<u>4,089,820</u>	<u>1,049,301</u>
Operating income (loss) . . . . .	<u>(249,731)</u>	<u>13,637</u>	<u>(236,094)</u>	<u>6,683</u>
<b>Nonoperating revenues (expenses):</b>				
Interest revenue. . . . .	32,011	13,356	45,367	-
Interest expense and fiscal charges . . . . .	(32,489)	(33,636)	(66,125)	-
Special assessments . . . . .	27,834	2,276	30,110	-
Loss on disposal of capital assets . . . . .	-	(21,549)	(21,549)	-
Total nonoperating revenues (expenses) . . . . .	<u>27,356</u>	<u>(39,553)</u>	<u>(12,197)</u>	<u>-</u>
Income (loss) before transfers . . . . .	(222,375)	(25,916)	(248,291)	6,683
Transfers in. . . . .	6,871	6,871	13,742	-
Changes in net assets . . . . .	(215,504)	(19,045)	(234,549)	6,683
<b>Net assets at beginning of year (restated). . . . .</b>	<u>9,125,760</u>	<u>7,883,939</u>		<u>274,440</u>
<b>Net assets at end of year. . . . .</b>	<u>\$ 8,910,256</u>	<u>\$ 7,864,894</u>		<u>\$ 281,123</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.			<u>(16,419)</u>	
Changes in net assets of business-type activities			<u>\$ (250,968)</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Sewer Operating</u>	<u>Water Operating</u>	<u>Total</u>	
<b>Cash flows from operating activities:</b>				
Cash received from customers . . . . .	\$ 2,210,161	\$ 1,600,615	\$ 3,810,776	\$ 990,294
Cash received from other operations . . . . .	1,199	4,055	5,254	65,690
Cash payments for personal services . . . . .	(292,851)	(298,199)	(591,050)	-
Cash payments for contract services. . . . .	(1,654,406)	(954,602)	(2,609,008)	(502,120)
Cash payments for materials and supplies. . . . .	(42,397)	(50,292)	(92,689)	-
Cash payments for other expenses. . . . .	(72,489)	(35,738)	(108,227)	-
Cash payments for claims. . . . .	-	-	-	(595,077)
Net cash provided by (used in) operating activities.	<u>149,217</u>	<u>265,839</u>	<u>415,056</u>	<u>(41,213)</u>
<b>Cash flows from noncapital financing activities:</b>				
Cash received from transfers in . . . . .	<u>6,871</u>	<u>6,871</u>	<u>13,742</u>	<u>-</u>
Net cash provided by noncapital financing activities . . . . .	<u>6,871</u>	<u>6,871</u>	<u>13,742</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets . . . . .	(72,789)	(363,776)	(436,565)	-
Special assessments. . . . .	127,297	143,141	270,438	-
Principal retirement on special assessment bonds. . .	(37,000)	(103,000)	(140,000)	-
Principal retirement on capital lease . . . . .	(13,068)	-	(13,068)	-
Interest and fiscal charges. . . . .	<u>(32,620)</u>	<u>(34,330)</u>	<u>(66,950)</u>	<u>-</u>
Net cash used in capital and related financing activities . . . . .	<u>(28,180)</u>	<u>(357,965)</u>	<u>(386,145)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>				
Interest received. . . . .	<u>32,011</u>	<u>13,356</u>	<u>45,367</u>	<u>-</u>
Net cash provided by investing activities. . . . .	<u>32,011</u>	<u>13,356</u>	<u>45,367</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents . .	159,919	(71,899)	88,020	(41,213)
<b>Cash and cash equivalents at beginning of year . . .</b>	<u>3,732,252</u>	<u>1,677,953</u>	<u>5,410,205</u>	<u>357,286</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u>\$ 3,892,171</u>	<u>\$ 1,606,054</u>	<u>\$ 5,498,225</u>	<u>\$ 316,073</u>

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**CITY OF TALLMADGE, OHIO**

*STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Sewer Operating</u>	<u>Water Operating</u>	<u>Total</u>	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss) . . . . .	\$ (249,731)	\$ 13,637	\$ (236,094)	\$ 6,683
Adjustments:				
Depreciation . . . . .	203,411	235,187	438,598	-
Changes in assets and liabilities:				
Decrease in materials and supplies inventory. . . . .	2,264	2,264	4,528	-
(Increase) decrease in accounts receivable . . . . .	13,742	(51,438)	(37,696)	-
(Decrease) in accounts payable. . . . .	(4,463)	(228,127)	(232,590)	-
Increase in accrued wages and benefits. . . . .	1,686	1,234	2,920	-
Increase in intergovernmental payable . . . . .	187,487	298,261	485,748	-
(Decrease) in compensated compensated absences payable . . . . .	(5,179)	(5,179)	(10,358)	-
(Decrease) in claims payable. . . . .	-	-	-	(47,896)
Net cash provided by (used in) operating activities . . .	<u>\$ 149,217</u>	<u>\$ 265,839</u>	<u>\$ 415,056</u>	<u>\$ (41,213)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF TALLMADGE, OHIO**

*STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2004*

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	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ <u>37,577</u>	\$ <u>155,545</u>
<b>Liabilities:</b>		
Deposits held and due to others. . . . .	<u>-</u>	<u>\$ 155,545</u>
<b>Net assets:</b>		
Held in trust for indigents and the needy . . . . .	<u>\$ 37,577</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF TALLMADGE, OHIO**

*STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PRIVATE PURPOSE TRUST FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004*

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	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Interest . . . . .	\$ 300
Gifts and contributions . . . . .	<u>1,500</u>
Total additions. . . . .	<u>1,800</u>
<b>Deductions:</b>	
Expenses per trust agreement . . . . .	<u>1,999</u>
Total deductions . . . . .	<u>1,999</u>
Changes in net assets . . . . .	(199)
Net assets at beginning of year . . . . .	<u>37,776</u>
Net assets at end of year . . . . .	<u><u>\$ 37,577</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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## CITY OF TALLMADGE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

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#### NOTE 1 - DESCRIPTION OF THE CITY

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

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### A. Reporting Entity

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

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

The City participates in the Ohio Association of Rural Water and Wastewater Systems Workers' Compensation Group Rating Plan, an insurance purchasing pool. This organization is presented in Note 12 of the basic financial statements.

The City participates in the Akron Metropolitan Area Transportation Study, an organization that is responsible for fulfilling the area's comprehensive transportation planning process. This jointly governed organization is presented in Note 17 of the basic financial statements.

##### B. Basis of Presentation - Fund Accounting

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

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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

***Government-wide Financial Statements*** - The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service funds are eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

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

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

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

**C. Fund Accounting**

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

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

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City of Tallmadge and/or the general laws of Ohio.

Fire/EMS Levy Fund - The fire/emergency medical service levy fund accounts for property tax collections received through a (5) five year tax levy. An additional source of significant revenue is charges for services. Expenditures are for the operations of the fire and emergency medical service programs and staff.

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

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

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

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

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

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

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

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

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

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

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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

**D. Measurement Focus**

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

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

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

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

**E. Basis of Accounting**

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

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



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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

**F. Budgetary Process**

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

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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

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

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

**G. Cash and Investments**

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

During fiscal year 2004, investments were limited to STAR Ohio, Federal Home Loan Mortgage Corporation Bonds, Federal National Mortgage Association Bonds, Federal Home Loan Bank Bonds, and repurchase agreements.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2004.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2004 amounted to \$58,622 which includes \$39,753 assigned from other City funds.

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

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

**H. Materials and Supplies Inventory**

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

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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

**I. Capital Assets**

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

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

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

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

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

**J. Compensated Absences**

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

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

**K. Prepaid Items**

Payments made to vendors for services that will benefit beyond December 31, 2004, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which the services are consumed. The City had no material prepaid items as of December 31, 2004.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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

**L. Accrued Liabilities and Long-Term Obligations**

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

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

**M. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**N. Interfund Activity**

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

**O. Fund Balance Reserves**

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

**P. Estimates**

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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

**R. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Prior Period Adjustments**

For 2004, the City has implemented GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers." This Bulletin addresses the amount that should be recognized as an expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment (OPEB) plans.

The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balances of the major and nonmajor funds of the City as they were previously reported as of December 31, 2003:

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Nonmajor</u>
Fund Balances, December 31, 2003	\$ 2,712,721	\$ 107,488	\$ 292,239
GASB Technical Bulletin No. 2004-2	<u>(14,961)</u>	<u>(42,065)</u>	<u>(68,165)</u>
Restated Fund Balance, December 31, 2003	<u>\$ 2,697,760</u>	<u>\$ 65,423</u>	<u>\$ 224,074</u>

A prior period adjustment is required to restate capital assets at December 31, 2003, due to a change in estimated useful lives of buildings. This restatement had the following effect on net assets at December 31, 2003:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net assets as previously reported	\$ 21,692,871	\$ 16,553,393
Restatement for capital assets	<u>1,223,540</u>	<u>473,261</u>
Net assets, restated at January 1, 2004	<u>\$ 22,916,411</u>	<u>\$ 17,026,654</u>

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

This restatement had the following effect on enterprise fund net assets at December 31, 2003:

	<u>Sewer Operating</u>	<u>Water Operating</u>
Net assets as previously reported	\$ 9,106,162	\$ 7,430,276
Restatement for capital assets	<u>19,598</u>	<u>453,663</u>
Net assets, restated at January 1, 2004	<u>\$ 9,125,760</u>	<u>\$ 7,883,939</u>

**B. Deficit Fund Balance**

Fund balances at December 31, 2004 included the following individual fund deficits:

	<u>Deficit</u>
<u>Major Funds</u>	
Fire/EMS Levy	\$ 34,207
Recreation Center	251,600
<u>Nonmajor Fund</u>	
Police Pension	22,443

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balance in the Recreation fund results from the \$300,000 note payable reported as a fund liability and the deficit fund balance in the Fire/EMS Levy and Police Pension funds is the result of a pension liability.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

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

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

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

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

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

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Deposits:* At year-end, the carrying amount of the City's deposits was \$(183,285) and the bank balance was \$16,203. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the "zero-balance" nature of the City's bank accounts. The negative carrying amount of deposits is due to the sweeping of monies into overnight repurchase agreements which are reported as "investments". The entire bank balance was covered by federal depository insurance.

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

	Category		Carrying and Fair Value
	1	3	
Repurchase agreements	\$ -	\$ 656,329	\$ 656,329
Federal Home Loan Mortgage Corporation Bonds	997,650	-	997,650
Federal National Mortgage Association Bonds	2,983,000	-	2,983,000
Federal Home Loan Bank Bonds	993,755	-	993,755
STAR Ohio	-	-	2,665,548
	<u>\$4,974,405</u>	<u>\$ 656,329</u>	<u>\$ 8,296,282</u>
Total investments			

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$ 8,112,997	\$ -
Repurchase agreements	(656,329)	656,329
Federal Home Loan Mortgage Corporation Bonds	(997,650)	997,650
Federak National Mortgage Association Bonds	(2,983,000)	2,983,000
Federal Home Loan Bank Bonds	(993,755)	993,755
Investment in STAR Ohio	<u>(2,665,548)</u>	<u>2,665,548</u>
GASB Statement No. 3	<u>\$ (183,285)</u>	<u>\$8,296,282</u>



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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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**NOTE 5 - INTERFUND TRANSFERS**

The general fund transferred \$500,000 to the recreation center fund to pay a portion of the construction costs. The remaining transfers are general operating transfers. These transfers consist of \$360,000 to Fire/EMS Levy Fund, \$1,826,795 to Street Maintenance and Repair Fund, \$562,000 to Bond Retirement fund, and \$165,000 to the police pension fund. The \$45,000 represents the monthly transfer of 7% of levy revenue for capital outlay. The Sewer Operating and Water Operating funds each received transfers of \$6,871 from the Federal Emergency Management Agency nonmajor special revenue fund.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Major Funds</u>		
General Fund	\$ -	\$3,372,000
Fire/EMS Levy Fund	360,000	45,000
Street Maintenance and Repair Fund	1,826,795	-
Bond Retirement Fund	562,000	-
Recreation Center Fund	500,000	-
Sewer Operating	6,871	-
Water Operating	6,871	-
Total Major funds	<u>3,262,537</u>	<u>3,417,000</u>
<u>Nonmajor Funds</u>		
Fire/EMS Capital Fund	45,000	-
Police Pension Fund	165,000	-
FEMA	-	55,537
Total Nonmajor funds	<u>210,000</u>	<u>55,537</u>
Total	<u>\$3,472,537</u>	<u>\$3,472,537</u>

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2004, consisted primarily of municipal income taxes, property and other taxes, special assessments, accounts and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full.

