



Mary Taylor, CPA
Auditor of State

CITY OF TALLMADGE
SUMMIT COUNTY

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Mary Taylor, CPA

Auditor of State

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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 5, 2009. 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the City's management in a separate letter dated June 5, 2009.

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*.

We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated June 5, 2009.

We intend this report solely for the information and use of the audit committee, management, and City Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

June 5, 2009

CITY OF TALLMADGE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008

PREPARED BY THE OFFICE OF:

JILL STRITCH, DIRECTOR OF FINANCE – C.P.F.A

*46 NORTH AVENUE
TALLMADGE, OH 44278*

INTRODUCTORY SECTION

CITY OF TALLMADGE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008

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JILL STRITCH, C.P.F.A.
Director of Finance – City of Tallmadge

June 5, 2009

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, 2008, 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.

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, 2008. The Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

As a part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's independent audit for the year ended December 31, 2008 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

This transmittal letter is designed to provide historical information about the City, as well as compliment the required Management's Discussion and Analysis (MD&A). Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The City's MD&A, which focuses on the government-wide statements, can be found immediately following the Independent Accountants' Report.

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 Akron Metropolitan Area Transportation Study (AMATS), and the Brimfield Township-City of Tallmadge Joint Economic Development District. These organizations are described in more detail in Note 16 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 2008 population of 17,296 makes it the eighth largest City in Summit County.

CITY GOVERNMENT

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

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

The City's chief executive and administrative officer is the Mayor, who is elected by the voters to that office for a four-year term. The other elected officials are the Director of Finance and Director of Law, all elected to a four year term. The Mayor also appoints members to a number of boards and commissions.

ECONOMIC CONDITION AND OUTLOOK

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

The City operates a Community Reinvestment Area Tax Abatement Program. This program is available for commercial and industrial expansions and new construction. The abatement is for property taxes on the increased values of real estate attributable to the improvements. This program will abate real estate taxes on the building for seven years at 100%. To date 107 companies have taken advantage of the tax abatement program. In addition, the City recently instituted a New Jobs Grant Program. This program is aimed at businesses occupying vacant buildings in the City. Industrial businesses that locate in these structures and have a payroll exceeding \$250,000 the first year are eligible for a grant equal to the amount of payroll taxes paid in the previous calendar year for up to three (3) years. Commercial businesses that locate in these structures and have a payroll exceeding \$250,000 the first year are eligible for a grant equal to the amount of payroll taxes paid in the previous calendar year for up to two (2) years. The qualifying payroll must be maintained throughout the term of the grant. Currently, four companies have taken advantage of the program resulting in the use of four vacant structures in the community.

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 and has averaged \$20 million a year for the past five fiscal years.

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, there were still a significant number of expansions and relocations in the City. The latest expansions include 3 companies that built or that started construction on over 220,000 sq. feet of industrial buildings; they include Reduction Engineering, DermaMed Coating, LLC, and Akron Tube and Steel. In addition, there were expansions in the companies of: J and J Properties, Waltco Equipment, National City Bank, and Grotto Restaurant and Banquet Hall.

Net employment as a result of these expansions and other developments typically amounts to approximately 140 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.

In efforts to stabilize the largest source of general fund revenue, the citizens voted in 2004 to make the City 2% income permanent rather than a 5 year renewal. The income tax collections at the end of fiscal year 2008 experienced an increase of 1.54% over the prior fiscal year.

The City created a Joint Economic Development District (JEDD) effective January 1, 2004 that encompasses 70% of the Township of Brimfield. The JEDD has resulted in additional income tax collections for the City and will continue in the future. This income tax is distributed to both the City and the Township. The City receives 50 percent of the income tax for general operations and is required to distribute 5 percent to the Township for the JEDD Maintenance and Capital Improvement Fund. The Township receives the remaining 45 percent of the annual collections, resulting in an annual distribution to the Township of 50 percent of the income taxes collected. There are significant areas for development in the JEDD in addition to the already established industrial park land adjacent to the Interstate 76/Route 18 interchange.

Residential development has closely paralleled industrial and commercial development during the same period. A total of 41 residential units were built in 2008, which consists of 31 single-family dwellings and 10 condominiums.

The City is meeting the demands of a changing population with a number of condominium developments. There are a number of condominium and single family developments underway consisting of East Point Development, Fox Ridge Development, Stonegate Estates, Villas at Waterford Crossing, Green Valley Estates, Woodridge Development, and Shadyside Farms. 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, which is to be updated in 2009, 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.