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

Special assessments expected to be collected in more than one year amount to \$945,000 in the bond retirement fund. The City had no material outstanding delinquencies at December 31, 2004.

**A. Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenues received during 2004 for real and public utility property taxes represents collections of 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) are for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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**NOTE 6 - RECEIVABLES - (Continued)**

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2004 public utility property taxes which became a lien December 31, 2003, are levied after October 1, 2004 and collected in 2005 real property taxes.

2004 tangible personal property taxes were levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

The tax full rate for all City operations for the year ended December 31, 2004, was \$6.15 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	\$ 348,027,020
Public Utility Property	7,404,540
Tangible Personal Property	<u>39,335,431</u>
Total	<u>\$ 394,766,991</u>

Real property taxes are payable annually and semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due January 20, the remainder payable by June 20. State statute permits later payment dates to be established.

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

The County Fiscal Officer collects property taxes on behalf of all taxing districts within the County, including the City of Tallmadge. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2004 and for which there is an enforceable legal claim. In the general fund, fire/ems levy and police pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2004 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

**B. Municipal Income Taxes**

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

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

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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**NOTE 6 - RECEIVABLES - (Continued)**

**C. Intergovernmental Receivables**

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government	\$ 503,868
Homestead and Rollback	111,158
Inheritance Tax	22,871
Public Utility Reimbursements	8,365
Property Tax Exemption	11,476
Liquor Tax	2,243
Auto License Tax	94,312
Gas Tax and Municipal Cents per Gallon Tax	<u>225,493</u>
Total	<u>\$ 979,786</u>

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

**NOTE 7 - CAPITAL ASSETS**

The City restated governmental activities capital assets due to a change in the useful life estimate of certain buildings. This restatement reduced buildings and improvements accumulated depreciation by \$1,223,540 from \$3,612,663 to \$2,389,123, and increased net capital assets by \$1,223,540 from \$26,589,724 to \$27,813,264. Capital asset activity for the year ended December 31, 2004, was as follows:

<b><u>Governmental Activities:</u></b>	<u>Restated Balance 12/31/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/04</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,850,701	\$ 19,200	\$ -	\$ 2,869,901
Construction in progress	<u>4,488,702</u>	<u>161,504</u>	<u>(4,488,702)</u>	<u>161,504</u>
Total capital assets, not being depreciated	<u>7,339,403</u>	<u>180,704</u>	<u>(4,488,702)</u>	<u>3,031,405</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	7,958,096	5,944,045	-	13,902,141
Equipment	6,645,643	200,056	(44,169)	6,801,530
Infrastructure				
Street Subsystem	17,193,347	329,180	-	17,522,527
Storm Sewers Subsystem	<u>2,500,075</u>	<u>42,455</u>	<u>-</u>	<u>2,542,530</u>
Total capital assets, being depreciated	<u>34,297,161</u>	<u>6,515,736</u>	<u>(44,169)</u>	<u>40,768,728</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(2,389,123)	(273,620)	3,223	(2,659,520)
Equipment	(4,587,974)	(472,082)	32,994	(5,027,062)
Infrastructure				
Street Subsystem	(6,357,336)	(580,200)	-	(6,937,536)
Storm Sewers Subsystem	<u>(488,867)</u>	<u>(84,045)</u>	<u>-</u>	<u>(572,912)</u>
Total accumulated depreciation	<u>(13,823,300)</u>	<u>(1,409,947)</u>	<u>36,217</u>	<u>(15,197,030)</u>
Total capital assets, being depreciated, net	<u>20,473,861</u>	<u>5,105,789</u>	<u>(7,952)</u>	<u>25,571,698</u>
Governmental activities capital assets, net	<u>\$ 27,813,264</u>	<u>\$ 5,286,493</u>	<u>\$ (4,496,654)</u>	<u>\$ 28,603,103</u>

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

**NOTE 7 - CAPITAL ASSETS - (Continued)**

The City restated business-type activities capital assets due to a change in the useful life estimate of certain buildings. This restatement reduced buildings and improvements accumulated depreciation by \$473,261 from \$1,092,491 to \$619,230, and increased net capital assets by \$473,261 from \$10,441,675 to \$10,914,936. Capital asset activity for the year ended December 31, 2004, was as follows:

<b><u>Business-Type Activities:</u></b>	<u>Restated Balance 12/31/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/04</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 176,049	\$ 20,203	\$ -	\$ 196,252
Construction in progress	<u>11,175</u>	<u>7,243</u>	<u>(11,175)</u>	<u>7,243</u>
Total capital assets, not being depreciated	<u>187,224</u>	<u>27,446</u>	<u>(11,175)</u>	<u>203,495</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	1,464,561	-	-	1,464,561
Equipment	1,054,724	82,463	(124,625)	1,012,562
Infrastructure				
Water Lines	8,012,291	269,120	-	8,281,411
Sewer Lines	<u>7,564,727</u>	<u>57,536</u>	<u>-</u>	<u>7,622,263</u>
Total capital assets, being depreciated	<u>18,096,303</u>	<u>409,119</u>	<u>(124,625)</u>	<u>18,380,797</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(619,230)	(44,295)	-	(663,525)
Equipment	(622,263)	(56,343)	114,251	(564,355)
Infrastructure				
Water Lines	(2,974,349)	(177,456)	-	(3,151,805)
Sewer Lines	<u>(3,152,749)</u>	<u>(160,504)</u>	<u>-</u>	<u>(3,313,253)</u>
Total accumulated depreciation	<u>(7,368,591)</u>	<u>(438,598)</u>	<u>114,251</u>	<u>(7,692,938)</u>
Total capital assets, being depreciated, net	<u>10,727,712</u>	<u>(29,479)</u>	<u>(10,374)</u>	<u>10,687,859</u>
Business-type activities capital assets, net	<u>\$ 10,914,936</u>	<u>\$ (2,033)</u>	<u>\$ (21,549)</u>	<u>\$ 10,891,354</u>

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

**NOTE 7 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental activities as follows:

General government	\$ 246,988
Security of persons and property	220,461
Public health and welfare	1,527
Transportation	820,175
Community environment	120,565
Leisure time activity	<u>231</u>
 Total depreciation expense	 <u>\$ 1,409,947</u>

**NOTE 8 - CAPITAL LEASES**

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

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Assets:		
Equipment	\$ 50,720	\$ 50,721
Less: accumulated depreciation	<u>(33,813)</u>	<u>(33,813)</u>
 Total	 <u>\$ 16,907</u>	 <u>\$ 16,908</u>

The final principal and interest payments were made during 2004.

**NOTE 9 - NOTE PAYABLE**

A summary of the note transactions for the year ended December 31, 2004 follows:

	Balance 12/31/2003	Issued	Retired	Balance 12/31/2004
Recreation Center				
Improvement Note - 1.75%	\$ 500,000	\$ -	\$ (500,000)	\$ -
Improvement Note - 1.388%	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
 Total	 <u>\$ 500,000</u>	 <u>\$ 300,000</u>	 <u>\$ (500,000)</u>	 <u>\$ 300,000</u>

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

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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**NOTE 10 - LONG-TERM OBLIGATIONS**

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

Special Assessment Bonds

1992 Southwest Sanitary Sewer and Water	6.390%	493,000	6/1/2012
1996 Northwest Quad Sanitary Sewer	5.862%	450,000	12/1/2016
1998 Ernest Waterline	4.560%	285,000	12/1/2008
2001 Elm/Ferguson Waterline	4.725%	425,000	12/1/2011
2001 Parker/Milton Waterline	4.725%	250,000	12/1/2011
2000 West Avenue Street Improvement	6.000%	1,070,000	12/1/2020

General Obligation Bonds

1992 Tallmadge Woods	6.390%	852,000	6/1/2012
1995 Concrete Streets	6.540%	1,250,000	12/1/2015
1998 Storm Water Improvement	5.120%	2,400,000	12/1/2018
2001 City Building Improvement	4.725%	2,270,000	12/1/2021

Recreation Center Improvement Notes

2003 Recreation Center Note	1.750%	4,700,000	3/17/2004
2004 Recreation Center Note	1.388%	4,200,000	3/15/2005

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

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

<b>Business-Type Activities:</b>	Balance at 12/31/2003	Additions	Reductions	Balance 12/31/2004	Amounts Due in One Year
<u>Special Assessment Bonds</u>					
1992 Southwest Sanitary Sewer and Water	\$ 216,000	\$ -	\$ (25,000)	\$ 191,000	\$ 25,000
1996 Northwest Quad Sanitary Sewer	345,000	-	(20,000)	325,000	20,000
1998 Ernest Waterline	160,000	-	(30,000)	130,000	30,000
2001 Elm/Ferguson Waterline	355,000	-	(40,000)	315,000	40,000
2001 Parker/Milton Waterline	<u>210,000</u>	<u>-</u>	<u>(25,000)</u>	<u>185,000</u>	<u>25,000</u>
Total Special Assessment Bonds	<u>1,286,000</u>	<u>-</u>	<u>(140,000)</u>	<u>1,146,000</u>	<u>140,000</u>
Capital Lease	13,068	-	(13,068)	-	-
Compensated Absences	<u>55,408</u>	<u>6,078</u>	<u>(16,436)</u>	<u>45,050</u>	<u>1,640</u>
Total Business-Type Activities Long-Term Obligations	<u>\$ 1,354,476</u>	<u>\$ 6,078</u>	<u>\$ (169,504)</u>	<u>\$ 1,191,050</u>	<u>\$ 141,640</u>
<u>Governmental Activities:</u>					
<u>General Obligation Bonds</u>					
1992 Tallmadge Woods	\$ 369,000	\$ -	\$ (40,000)	\$ 329,000	\$ 40,000
1995 Concrete Streets	915,000	-	(55,000)	860,000	55,000
1998 Storm Water Improvement	1,990,000	-	(95,000)	1,895,000	95,000
2001 City Building Improvement	<u>2,050,000</u>	<u>-</u>	<u>(75,000)</u>	<u>1,975,000</u>	<u>85,000</u>
Total General Obligation Bonds	<u>5,324,000</u>	<u>-</u>	<u>(265,000)</u>	<u>5,059,000</u>	<u>275,000</u>
<u>Special Assessment Bonds</u>					
2000 West Avenue Street Improvement	<u>980,000</u>	<u>-</u>	<u>(35,000)</u>	<u>945,000</u>	<u>35,000</u>
<u>Long-Term Notes</u>					
2003 Recreation Center Improvement Note	4,200,000	-	(4,200,000)	-	-
2004 Recreation Center Improvement Note	<u>-</u>	<u>3,900,000</u>	<u>-</u>	<u>3,900,000</u>	<u>-</u>
Total Long-Term Notes	<u>4,200,000</u>	<u>3,900,000</u>	<u>(4,200,000)</u>	<u>3,900,000</u>	<u>-</u>
Capital Lease	13,067	-	(13,067)	-	-
Compensated Absences	<u>787,479</u>	<u>99,160</u>	<u>(62,254)</u>	<u>824,385</u>	<u>28,027</u>
Total Governmental Activities Long-Term Obligations	<u>\$ 11,304,546</u>	<u>\$ 3,999,160</u>	<u>\$ (4,575,321)</u>	<u>\$ 10,728,385</u>	<u>\$ 338,027</u>

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



**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

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

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

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

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

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

Capital leases consisted of the purchase of a street sweeper which is paid from street maintenance and repair fund and the sewer operating fund.

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

Bond anticipation notes that are refinanced prior to the issuance of the basic financial statements and have a maturity date more than 12 months subsequent to the end of the year are reported in the long-term liabilities and will be paid from the recreation center capital projects fund. This note is backed by the full faith of the City of Tallmadge. (See Notes 9 and 21)

As of December 31, 2004, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$32,228,135 and the unvoted legal debt margin was \$12,489,786. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2004 are as follows:

Year	General Obligation Bonds			West Avenue Special Assessment		Total Governmental Activities	
	Principal	Interest	Total	Principal	Interest	Principal	Interest
2005	\$ 275,000	\$ 270,038	\$ 545,038	\$ 35,000	\$ 56,700	\$ 310,000	\$ 326,738
2006	286,000	256,623	542,623	40,000	54,600	326,000	311,223
2007	301,000	242,351	543,351	40,000	52,200	341,000	294,551
2008	311,000	227,109	538,109	45,000	49,800	356,000	276,909
2009	321,000	211,037	532,037	45,000	47,100	366,000	258,137
2010 - 2014	1,770,000	781,065	2,551,065	275,000	190,800	2,045,000	971,865
2015 - 2019	1,470,000	304,743	1,774,743	365,000	97,800	1,835,000	402,543
2020-2021	325,000	26,950	351,950	100,000	6,000	425,000	32,950
Total	<u>\$ 5,059,000</u>	<u>\$ 2,319,916</u>	<u>\$ 7,378,916</u>	<u>\$ 945,000</u>	<u>\$ 555,000</u>	<u>\$ 6,004,000</u>	<u>\$ 2,874,916</u>

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

Year	Business-Type Activity Special Assessment Debt		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 140,000	\$ 58,107	\$ 198,107
2006	139,000	51,712	190,712
2007	149,000	45,219	194,219
2008	154,000	38,071	192,071
2009	119,000	30,483	149,483
2010 - 2014	375,000	68,273	443,273
2015 - 2016	<u>70,000</u>	<u>6,300</u>	<u>76,300</u>
Total	<u>\$ 1,146,000</u>	<u>\$ 298,165</u>	<u>\$ 1,444,165</u>

**NOTE 11 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2004, the City contracted with Selective Insurance of South Carolina for general liability, automobile, firefighters, errors and omissions, and police and professional liability for the policy period covering January 1, 2004 through December 31, 2004. Selective Insurance also covers buildings and contents and boiler and machinery. The City carries a \$2,000,000 general liability with \$1,000,000 occurrence and a \$1,000,000 automobile liability and a \$10,000,000 umbrella liability extending coverage on the general, automobile, police professional liability, firefighter's errors and omissions and public official's liability.

Western Surety Company insures performance bonds for all necessary officials and Old Republic/Century Surety covers other employees. The City carries individual bonds for the Director of Finance and the Treasurer in the amount of \$250,000. All persons working under the Director of Finance or Treasurer are bonded for the sum of \$25,000. All other employees paid by the City are covered by a \$5,000 blanket bond. In addition, the City carries blanket bond insurance with \$100,000 per occurrence for guaranteeing the honest and faithful performance of the City's employees.

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

The City participates in the Ohio Association of Rural Water and Wastewater Systems Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 13). The intent of GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the GRP.

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

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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**NOTE 11 - RISK MANAGEMENT – (Continued)**

The City has elected to provide employee comprehensive medical and dental benefits through a self-insurance program. The City maintains a self-insurance fund to account for and finance its uninsured risks for loss in this program. The plan provides a comprehensive medical plan with an out of pocket cost of \$500 single and \$1,000 family for in the network and a deductible of \$500 single, \$1,000 couple and \$1,500 family for out of the network. The City uses a third party administrator to review, process, and pay all claims, on behalf of the City.

The City purchases stop-loss coverage for claims in excess of \$50,000 per employee per year and an aggregate of \$1,000,000. The City pays into the self-insurance internal service fund \$1,250 per family coverage or \$500 for individual coverage per employee per month which represents the entire premium required. This premium is paid by the fund that pays the salary of the employee and is based on historical cost information.

The claims liability of \$34,950 reported in the internal service fund at December 31, 2004 is estimated by a third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amounts in 2003 and 2004 are:

	Balance at Beginning of Year	Current Claims	Claims Payment	Balance at End of Year
2003	\$ 52,907	\$ 758,048	\$ (728,109)	\$ 82,846
2004	82,846	547,181	(595,077)	34,950

**NOTE 12 - INSURANCE PURCHASING POOL**

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

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

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

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9%. The City's contribution rate for pension benefits for 2004 was 9.55%, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$374,147, \$327,404, and \$307,705, respectively; 100% has been contributed for 2004, 2003 and 2002. The City and plan members did not make any contributions to the member-directed plan for 2004.

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

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary to fund pension obligations while the City is required to contribute 11.75% for police officers and 16.25% for firefighters. Contributions are authorized by State statute. The City's contributions to the fund for the police and firefighters were \$174,234 and \$116,864 for the year ended December 31, 2004, \$170,344 and \$105,097 for the year ended December 31, 2004 and \$156,562 and \$99,551 for the year ended December 31, 2002. The full amount has been contributed for 2003 and 2002. 77.76% for police and 73.40% for firefighters has been contributed for 2004 with the remainder being reported as a liability.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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**NOTE 14 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 4.00% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase between 1.00% and 6.00% annually over the next eight years and 4.00% annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$156,709. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003 (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

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

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

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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**NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program during 2004. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2004 that were used to fund postemployment benefits was \$114,711 for police and \$55,756 for firefighters. The OP&F's total health care expense for the year ended December 31, 2003 (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003 (the latest information available), was 13,662 for police and 10,474 for firefighters.

**NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS**

**A. Compensated Absences**

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

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

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

**B. Life Insurance**

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

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund and major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

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

**Net Change in Fund Balance**

	<u>General</u>	Fire/EMS <u>Levy</u>	Street Maintenance and Repair <u>          </u>
Budget basis	\$ (789,633)	\$ (81,119)	\$ 36
Net adjustment for revenue accruals	150,903	21,582	62,312
Net adjustment for expenditure accruals	(136,192)	(47,526)	(29,844)
Net adjustment for other financing sources (uses)	(23,500)	-	-
Adjustment for encumbrances	<u>166,957</u>	<u>7,433</u>	<u>172,507</u>
GAAP basis	<u>\$ (631,465)</u>	<u>\$ (99,630)</u>	<u>\$ 205,011</u>

**NOTE 17 - JOINTLY GOVERNED ORGANIZATION**

Akron Metropolitan Area Transportation Study (AMATS)

The City participates in the Akron Metropolitan Area Transportation Study. This organization is responsible for fulfilling the area's continuous, cooperative and comprehensive transportation planning process. The AMATS service area consists of Summit, Portage, and Chippewa Township of Wayne County. AMATS is led by the AMATS Transportation Policy Committee. The City is a member of the 43 member Policy Committee that is responsible for the preparation of regional transportation policies, plans and programs that meet the areas present and future needs. In 2004, the City contributed \$2,745 to the Akron Metropolitan Area Transportation Study, which represents the City's formula share.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

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**NOTE 18 - JOINT VENTURE WITH EQUITY INTEREST**

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

**NOTE 19 - CONTRACTUAL COMMITMENTS**

On December 31, 2004, the City had a total of \$96,268 in contractual commitments. These included engineering for Northeast Street Improvement in the amount of \$39,316 and engineering for the Maca Water Shed project in the amount of \$49,200. The City also held retainage in the amount of \$7,752 for the Nutwood Waterline project.

**NOTE 20 - CONTINGENCIES**

**A. Grants**

The City received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2004.

**B. Litigation**

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

**NOTE 21 – SUBSEQUENT EVENT**

On March 14, 2005, the City issued a \$3,900,000 bond anticipation note for 1.388 percent. The note matures on March 13, 2006. The proceeds were used to refinance the note issued in 2004.



COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

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**CITY OF TALLMADGE, OHIO**

*INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS*

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**GENERAL FUND**

The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City and/or the general laws of Ohio.

**SPECIAL REVENUE FUNDS**

The special revenue funds are used to account for all specific financial resources (other than major capital projects) that are legally restricted for specified expenditure purposes. The following are the special revenue funds which the City operates:

**Major Special Revenue Funds**

***Fire/EMS Levy Fund***

The fire/emergency medical service levy fund accounts for property tax collections received through a (5) year tax levy. An additional source of significant revenue is charges for services. Expenditures are for the operations of the fire and emergency medical service programs and staff.

***Street Maintenance and Repair Fund***

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

**Nonmajor Special Revenue Funds**

***Fire/EMS Capital Fund***

To accumulate a portion of the fire and EMS property tax collections to be used exclusively for repair and reburishment of equipment.

***State Highway Fund***

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

***Alcohol Enforcement and Education Fund***

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

***Drug Law Enforcement Trust Fund***

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

***Law Enforcement Trust Fund***

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

***Community Development Fund***

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

***Emergency Medical Service Donation Fund***

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

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**CITY OF TALLMADGE, OHIO**

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

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**Nonmajor Special Revenue Funds (Continued)**

***Police Pension Fund***

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

***Federal Emergency Management Agency Fund***

To account for the federal portion of grant monies received from the Federal Emergency Management Agency through the State of Ohio Emergency Management Agency Public Assistance Disaster Recovery Grant Program.

**MAJOR DEBT SERVICE FUND**

***Bond Retirement Fund***

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

**CAPITAL PROJECTS FUNDS**

The capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary fund types. Following is a description of the capital project funds:

**Major Capital Projects Fund**

***Recreation Center Fund***

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

**Nonmajor Capital Projects Fund**

***General Infrastructure Reserve Fund***

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

**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, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes				
Personal property . . . . .	\$ 88,576	\$ 88,576	\$ 97,138	\$ 8,562
Real estate (public utility) . . . . .	678,784	678,784	685,198	6,414
Municipal income taxes . . . . .	6,900,000	6,900,000	6,688,843	(211,157)
Franchise tax . . . . .	18,822	28,246	30,424	2,178
Intergovernmental				
Local government . . . . .	958,699	958,699	1,070,420	111,721
Rollback . . . . .	88,227	88,227	90,375	2,148
Inheritance . . . . .	48,841	73,295	78,947	5,652
Miscellaneous . . . . .	3,109	3,109	35,775	32,666
Investment income . . . . .	36,555	54,857	59,087	4,230
Fines, licenses and permits . . . . .	210,067	315,244	339,551	24,307
Special assessments . . . . .	8,843	13,271	14,294	1,023
Charges for services . . . . .	547,072	820,979	884,282	63,303
Miscellaneous . . . . .	17,251	25,888	27,884	1,996
Total revenues . . . . .	<u>9,604,846</u>	<u>10,049,175</u>	<u>10,102,218</u>	<u>53,043</u>
<b>Expenditures:</b>				
Current:				
General government				
Mayor . . . . .	156,540	162,040	158,427	3,613
Director of Administration . . . . .	287,789	290,889	288,268	2,621
Finance Director . . . . .	476,131	473,110	449,775	23,335
Law Director . . . . .	312,998	312,650	282,848	29,802
Service Director . . . . .	319,320	316,442	301,259	15,183
Manager of Information Service . . . . .	105,078	105,070	99,754	5,316
Council . . . . .	158,417	158,400	155,861	2,539
Treasurer . . . . .	347,143	317,338	308,760	8,578
Civil Service . . . . .	33,700	35,700	35,129	571
Custodian . . . . .	194,117	194,104	184,678	9,426
General administration . . . . .	363,100	383,100	374,566	8,534
Boards and commissions . . . . .	9,400	9,400	2,559	6,841
Total general government . . . . .	<u>2,763,733</u>	<u>2,758,243</u>	<u>2,641,884</u>	<u>116,359</u>
Security of persons and property				
Police . . . . .	3,062,639	3,051,862	2,943,185	108,677
Street lighting . . . . .	20,100	20,100	18,986	1,114
Total security of persons and property . . . . .	<u>3,082,739</u>	<u>3,071,962</u>	<u>2,962,171</u>	<u>109,791</u>
Public health and welfare				
Public health and welfare . . . . .	130,000	130,000	130,936	(936)
Total public health and welfare . . . . .	<u>130,000</u>	<u>130,000</u>	<u>130,936</u>	<u>(936)</u>
Transportation				
Garage . . . . .	356,104	355,922	328,202	27,720
Total transportation . . . . .	<u>356,104</u>	<u>355,922</u>	<u>328,202</u>	<u>27,720</u>

Continued

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment				
Building . . . . .	\$ 243,531	\$ 243,156	\$ 236,235	\$ 6,921
Zoning . . . . .	162,738	162,738	160,260	2,478
Total community environment . . . . .	<u>406,269</u>	<u>405,894</u>	<u>396,495</u>	<u>9,399</u>
Leisure time activities				
Recreation . . . . .	921,326	930,682	924,828	5,854
Maca Aquatic Center . . . . .	84,126	83,978	77,418	6,560
Total leisure time activities . . . . .	<u>1,005,452</u>	<u>1,014,660</u>	<u>1,002,246</u>	<u>12,414</u>
Capital outlay				
Speed monitor trailer . . . . .	196	196	196	-
Police cruisers . . . . .	53,904	53,902	53,896	6
Income tax software . . . . .	29,350	29,350	27,325	2,025
Total capital outlay . . . . .	<u>83,450</u>	<u>83,448</u>	<u>81,417</u>	<u>2,031</u>
Total expenditures . . . . .	<u>7,827,747</u>	<u>7,820,129</u>	<u>7,543,351</u>	<u>276,778</u>
Excess of revenues over expenditures . . . . .	<u>1,777,099</u>	<u>2,229,046</u>	<u>2,558,867</u>	<u>329,821</u>
<b>Other financing sources (uses):</b>				
Advances in				
Community development . . . . .	-	-	23,500	23,500
Transfers out				
Police pension . . . . .	(145,000)	(165,000)	(165,000)	-
Fire/EMS Levy . . . . .	(245,000)	(360,000)	(360,000)	-
Street maintenance and repair . . . . .	(1,695,000)	(1,785,000)	(1,785,000)	-
Debt service . . . . .	(562,000)	(562,000)	(562,000)	-
Recreation center . . . . .	(500,000)	(500,000)	(500,000)	-
Total other financing sources (uses) . . . . .	<u>(3,147,000)</u>	<u>(3,372,000)</u>	<u>(3,348,500)</u>	<u>23,500</u>
Net change in fund balance . . . . .	(1,369,901)	(1,142,954)	(789,633)	353,321
<b>Fund balance at beginning of year . . . . .</b>	<u>1,825,639</u>	<u>1,825,639</u>	<u>1,825,639</u>	<u>-</u>
<b>Prior year encumbrances appropriated. . . . .</b>	<u>148,253</u>	<u>148,253</u>	<u>148,253</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 603,991</u>	<u>\$ 830,938</u>	<u>\$ 1,184,259</u>	<u>\$ 353,321</u>

**CITY OF TALLMADGE, OHIO**

*COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2004*

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 134,228	\$ 113,973	\$ 248,201
Receivables (net of allowances of uncollectibles):			
Real and other taxes . . . . .	117,065	-	117,065
Accounts . . . . .	35	-	35
Intergovernmental . . . . .	31,404	-	31,404
	<hr/>	<hr/>	<hr/>
Total assets . . . . .	<u>\$ 282,732</u>	<u>\$ 113,973</u>	<u>\$ 396,705</u>
<b>Liabilities:</b>			
Intergovernmental payable. . . . .	\$ 46,373	\$ -	\$ 46,373
Deferred revenue. . . . .	139,299	-	139,299
	<hr/>	<hr/>	<hr/>
Total liabilities . . . . .	<u>185,672</u>	<u>-</u>	<u>185,672</u>
<b>Fund Balances:</b>			
Fund balances:			
Reserved for encumbrances . . . . .	-	2,700	2,700
Unreserved, undesignated, reported in:			
Special revenue funds . . . . .	97,060	-	97,060
Capital projects funds . . . . .	-	111,273	111,273
	<hr/>	<hr/>	<hr/>
Total fund balances . . . . .	<u>97,060</u>	<u>113,973</u>	<u>211,033</u>
Total liabilities and fund equity . . . . .	<u>\$ 282,732</u>	<u>\$ 113,973</u>	<u>\$ 396,705</u>

**CITY OF TALLMADGE, OHIO**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
Property and other taxes . . . . .	\$ 107,900	\$ -	\$ 107,900
Intergovernmental. . . . .	153,166	-	153,166
Investment income . . . . .	439	1,075	1,514
Fines, licenses and permits . . . . .	6,481	-	6,481
Other . . . . .	2,241	-	2,241
	<hr/>	<hr/>	<hr/>
Total revenues . . . . .	270,227	1,075	271,302
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
Current:			
Security of persons and property. . . . .	289,093	-	289,093
Transportation . . . . .	38,868	-	38,868
Capital outlay. . . . .	-	110,845	110,845
	<hr/>	<hr/>	<hr/>
Total expenditures . . . . .	327,961	110,845	438,806
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(57,734)	(109,770)	(167,504)
	<hr/>	<hr/>	<hr/>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	210,000	-	210,000
Transfers out . . . . .	(55,537)	-	(55,537)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses) . . . . .	154,463	-	154,463
	<hr/>	<hr/>	<hr/>
Net change in fund balances . . . . .	96,729	(109,770)	(13,041)
	<hr/>	<hr/>	<hr/>
<b>Fund balances at beginning of year (restated) .</b>	331	223,743	224,074
	<hr/>	<hr/>	<hr/>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 97,060</u>	<u>\$ 113,973</u>	<u>\$ 211,033</u>

**CITY OF TALLMADGE, OHIO**

*COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2004*

	<u>Fire/EMS Capital</u>	<u>State Highway</u>	<u>FEMA</u>	<u>Community Development</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 49,426	\$ 19,070	\$ -	\$ 6,570
Receivables (net of allowances for uncollectibles):				
Real and other taxes. . . . .	-	-	-	-
Accounts . . . . .	-	-	-	-
Intergovernmental. . . . .	-	23,896	-	-
Total assets . . . . .	<u>\$ 49,426</u>	<u>\$ 42,966</u>	<u>\$ -</u>	<u>\$ 6,570</u>
<b>Liabilities:</b>				
Intergovernmental payable . . . . .	\$ -	\$464	\$ -	\$ -
Deferred revenue . . . . .	-	15,286	-	-
Total liabilities . . . . .	-	15,750	-	-
<b>Fund Balances:</b>				
Unreserved, undesignated, reported in:				
Special revenue funds . . . . .	49,426	27,216	-	6,570
Total fund balances. . . . .	<u>49,426</u>	<u>27,216</u>	<u>-</u>	<u>6,570</u>
Total liabilities and fund equity . . . . .	<u>\$ 49,426</u>	<u>\$ 42,966</u>	<u>\$ -</u>	<u>\$ 6,570</u>



<u>Alcohol Enforcement and Education</u>	<u>Law Enforcement</u>	<u>Drug Law Enforcement</u>	<u>Emergency Medical Service Donation</u>	<u>Police Pension</u>	<u>Totals</u>
\$ 3,814	\$ 8,916	\$ 19,415	\$ 4,111	\$ 22,906	\$ 134,228
-	-	-	-	117,065	117,065
35	-	-	-	-	35
-	-	-	-	7,508	31,404
<u>\$ 3,849</u>	<u>\$ 8,916</u>	<u>\$ 19,415</u>	<u>\$ 4,111</u>	<u>\$ 147,479</u>	<u>\$ 282,732</u>
-	-	\$ -	\$ -	\$ 45,909	\$46,373
-	-	-	-	124,013	139,299
-	-	-	-	169,922	185,672
<u>3,849</u>	<u>8,916</u>	<u>19,415</u>	<u>4,111</u>	<u>(22,443)</u>	<u>97,060</u>
<u>3,849</u>	<u>8,916</u>	<u>19,415</u>	<u>4,111</u>	<u>(22,443)</u>	<u>97,060</u>
<u>\$ 3,849</u>	<u>\$ 8,916</u>	<u>\$ 19,415</u>	<u>\$ 4,111</u>	<u>\$ 147,479</u>	<u>\$ 282,732</u>

**CITY OF TALLMADGE**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<b>Fire/EMS Capital</b>	<b>State Highway</b>	<b>FEMA</b>	<b>Community Development</b>
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Intergovernmental . . . . .	-	54,171	55,537	30,000
Investment income. . . . .	372	67	-	-
Fines, licenses and permits. . . . .	-	-	-	-
Other. . . . .	-	35	-	-
<b>Total revenues. . . . .</b>	<b>372</b>	<b>54,273</b>	<b>55,537</b>	<b>30,000</b>
<b>Expenditures:</b>				
Current:				
Security of persons and property . . . . .	-	-	-	-
Transportation . . . . .	-	38,868	-	-
<b>Total expenditures. . . . .</b>	<b>-</b>	<b>38,868</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	372	15,405	55,537	30,000
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	45,000	-	-	-
Transfers (out). . . . .	-	-	(55,537)	-
<b>Total other financing sources (uses) . . . . .</b>	<b>45,000</b>	<b>-</b>	<b>(55,537)</b>	<b>-</b>
<b>Net change in fund balances . . . . .</b>	<b>45,372</b>	<b>15,405</b>	<b>-</b>	<b>30,000</b>
<b>Fund balances at beginning of year (deficit) (restated)</b>	<b>4,054</b>	<b>11,811</b>	<b>-</b>	<b>(23,430)</b>
<b>Fund balances at end of year (deficit) . . . . .</b>	<b>\$ 49,426</b>	<b>\$ 27,216</b>	<b>\$ -</b>	<b>\$ 6,570</b>

<b>Alcohol Enforcement and Education</b>	<b>Law Enforcement</b>	<b>Drug Law Enforcement</b>	<b>Emergency Medical Service Donation</b>	<b>Police Pension</b>	<b>Totals</b>
\$ -	\$ -	\$ -	\$ -	\$ 107,900	\$ 107,900
-	-	-	-	13,458	153,166
-	-	-	-	-	439
1,640	1,200	3,641	-	-	6,481
-	-	-	2,206	-	2,241
<u>1,640</u>	<u>1,200</u>	<u>3,641</u>	<u>2,206</u>	<u>121,358</u>	<u>270,227</u>
2,477	2,588	6,900	4,868	272,260	289,093
-	-	-	-	-	38,868
<u>2,477</u>	<u>2,588</u>	<u>6,900</u>	<u>4,868</u>	<u>272,260</u>	<u>327,961</u>
<u>(837)</u>	<u>(1,388)</u>	<u>(3,259)</u>	<u>(2,662)</u>	<u>(150,902)</u>	<u>(57,734)</u>
-	-	-	-	165,000	210,000
-	-	-	-	-	(55,537)
-	-	-	-	165,000	154,463
(837)	(1,388)	(3,259)	(2,662)	14,098	96,729
4,686	10,304	22,674	6,773	(36,541)	331
<u>\$ 3,849</u>	<u>\$ 8,916</u>	<u>\$ 19,415</u>	<u>\$ 4,111</u>	<u>\$ (22,443)</u>	<u>\$ 97,060</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**FIRE/EMS LEVY FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes . . . . .	\$ 1,043,681	\$ 1,043,681	\$ 1,051,759	\$ 8,078
Intergovernmental . . . . .	118,036	118,036	127,091	9,055
Investment income . . . . .	988	1,127	978	(149)
Fines, licenses and permits . . . . .	101	115	100	(15)
Charges for services . . . . .	310,792	354,410	307,659	(46,751)
Miscellaneous. . . . .	8,755	9,984	8,667	(1,317)
Total revenues. . . . .	<u>1,482,353</u>	<u>1,527,353</u>	<u>1,496,254</u>	<u>(31,099)</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property				
Fire . . . . .	<u>1,876,106</u>	<u>1,934,319</u>	<u>1,892,373</u>	<u>41,946</u>
Total security of persons and property . . . . .	<u>1,876,106</u>	<u>1,934,319</u>	<u>1,892,373</u>	<u>41,946</u>
Total expenditures . . . . .	<u>1,876,106</u>	<u>1,934,319</u>	<u>1,892,373</u>	<u>41,946</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(393,753)</u>	<u>(406,966)</u>	<u>(396,119)</u>	<u>10,847</u>
<b>Other financing sources (uses):</b>				
Transfers in. . . . .	349,300	349,300	360,000	10,700
Transfers out . . . . .	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Total other financing sources (uses) . . . . .	<u>304,300</u>	<u>304,300</u>	<u>315,000</u>	<u>10,700</u>
Net change in fund balance. . . . .	(89,453)	(102,666)	(81,119)	21,547
Fund balance at beginning of year . . . . .	121,556	121,556	121,556	-
Prior year encumbrances appropriated . . . . .	<u>3,656</u>	<u>3,656</u>	<u>3,656</u>	<u>-</u>
Fund balance at end of year. . . . .	<u>\$ 35,759</u>	<u>\$ 22,546</u>	<u>\$ 44,093</u>	<u>\$ 21,547</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**STREET MAINTENANCE AND REPAIR FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 651,000	\$ 775,585	\$ 656,580	\$ (119,005)
Investment income . . . . .	1,000	931	788	(143)
Charges for services. . . . .	90,000	74,844	63,360	(11,484)
Miscellaneous. . . . .	10,000	640	541	(99)
Total revenues. . . . .	<u>752,000</u>	<u>852,000</u>	<u>721,269</u>	<u>(130,731)</u>
<b>Expenditures:</b>				
Current:				
Public health and welfare. . . . .	72,082	72,082	77,122	(5,040)
Transportation . . . . .	1,487,968	1,484,194	1,398,383	85,811
Storm water management . . . . .	21,283	110,811	110,363	448
Leisure time activities. . . . .	208,704	208,235	215,058	(6,823)
Capital outlay				
Road program. . . . .	649,412	638,974	634,881	4,093
Rehab trucks . . . . .	48,000	48,000	42,030	5,970
Monroe/East intersection . . . . .	6,237	6,237	6,237	-
N.E. Avenue Street improvement . . . . .	-	50,000	50,000	-
Debt service:				
Principal retirement . . . . .	13,067	13,067	13,067	-
Interest and fiscal charges. . . . .	887	887	887	-
Total expenditures . . . . .	<u>2,507,640</u>	<u>2,632,487</u>	<u>2,548,028</u>	<u>84,459</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(1,755,640)</u>	<u>(1,780,487)</u>	<u>(1,826,759)</u>	<u>(46,272)</u>
<b>Other financing sources:</b>				
Transfers in. . . . .	<u>1,695,000</u>	<u>1,695,000</u>	<u>1,826,795</u>	<u>131,795</u>
Total other financing sources. . . . .	<u>1,695,000</u>	<u>1,695,000</u>	<u>1,826,795</u>	<u>131,795</u>
Net change in fund balance. . . . .	(60,640)	(85,487)	36	85,523
<b>Fund balance at beginning of year . . . . .</b>	80,954	80,954	80,954	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>105,641</u>	<u>105,641</u>	<u>105,641</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 125,955</u>	<u>\$ 101,108</u>	<u>\$ 186,631</u>	<u>\$ 85,523</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**FIRE/EMS CAPITAL FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment income . . . . .	\$ 700	\$ 700	\$ 353	\$ (347)
Total revenues . . . . .	<u>700</u>	<u>700</u>	<u>353</u>	<u>(347)</u>
Excess of revenues over expenditures. . . . .	<u>700</u>	<u>700</u>	<u>353</u>	<u>(347)</u>
<b>Other financing sources:</b>				
Transfers in. . . . .	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Total other financing sources. . . . .	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Net change in fund balance. . . . .	45,700	45,700	45,353	(347)
<b>Fund balance at beginning of year . . . . .</b>	<u>4,027</u>	<u>4,027</u>	<u>4,027</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 49,727</u>	<u>\$ 49,727</u>	<u>\$ 49,380</u>	<u>\$ (347)</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**STATE HIGHWAY FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 46,400	\$ 47,477	\$ 49,406	\$ 1,929
Investment income . . . . .	100	100	64	(36)
Miscellaneous . . . . .	-	-	35	35
Total revenues . . . . .	<u>46,500</u>	<u>47,577</u>	<u>49,505</u>	<u>1,928</u>
<b>Expenditures:</b>				
Current:				
Transportation . . . . .	<u>47,198</u>	<u>47,105</u>	<u>39,445</u>	<u>7,660</u>
Total expenditures . . . . .	<u>47,198</u>	<u>47,105</u>	<u>39,445</u>	<u>7,660</u>
Net change in fund balance . . . . .	(698)	472	10,060	9,588
<b>Fund balance at beginning of year . . . . .</b>	8,909	8,909	8,909	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>93</u>	<u>93</u>	<u>93</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 8,304</u>	<u>\$ 9,474</u>	<u>\$ 19,062</u>	<u>\$ 9,588</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALCOHOL AND ENFORCEMENT AND EDUCATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Fines, licenses and permits . . . . .	\$ 500	\$ 1,645	\$ 1,705	\$ 60
Total revenues. . . . .	500	1,645	1,705	60
<b>Expenditures:</b>				
Current:				
Security of persons and property . . . . .	2,500	2,500	2,477	23
Total expenditures . . . . .	2,500	2,500	2,477	23
Net change in fund balance. . . . .	(2,000)	(855)	(772)	83
<b>Fund balance at beginning of year . . . . .</b>	<u>4,586</u>	<u>4,586</u>	<u>4,586</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 2,586</u>	<u>\$ 3,731</u>	<u>\$ 3,814</u>	<u>\$ 83</u>



**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**DRUG LAW ENFORCEMENT FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, licenses and permits . . . . .	\$ 500	\$ 3,851	\$ 3,851	\$ -
Total revenues . . . . .	<u>500</u>	<u>3,851</u>	<u>3,851</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property . . . . .	<u>15,000</u>	<u>15,000</u>	<u>6,900</u>	<u>8,100</u>
Total expenditures . . . . .	<u>15,000</u>	<u>15,000</u>	<u>6,900</u>	<u>8,100</u>
Net change in fund balance. . . . .	(14,500)	(11,149)	(3,049)	8,100
<b>Fund balance at beginning of year . . . . .</b>	<u>22,464</u>	<u>22,464</u>	<u>22,464</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 7,964</u>	<u>\$ 11,315</u>	<u>\$ 19,415</u>	<u>\$ 8,100</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**LAW ENFORCEMENT TRUST FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Fines, licenses and permits . . . . .	\$ 500	\$ 1,200	\$ 1,200	\$ -
Total revenues . . . . .	<u>500</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property . . . . .	<u>5,000</u>	<u>5,000</u>	<u>2,588</u>	<u>2,412</u>
Total expenditures . . . . .	<u>5,000</u>	<u>5,000</u>	<u>2,588</u>	<u>2,412</u>
Net change in fund balance. . . . .	(4,500)	(3,800)	(1,388)	2,412
<b>Fund balance at beginning of year . . . . .</b>	<u>10,304</u>	<u>10,304</u>	<u>10,304</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 5,804</u>	<u>\$ 6,504</u>	<u>\$ 8,916</u>	<u>\$ 2,412</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**COMMUNITY DEVELOPMENT FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ 6,500	\$ 30,000	\$ 23,500
Total revenues . . . . .	-	6,500	30,000	23,500
Excess of revenues over expenditures. . . . .	-	6,500	30,000	23,500
<b>Other financing uses:</b>				
Advances out. . . . .	-	-	(23,500)	(23,500)
Total other financing uses . . . . .	-	-	(23,500)	(23,500)
Net change in fund balance. . . . .	-	6,500	6,500	-
<b>Fund balance at beginning of year . . . . .</b>	<u>70</u>	<u>70</u>	<u>70</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 70</u>	<u>\$ 6,570</u>	<u>\$ 6,570</u>	<u>\$ -</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**EMERGENCY MEDICAL SERVICE DONATION FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Miscellaneous. . . . .	\$ 3,000	\$ 3,000	\$ 2,206	\$ (794)
Total revenues . . . . .	<u>3,000</u>	<u>3,000</u>	<u>2,206</u>	<u>(794)</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property . . . . .	<u>6,500</u>	<u>6,500</u>	<u>4,868</u>	<u>1,632</u>
Total expenditures . . . . .	<u>6,500</u>	<u>6,500</u>	<u>4,868</u>	<u>1,632</u>
Net change in fund balance. . . . .	(3,500)	(3,500)	(2,662)	838
<b>Fund balance at beginning of year . . . . .</b>	<u>6,773</u>	<u>6,773</u>	<u>6,773</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 3,273</u>	<u>\$ 3,273</u>	<u>\$ 4,111</u>	<u>\$ 838</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**POLICE PENSION FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes . . . . .	\$ 109,623	\$ 107,900	\$ 107,900	\$ -
Intergovernmental . . . . .	12,604	12,898	12,898	-
Total revenues . . . . .	<u>122,227</u>	<u>120,798</u>	<u>120,798</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property . . . . .	<u>259,600</u>	<u>298,600</u>	<u>294,516</u>	<u>4,084</u>
Total expenditures . . . . .	<u>259,600</u>	<u>298,600</u>	<u>294,516</u>	<u>4,084</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(137,373)</u>	<u>(177,802)</u>	<u>(173,718)</u>	<u>4,084</u>
<b>Other financing sources:</b>				
Transfers in. . . . .	<u>145,000</u>	<u>165,000</u>	<u>165,000</u>	<u>-</u>
Total other financing sources. . . . .	<u>145,000</u>	<u>165,000</u>	<u>165,000</u>	<u>-</u>
Net change in fund balance. . . . .	7,627	(12,802)	(8,718)	4,084
<b>Fund balance at beginning of year . . . . .</b>	<u>31,624</u>	<u>31,624</u>	<u>31,624</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 39,251</u>	<u>\$ 18,822</u>	<u>\$ 22,906</u>	<u>\$ 4,084</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**FEDERAL EMERGENCY MANAGEMENT AGENCY FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ 55,537	\$ 55,537	\$ -
Total revenues . . . . .	-	55,537	55,537	-
Excess of revenues over expenditures. . . . .	-	55,537	55,537	-
<b>Other financing uses:</b>				
Transfers out . . . . .	-	(55,537)	(55,537)	-
Total other financing uses . . . . .	-	(55,537)	(55,537)	-
Net change in fund balance. . . . .	-	-	-	-
<b>Fund balance at beginning of year . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**BOND RETIREMENT FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special assessments. . . . .	\$ 91,600	\$ 89,541	\$ 89,541	\$ -
Total revenues. . . . .	<u>91,600</u>	<u>89,541</u>	<u>89,541</u>	<u>-</u>
<b>Expenditures:</b>				
Debt service:				
Principal retirement . . . . .	300,000	300,000	300,000	-
Interest and fiscal charges. . . . .	<u>369,090</u>	<u>369,090</u>	<u>364,137</u>	<u>4,953</u>
Total expenditures. . . . .	<u>669,090</u>	<u>669,090</u>	<u>664,137</u>	<u>4,953</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(577,490)</u>	<u>(579,549)</u>	<u>(574,596)</u>	<u>4,953</u>
<b>Other financing sources:</b>				
Transfers in. . . . .	562,000	562,000	562,000	-
Note premium . . . . .	<u>-</u>	<u>25,074</u>	<u>25,074</u>	<u>-</u>
Total other financing sources . . . . .	<u>562,000</u>	<u>587,074</u>	<u>587,074</u>	<u>-</u>
Net change in fund balance. . . . .	(15,490)	7,525	12,478	4,953
<b>Fund balance at beginning of year . . . . .</b>	<u>24,123</u>	<u>24,123</u>	<u>24,123</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u><u>\$ 8,633</u></u>	<u><u>\$ 31,648</u></u>	<u><u>\$ 36,601</u></u>	<u><u>\$ 4,953</u></u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**RECREATION CENTER FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous. . . . .	\$ 100,000	\$ 100,000	\$ 106,961	\$ 6,961
Total revenues. . . . .	100,000	100,000	106,961	6,961
<b>Expenditures:</b>				
Capital outlay . . . . .	2,023,853	2,092,894	2,092,237	657
Debt service:				
Principal retirement . . . . .	4,700,000	4,700,000	4,700,000	-
Interest and fiscal charges . . . . .	64,813	64,813	64,584	229
Total expenditures . . . . .	6,788,666	6,857,707	6,856,821	886
Excess (deficiency) of revenues over (under) expenditures . . . . .	(6,688,666)	(6,757,707)	(6,749,860)	7,847
<b>Other financing sources:</b>				
Transfers in . . . . .	500,000	500,000	500,000	-
Note issued . . . . .	4,200,000	4,200,000	4,200,000	-
Total other financing sources . . . . .	4,700,000	4,700,000	4,700,000	-
Net change in fund balance . . . . .	(1,988,666)	(2,057,707)	(2,049,860)	7,847
<b>Fund balance at beginning of year . . . . .</b>	82,107	82,107	82,107	-
<b>Prior year encumbrances appropriated. . .</b>	2,015,853	2,015,853	2,015,853	-
<b>Fund balance at end of year . . . . .</b>	\$ 109,294	\$ 40,253	\$ 48,100	\$ 7,847



**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**GENERAL INFRASTRUCTURE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment income . . . . .	\$ 2,500	\$ 2,500	\$ 1,237	\$ (1,263)
Total revenues. . . . .	<u>2,500</u>	<u>2,500</u>	<u>1,237</u>	<u>(1,263)</u>
<b>Expenditures:</b>				
Capital outlay . . . . .	<u>131,528</u>	<u>126,895</u>	<u>125,404</u>	<u>1,491</u>
Total expenditures . . . . .	<u>131,528</u>	<u>126,895</u>	<u>125,404</u>	<u>1,491</u>
Net change in fund balance . . . . .	(129,028)	(124,395)	(124,167)	228
<b>Fund balance at beginning of year . . . . .</b>	153,749	153,749	153,749	-
<b>Prior year encumbrances appropriated. . .</b>	<u>81,528</u>	<u>81,528</u>	<u>81,528</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 106,249</u>	<u>\$ 110,882</u>	<u>\$ 111,110</u>	<u>\$ 228</u>

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**CITY OF TALLMADGE, OHIO**

*INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - PROPRIETARY FUNDS*

---

**MAJOR ENTERPRISE FUNDS**

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

***Sewer Operating Fund***

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

***Water Operating Fund***

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

**NONMAJOR INTERNAL SERVICE FUND**

The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The following is the City's internal service fund:

***Self Insurance Fund***

This fund accounts for a self insurance program for employee medical and dental benefits.

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**SEWER OPERATING FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment income . . . . .	\$ 51,500	\$ 51,500	\$ 31,937	(19,563)
Charges for services . . . . .	2,046,330	2,233,698	2,210,161	(23,537)
Special assessments . . . . .	70,500	70,500	127,297	56,797
Miscellaneous . . . . .	-	-	1,199	1,199
Total revenues . . . . .	<u>2,168,330</u>	<u>2,355,698</u>	<u>2,370,594</u>	<u>14,896</u>
<b>Expenses:</b>				
Personal services . . . . .	318,575	318,575	292,851	25,724
Materials and supplies . . . . .	109,065	107,201	42,397	64,804
Contractual services . . . . .	1,770,594	1,850,923	1,771,100	79,823
Other . . . . .	65,000	65,000	72,887	(7,887)
Capital outlay				
Loader/ho. . . . .	42,000	42,000	33,482	8,518
Monroe/East Avenue intersection improvement . . . . .	28,410	26,360	26,360	-
West Howe Road repair . . . . .	12,000	11,995	11,995	-
Sewer pump replacement . . . . .	21,000	21,000	2,216	18,784
Water meter replacement . . . . .	17,099	16,796	16,771	25
Debt service:				
Principal retirement . . . . .	49,237	49,237	49,237	-
Interest and fiscal charges . . . . .	32,713	32,713	32,620	93
Total expenses . . . . .	<u>2,465,693</u>	<u>2,541,800</u>	<u>2,351,916</u>	<u>189,884</u>
Net income (loss) before transfers . . . . .	<u>(297,363)</u>	<u>(186,102)</u>	<u>18,678</u>	<u>204,780</u>
Transfers in . . . . .	-	-	6,871	6,871
Net change in fund equity . . . . .	(297,363)	(186,102)	25,549	211,651
<b>Fund equity at beginning of year . . . . .</b>	<b>3,649,879</b>	<b>3,649,879</b>	<b>3,649,879</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>78,243</b>	<b>78,243</b>	<b>78,243</b>	<b>-</b>
<b>Fund equity at end of year . . . . .</b>	<b><u>\$ 3,430,759</u></b>	<b><u>\$ 3,542,020</u></b>	<b><u>\$ 3,753,671</u></b>	<b><u>\$ 211,651</u></b>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
WATER OPERATING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income . . . . .	\$ 12,200	\$ 12,200	\$ 13,535	1,335
Charges for services . . . . .	1,594,086	1,597,946	1,600,615	2,669
Special assessments . . . . .	269,500	269,500	143,141	(126,359)
Miscellaneous . . . . .	9,400	9,400	4,055	(5,345)
<b>Total revenues . . . . .</b>	<b>1,885,186</b>	<b>1,889,046</b>	<b>1,761,346</b>	<b>(127,700)</b>
<b>Expenses:</b>				
Personal services . . . . .	318,575	318,575	298,199	20,376
Materials and supplies . . . . .	86,728	86,594	50,292	36,302
Contractual services . . . . .	1,154,634	1,152,760	986,575	166,185
Other . . . . .	39,200	38,600	35,738	2,862
Capital outlay				
Loader/ho. . . . .	42,000	42,000	33,482	8,518
Infrastructure . . . . .	25,000	25,000	15,180	9,820
Portage Blvd waterline . . . . .	20,500	20,204	20,204	-
Nutwood waterline improvements . . . . .	-	263,000	255,940	7,060
Water meter replacement . . . . .	16,774	16,774	16,749	25
Debt service:				
Principal retirement . . . . .	103,000	103,000	103,000	-
Interest and fiscal charges . . . . .	34,350	34,350	34,330	20
<b>Total expenses . . . . .</b>	<b>1,840,761</b>	<b>2,100,857</b>	<b>1,849,689</b>	<b>251,168</b>
Net income (loss) before transfers . . . . .	44,425	(211,811)	(88,343)	123,468
Transfers in . . . . .	-	-	6,871	6,871
Net change in fund equity . . . . .	44,425	(211,811)	(81,472)	130,339
<b>Fund equity at beginning of year . . . . .</b>	<b>1,646,681</b>	<b>1,646,681</b>	<b>1,646,681</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>29,311</b>	<b>29,311</b>	<b>29,311</b>	<b>-</b>
<b>Fund equity at end of year . . . . .</b>	<b>\$ 1,720,417</b>	<b>\$ 1,464,181</b>	<b>\$ 1,594,520</b>	<b>\$ 130,339</b>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**SELF-INSURANCE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services . . . . .	\$ 1,522,000	\$ 988,809	\$ 990,294	\$ 1,485
Miscellaneous . . . . .	112,400	65,591	65,690	99
Total revenues. . . . .	<u>1,634,400</u>	<u>1,054,400</u>	<u>1,055,984</u>	<u>1,584</u>
<b>Expenses:</b>				
Contractual services . . . . .	502,200	502,200	502,120	80
Claims . . . . .	786,200	686,200	595,077	91,123
Total expenses . . . . .	<u>1,288,400</u>	<u>1,188,400</u>	<u>1,097,197</u>	<u>91,203</u>
Net change in fund equity . . . . .	346,000	(134,000)	(41,213)	92,787
<b>Fund equity at beginning of year. . . . .</b>	<u>357,286</u>	<u>357,286</u>	<u>357,286</u>	<u>-</u>
<b>Fund equity at end of year . . . . .</b>	<u>\$ 703,286</u>	<u>\$ 223,286</u>	<u>\$ 316,073</u>	<u>\$ 92,787</u>

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**CITY OF TALLMADGE, OHIO**

*INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTION - AGENCY FUND*

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**AGENCY FUND**

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

***Revolving Trust Fund***

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

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**CITY OF TALLMADGE, OHIO**

*COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES*  
**AGENCY FUND**  
*FOR THE YEAR ENDED DECEMBER 31 2004*

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<b>Revolving Trust</b>	<b>Beginning Balance 12/31/2003</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 12/31/2004</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 252,673	\$ 108,064	\$ 205,192	\$ 155,545
Total assets. . . . .	<u>\$ 252,673</u>	<u>\$ 108,064</u>	<u>\$ 205,192</u>	<u>\$ 155,545</u>
<b>Liabilities:</b>				
Deposits held and due to others . . . . .	\$ 252,673	\$ 108,064	\$ 205,192	\$ 155,545
Total liabilities . . . . .	<u>\$ 252,673</u>	<u>\$ 108,064</u>	<u>\$ 205,192</u>	<u>\$ 155,545</u>

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# *City of Tallmadge, Ohio—2004*



*Statistical Section*

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TABLE 1

## CITY OF TALLMADGE, OHIO

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

	1995	1996	1997	1998
<b>Revenues</b>				
Property and other taxes . . . . .	\$ 1,681,721	\$ 1,736,644	\$ 1,849,843	\$ 1,604,135
Municipal income taxes . . . . .	5,242,082	5,645,812	6,099,877	6,354,273
Intergovernmental . . . . .	1,733,291	1,524,570	1,997,967	2,772,376
Investment income. . . . .	370,467	239,633	271,019	291,124
Fines, licenses, and permits . . . . .	175,690	212,118	240,615	258,358
Special assessments . . . . .	120,105	24,401	7,611	1,687
Charges for services . . . . .	250,837	279,715	280,488	289,438
Miscellaneous . . . . .	108,014	193,223	200,747	254,767
Total revenues . . . . .	<u>\$ 9,682,207</u>	<u>\$ 9,856,116</u>	<u>\$ 10,948,167</u>	<u>\$ 11,826,158</u>
<b>Expenditures</b>				
Current:				
General government . . . . .	\$ 1,922,921	\$ 1,960,428	\$ 2,158,319	\$ 2,114,131
Security of persons and property (2). . . . .	3,229,820	3,561,634	3,686,799	4,119,655
Police . . . . .	N/A	N/A	N/A	N/A
Street lighting . . . . .	N/A	N/A	N/A	N/A
Fire . . . . .	N/A	N/A	N/A	N/A
Public health and welfare . . . . .	174,445	153,653	148,372	166,522
Transportation . . . . .	1,457,225	1,068,229	1,111,354	1,221,798
Leisure time activities . . . . .	672,889	754,280	685,236	608,091
Community environment. . . . .	426,769	337,328	296,608	250,321
Capital outlay . . . . .	1,426,781	3,071,452	4,312,045	2,781,815
Debt service				
Principal retirement . . . . .	1,445,441	224,176	616,767	367,747
Interest and fiscal charges . . . . .	135,977	156,209	207,766	284,151
Total expenditures . . . . .	<u>\$ 10,892,268</u>	<u>\$ 11,287,389</u>	<u>\$ 13,223,266</u>	<u>\$ 11,914,231</u>

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

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

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$ 1,582,460	\$ 1,618,751	\$ 2,010,802	\$ 1,944,979	\$ 1,708,242	\$ 1,980,804
6,589,765	6,775,780	6,739,909	6,617,777	6,914,659	6,860,554
2,221,884	2,466,027	2,119,103	2,223,887	2,256,760	2,259,133
183,937	319,377	296,318	145,717	160,018	61,788
243,252	234,493	323,608	414,832	351,338	339,752
1,695	143,926	85,883	105,829	35,606	103,835
311,443	326,951	593,539	700,941	706,530	1,270,980
95,461	128,147	366,468	124,480	103,835	145,496
<u>\$ 11,229,897</u>	<u>\$ 12,013,452</u>	<u>\$ 12,535,630</u>	<u>\$ 12,278,442</u>	<u>\$ 12,236,988</u>	<u>\$ 13,022,342</u>
\$ 2,221,779	\$ 2,392,119	\$ 2,639,616	\$ 2,580,493	\$ 2,667,992	\$ 2,573,741
4,534,246	4,559,866	4,546,800	4,554,729	N/A	N/A
N/A	N/A	N/A	N/A	3,204,202	3,296,195
N/A	N/A	N/A	N/A	20,798	18,986
N/A	N/A	N/A	N/A	1,929,459	1,932,466
156,997	159,353	173,349	178,764	164,022	208,182
1,272,087	1,464,656	1,403,016	1,410,876	1,988,834	1,767,576
682,367	780,070	727,899	695,650	649,449	1,211,521
320,732	350,053	385,460	382,185	408,898	382,994
2,930,553	3,588,325	2,845,234	1,512,013	5,270,018	1,797,036
797,434	318,242	200,000	255,000	363,906	4,513,067
333,460	303,277	358,523	401,197	367,969	422,365
<u>\$ 13,249,655</u>	<u>\$ 13,915,961</u>	<u>\$ 13,279,897</u>	<u>\$ 11,970,907</u>	<u>\$ 17,035,547</u>	<u>\$ 18,124,129</u>

**TABLE 2****CITY OF TALLMADGE, OHIO***REAL AND PUBLIC UTILITY PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS*

<b>Year</b>	<b>Net Tax Levy (Current Billed Portion)</b>	<b>Current Collections</b>	<b>Percent of Current Collections to Net Levy</b>	<b>Delinquent Collections</b>	<b>Total Collections</b>	<b>Percent of Total Collections to Levy</b>	<b>Current Delinquent Amount</b>
1995	\$ 1,406,820	\$ 1,375,506	97.77%	\$ 30,930	\$ 1,406,436	99.97%	\$ 31,314
1996	1,435,646	1,391,736	96.94%	28,357	1,420,093	98.92%	43,910
1997	1,639,879	1,591,741	97.06%	41,325	1,633,066	99.58%	48,138
1998	1,490,904	1,457,910	97.79%	26,591	1,484,501	99.57%	32,994
1999	1,515,291	1,469,755	96.99%	15,961	1,485,716	98.05%	45,536
2000	1,594,350	1,576,485	98.88%	43,833	1,620,318	101.63%	17,865
2001	1,631,483	1,568,764	96.16%	51,773	1,620,537	99.33%	62,719
2002	1,660,530	1,593,716	95.98%	46,620	1,640,336	98.78%	66,814
2003	1,789,863	1,700,547	95.01%	67,051	1,767,598	98.76%	89,316
2004	1,824,148	1,764,078	96.71%	83,855	1,847,933	101.30%	60,707

Source: Summit County, Ohio; County Fiscal Officer

**TABLE 3****CITY OF TALLMADGE, OHIO***TANGIBLE PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS*

<b>Year</b>	<b>Net Tax Levy (Current Billed Portion)</b>	<b>Current Collections</b>	<b>Percent of Current Collections to Net Levy</b>	<b>Delinquent Collections</b>	<b>Total Collections</b>	<b>Percent of Total Collections to Levy</b>	<b>Current Delinquent Amount</b>
1995	\$ 264,086	\$ 261,228	98.92%	\$ 7,016	\$ 268,244	101.57%	\$ 2,858
1996	305,976	301,613	98.57%	13,092	314,705	102.85%	4,363
1997	304,878	301,282	98.82%	7,244	308,526	101.20%	3,596
1998	247,895	239,125	96.46%	8,367	247,492	99.84%	8,770
1999	241,711	238,398	98.63%	8,195	246,593	102.02%	3,313
2000	255,877	233,492	91.25%	4,092	237,584	92.85%	22,385
2001	264,479	256,127	96.84%	9,048	265,175	100.26%	8,352
2002	263,718	253,179	96.00%	9,199	262,378	99.49%	10,539
2003	254,955	252,476	99.03%	8,416	260,892	102.33%	2,479
2004	243,161	226,035	92.96%	9,025	235,060	96.67%	17,126

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*

<b>Collection Year</b>	<b>Inside Operating</b>	<b>Outside Operating</b>	<b>Police Pension</b>	<b>Fire/Ambulance</b>	<b>Total Tax Rate</b>
1995	\$ 2.10	\$ 1.51	\$ 0.30	\$ 3.75	\$ 7.66
1996	2.10	1.51	0.30	3.75	7.66
1997	2.10	N/A	0.30	3.75	6.15
1998	2.10	N/A	0.30	3.75	6.15
1999	2.10	N/A	0.30	3.75	6.15
2000	2.10	N/A	0.30	3.75	6.15
2001	2.10	N/A	0.30	3.75	6.15
2002	2.10	N/A	0.30	3.75	6.15
2003	2.10	N/A	0.30	3.75	6.15
2004	2.10	N/A	0.30	3.75	6.15

Source: Summit Count, Ohio; County Fiscal Officer

**TABLE 5****CITY OF TALLMADGE, OHIO**

*ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS*

<b>Year</b>	<b>Real Property</b>		<b>Public Utility Property</b>	<b>Tangible Personal Property</b>	<b>Total Assessed Value</b>
	<b>Estimated Value</b>	<b>Assessed Value</b>	<b>Assessed Value</b>	<b>Assessed Value</b>	
1995	\$ 587,045,257	\$ 205,465,840	\$ 10,899,080	\$ 34,409,038	\$ 250,773,958
1996	610,533,286	213,686,650	9,458,810	39,887,638	263,033,098
1997	712,889,971	249,511,490	9,118,060	39,758,581	298,388,131
1998	731,460,714	256,011,250	8,841,500	40,252,026	305,104,776
1999	738,369,000	258,429,150	8,984,160	39,269,410	306,682,720
2000	816,517,314	285,781,060	9,107,850	41,606,094	336,495,004
2001	859,139,571	300,698,850	8,180,270	46,447,044	355,326,164
2002	886,031,029	310,110,860	7,252,450	46,082,037	363,445,347
2003	999,731,057	349,905,870	7,515,390	42,178,937	399,600,197
2004	994,362,914	348,027,020	7,404,540	39,335,431	394,766,991

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

Source: Summit County, Ohio; County Fiscal Officer

TABLE 6

## CITY OF TALLMADGE, OHIO

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

Collection Year	County Levy	School Levy	Akron/Summit Library	Fire/Ambulance	Total Levy	Debt Service
1 1996	\$ 13.99	\$ 54.03	\$ 0.89	\$ 7.66	\$ 76.57	\$ 0.60
2 1996	13.99	52.41		7.66	74.06	3.87
1 1997	11.39	53.83	0.89	7.66	73.77	0.49
2 1997	11.39	49.34		7.66	68.39	3.09
1 1998	11.65	53.83	1.87	6.15	73.50	1.32
2 1998	11.65	47.74		6.15	65.54	2.25
1 1999	12.27	53.83	1.79	6.15	74.04	1.35
2 1999	12.27	47.64		6.15	66.06	2.55
1 2000	12.27	53.68	1.39	6.15	73.49	0.86
2 2000	12.27	46.44		6.15	64.86	2.16
1 2001	13.07	53.68	1.39	6.15	74.29	0.86
2 2001	13.07	46.44		6.15	65.66	2.86
1 2002	13.07	59.73	1.35	6.15	80.30	0.82
2 2002	13.07	45.74		6.15	64.96	1.94
1 2003	13.07	59.73	1.59	6.15	80.54	1.22
2 2003	13.07	48.32		6.15	67.54	1.87
1 2004	13.07	59.73	0.78	6.15	79.73	1.47
2 2004	13.07	47.93		6.15	67.15	2.09
1 2005	13.07	64.42	2.14	6.15	85.78	6.10
2 2005	13.07	47.88		6.15	67.10	2.07

Source: Summit Count, 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, 2004

Total of all City Debt Outstanding		\$	11,350,000
Debt Exempt from calculation:			
Self-supporting as defined in O.R.C. 133.10			
Special assessment bonds and bond anticipation notes issued in anticipation of the collection of special assessments			(2,091,000)
Net indebtedness (voted and unvoted) subject to debt limitation			9,259,000
Less applicable Debt Service Fund - budget basis			(36,601)
Net indebtedness subject to debt limitation		\$	9,222,399
Assessed valuation of City	\$	394,766,991	
<u>Legal 10.5% Debt Margin</u>			
10.5% of valuation (maximum voted and unvoted general obligation debt limitation)	\$	41,450,534	
Net indebtedness outstanding subject to 10.5% debt limitation			9,222,399
Overall Debt Margin Within 10.5% Limitation	\$	32,228,135	
<u>Legal 5.5% Debt Margin</u>			
5.5% of valuation (maximum unvoted general obligation debt allowed)			21,712,185
Net indebtedness outstanding subject to 5.5% debt limitation			9,222,399
Unvoted Debt Margin Within 5.5% Limitation	\$	12,489,786	

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 TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS

Year	Current Billed	Delinquent Billed	Current % Collected	Total Collected	Total % Collected	Current Delinquent
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	100.18%	30,882
2003	334,470	30,984	93.08%	342,579	102.42%	23,146
2004	320,793	22,047	86.70%	310,487	96.79%	32,353

Source: Summit Count, Ohio; County Fiscal Officer

TABLE 9

## CITY OF TALLMADGE, OHIO

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
VALUE AND NET BONDED DEBT PER CAPITA  
LAST TEN YEARS

Year	General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
1995	\$ 2,264,417	\$ 250,773,958	15,220	0.90%	149
1996	3,145,221	263,033,098	15,300	1.20%	206
1997	4,175,070	298,388,131	15,400	1.40%	271
1998	4,875,416	305,104,776	15,400	1.60%	317
1999	5,246,211	306,682,720	15,600	1.71%	336
2000	5,102,925	336,495,004	16,000	1.52%	319
2001	5,996,642	355,326,164	16,500	1.69%	363
2002	5,696,279	363,445,347	16,700	1.57%	341
2003	5,299,877	399,600,197	17,400	1.33%	306
2004	5,059,000	394,766,991	17,500	1.28%	289

- Notes:
- (1) Only general obligation bonds and notes are included in this amount. Issues supported by enterprise activities or special assessments are excluded.
  - (2) Source: Summit County, Ohio; County Fiscal Officer
  - (3) Estimated by City of Tallmadge, Planning Department

**TABLE 10**

**CITY OF TALLMADGE, OHIO**

*RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES - LAST TEN YEARS*

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service on General Obligations (1)</u>	<u>Total Expenditures</u>	<u>Ratio</u>
1995	\$ 1,445,441 (2)	\$ 135,977	\$ 1,581,418	\$ 10,892,268	14.52%
1996	224,176	156,209	380,385	11,287,389	3.37%
1997	616,767	207,766	824,533	13,223,266	6.24%
1998	367,747	248,151	615,898	11,914,231	5.17%
1999	797,434	330,460	1,127,894	13,249,655	8.51%
2000	318,242	221,924	540,166	13,915,961	3.88%
2001	170,000	213,678	383,678	13,279,897	2.89%
2002	225,000	338,797	563,797	11,970,907	4.71%
2003	255,000	294,656	549,656	17,035,547	3.23%
2004	265,000	283,985	548,985	18,124,129	3.03%

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

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

**TABLE 11**

**CITY OF TALLMADGE, OHIO**

*COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT  
DECEMBER 31, 2004*

<u>Jurisdiction</u>	<u>General Tax Bonded Debt</u>	<u>Percentage Overlapping</u>	<u>Amount Applicable to the City</u>
Direct:			
City of Tallmadge	\$ 5,059,000	100.00%	\$ 5,059,000
Overlapping Debt:			
Summit County	82,679,464	3.32%	2,744,958
MRTA (Metro Regional Transit Authority)	1,680,000	3.32%	55,776
Stow/Munroe Falls City School District	6,149,000	0.15%	9,224
Tallmadge City School District	30,500,000	99.62%	30,384,100
Akron/Summit Library	61,229,269	4.97%	3,043,095
Total Overlapping Debt	182,237,733		36,237,153
Total Direct and Overlapping Debt	\$ 187,296,733		\$ 41,296,153

Sources: Summit County, Ohio; County Fiscal Officer

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

TABLE 12

## CITY OF TALLMADGE, OHIO

DEMOGRAPHIC STATISTICS  
DECEMBER 31, 2004

## SELECTED POPULATION CHARACTERISTICS

## Age Distribution

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

## Gender Statistics

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

## Owner Occupied Housing

Percent Occupied	79.8%	77%	78%
Persons per Owner	2.69	2.84	2.97

## Education Attainment

Percent High School	86.6%	83%	78%
Percent Bachelor's	24.1%	21%	17%

## Income

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

Sources: U.S. Bureau of the Census

**TABLE 13**

**CITY OF TALLMADGE, OHIO**

*BANK DEPOSITS, PROPERTY VALUES AND CONSTRUCTION ACTIVITY  
LAST TEN YEARS*

<u>Year</u>	<u>Financial Institution Deposits</u>	<u>Estimated Real Property Value</u>	<u>Building Permits Issued</u>
1995	\$ 4,267,009,000	\$ 587,045,257	\$ 18,703,936
1996	4,342,660,000	610,533,286	19,771,078
1997	4,421,560,000	712,889,971	18,582,451
1998	4,486,230,000	731,460,714	25,243,549
1999	4,629,280,000	738,369,000	18,475,644
2000	4,789,398,000	816,517,314	22,503,399
2001	4,792,529,000	859,139,571	20,629,902
2002	4,879,525,000	886,031,029	21,377,220
2003	4,998,698,000	999,731,057	19,465,894
2004	5,136,298,000	994,362,914	20,722,886

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**

<u>Year</u>	<u>New Housing Starts</u>
1995	94
1996	97
1997	92
1998	96
1999	110
2000	159
2001	153
2002	123
2003	104
2004	104

Source: Building Department, City of Tallmadge

TABLE 15

## CITY OF TALLMADGE, OHIO

PRINCIPAL TAXPAYERS  
DECEMBER 31, 2004

Name of Taxpayer	Nature of Business	Valuation	Assessed Valuation
<b>Real Property (2004 Collection Year)</b>			
Tallmadge Associates	Retail Property Management	\$ 3,008,150	0.86%
Eastwood Square Associates LTD	Retail Property Management	2,759,100	0.79%
Tallmadge Oaks LTD	Apartment Complex	2,392,550	0.69%
Big Zilla Development LLC	Retail Property Management	2,352,310	0.68%
Saxon Village Limited	Apartment Complex	1,908,730	0.55%
87 Midway Plaza LLC	Retail Property Management	1,617,140	0.46%
Colonial Gardens Inc.	Nursing Home	1,568,590	0.45%
Myers Family Limited Partnership Limited	Light Manufacturing	1,544,060	0.44%
Mindale Farms Co.	Agriculture	1,506,600	0.43%
Cooper Equities Co. LTD	Retail Store	1,408,030	0.40%
Total		\$ 20,065,260	5.75%
Total Assessed Valuation - Real Property		\$ 348,027,020	88.16%
<b>Tangible Personal Property (other than Public Utilities) (2004 Collection Year)</b>			
Summit Racing Equipment	Auto Parts Distribution	\$ 3,779,370	9.61%
Owens Corning	Insulation: Sheet and Foam	3,593,910	9.14%
Waltco Truck Equipment Co.	Electro-Hydraulic Tailgate Lifts	2,140,100	5.44%
Steere Enterprises, Inc.	Custom Plastics & Vinyl	1,915,470	4.87%
Comdoc, Inc.	Data Systems Archiving	1,784,920	4.54%
Star Chevrolet, Inc.	Auto Sales	1,521,520	3.87%
Leppo, Inc.	Machinery Sales	1,440,140	3.66%
Mark-Glen, Inc.	Auto Sales	1,252,430	3.18%
Summit Plastic Co.	Warehouse	1,153,800	2.93%
Horton Manufacturing Co., Inc.	Manufacturing	1,107,680	2.82%
Total		\$ 19,689,340	50.06%
Total Assessed Valuation - Tangible Personal Property		\$ 39,335,431	9.96%
<b>Public Utility (Tangible Personal Property) (2004 Collection Year)</b>			
Ohio Bell Telephone	Telephone Service	\$ 2,634,380	35.58%
Ohio Edison	Utilities	2,332,140	31.50%
American Transmission	Telephone Service	489,670	6.61%
East Ohio Gas	Utilities	387,170	5.23%
Level 3 Communications	Data Systems Archiving	284,400	3.84%
Total		\$ 6,127,760	82.76%
Total Assessed Valuation - Public Utility		\$ 7,404,540	1.88%
Total Assessed Valuation - All Categories		\$ 394,766,991	100.00%

Source: Summit County, Ohio; County Fiscal Officer

TABLE 16

## CITY OF TALLMADGE, OHIO

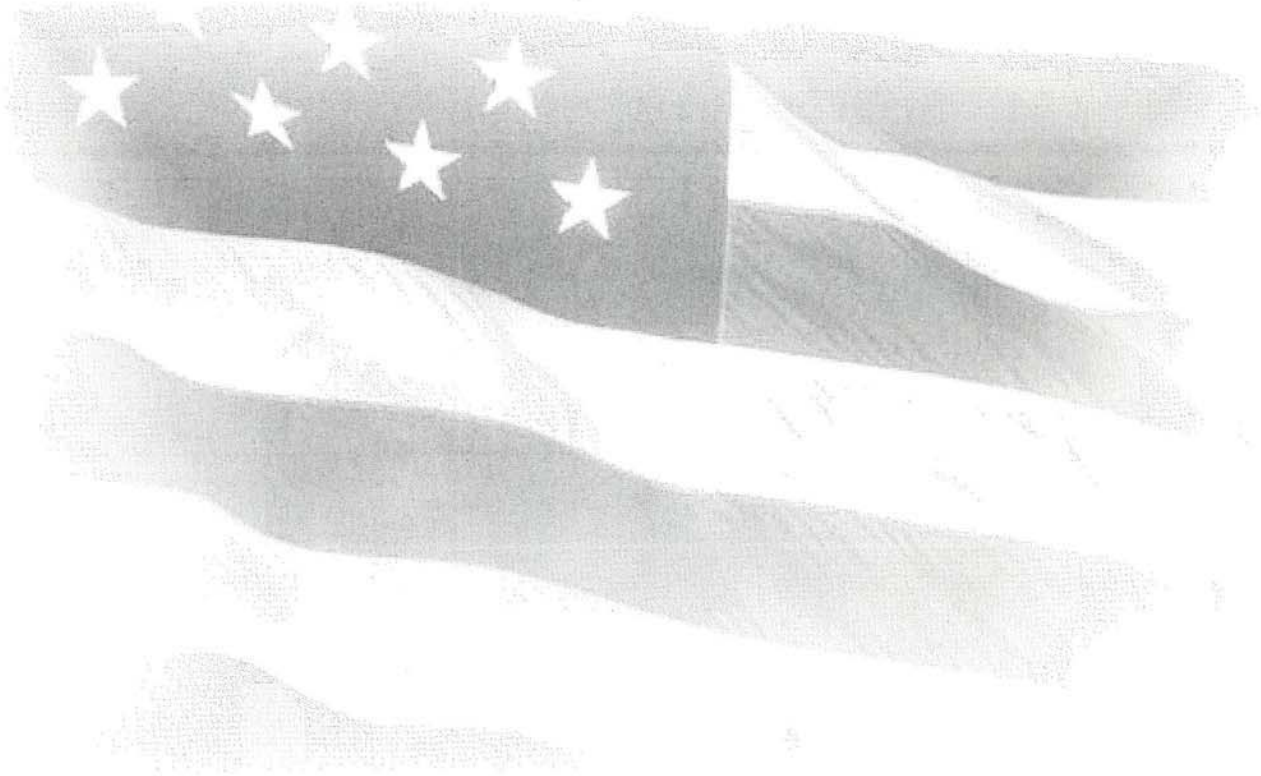
MISCELLANEOUS STATISTICS  
DECEMBER 31, 2004

Founded	1806	
Incorporated as Village	1936	
Incorporated as City	1951	
Town Hall erected	1859	
Form of government	Charter	
Population	17,500	
	6,891	Dwelling units
Area	13.5	Square miles
	8,915	Acres
Street & highways	91.72	Miles of paved streets
Police protection:		
Stations	1	
Number of police officers	34	
Fire protection:		
Stations	2	
Number of full-time firefighters	10	
Number of part-time firefighters	45	
Municipal utility customers	6,629	Water
	7,519	Sewer
Recreation:		
Number of parks	10 (161.7 acres)	
Swimming pools	1	
Wading pools	1	
Tennis courts	9 (includes 3 at the High School)	
Baseball/Softball diamonds	7	
Soccer fields	6 (4 regulation, 2 youth)	
Recreation Center	Indoor soccer, basketball, fitness	
Education:		
Elementary schools	3	K-1, 2-3, 4-5
Middle schools	1	6-8
High schools	1	9-12
Libraries	1 (30,000 volumes)	
Churches	28	

Source: Various Departments of the City of Tallmadge

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## *Acknowledgements*

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

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

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**Auditor of State  
Betty Montgomery**

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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 18, 2005**