In late 2008, three companies started construction on over 220,000 sq. ft of industrial buildings. Two of the Tallmadge companies, Reduction Engineering and DermaMed Coatings, LLC, are expanding their operations while Industrial Tube and Steel is new to the City.

Completed in 2008, 600,000 square feet of retail development that includes Wal-Mart, Applebee's Restaurant, Lowe's Home Center, Arabica Coffee Shop, Strickland's Ice Cream, Beef O' Brady's, St. Nails, and The Dollar Store – all locating at the Cascades of Brimfield retail park as well as development of a large residential apartment complex located in the back of the project.

MAJOR INITIATIVES

Current

The recreation facility built in 2004 has completed its fourth full year of operation and it proves to be very successful with approximately 3,500 members at the facility, exceeding our anticipated enrollment projections. The facility added indoor multi-use courts in 2008. This expansion to the building is used to accommodate additional activities such as racquetball and wallyball.

The City, in efforts to embrace regionalism and be cost effective moved their dispatching to the neighboring City of Stow. The City no longer employs telecommunicators providing dispatching services but instead contracts with the City of Stow to provide that necessary function to the citizens.

Major construction projects in 2008 included a sidewalk extension project on the south side of East Avenue connecting the high school and middle school to the Tallmadge Circle. The City instituted a storm water utility fee effective May 1, 2005. In the third year of collection the fee generated approximately \$400,000 for various needed projects. The user fee applies to all residential, commercial and industrial customers in the City. The rate was lowered to \$2.00 per month in 2008 for residential and will remain at that rate. The rate for industrial and commercial customers is based on equivalent rate units measured on impervious surfaces. There is also a credit applied up to 50% if the customer retains 100% of their storm water on their premise. In 2008 the City completed the Southeast Avenue Roadway Improvement Project. This was the second phase of a project which began at Tallmadge Circle and consists of widening the roadway, provides drainage improvements and sidewalks. This completes the improvements within the commercial district and extending into the residential areas of Southeast Avenue.

The City in February of 2006 was assigned for the first time a bond rating of A1 from Moody's Investors Service of Chicago and New York. The A1 rating reflects the City's sound tax base, stable financial operations supported by healthy reserve fund levels, modest direct debt levels and strong management. This should result in more investors attracted to the City and lower rates of interest on future debt issuances.

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 2008 include the construction of a city pool to be completed and open for the summer of 2009. The pool is to replace and improve upon the existing city pool and park area. The project consists a zero depth, 6 lane lap pool featuring 2 large water slides and a barrel water spray. There are also umbrellas, kiddie pool, concessions, and bath house. In addition, there will be a new playground with new equipment, 3 new picnic pavilions and baseball fields to provide a high quality recreational area for all ages.

In addition, the City designed and engineered the Northeast High Pressure Water District at an estimated cost of \$1,750,000 to upgrade the existing flow throughout the northeast end of the community as well as to provide adequate water pressure for future development in this quadrant of the City. This project will be paid by a combination of outside grants, and water fund revenue. The City has completed the detailed engineering for the Northeast Avenue round-about and will begin right-of-way acquisition during 2009 in anticipation of construction early in 2010 unless economic stimulus funds become available earlier.

In 2009 the City will begin construction of the North Thomas Road Waterline. This line replaces 8,600 linear feet of existing waterline that was constructed in 1956. The estimated cost of this project is \$440,000 and will be paid from water fund revenue and possible outside funding with the stimulus package.

The City will continue to place a major emphasis on economic development within the City as well as within the JEDD in Brimfield Township. There are numerous sites within the City for development including the Portage Boulevard Industrial Park and within the Circle 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.

Additional development in the Interstate 76/Route 18 interchange of the JEDD area include the construction of Kohl's, a small strip plaza to open late in 2009 or early 2010. There is also continuing development of a large residential apartment complex.

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, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

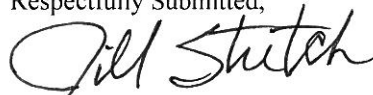
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable 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 sixteen consecutive years (1992 - 2007). We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it to the GFOA.

ACKNOWLEDGEMENTS

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

Respectfully Submitted,

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

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, 2007

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



President

Executive Director

**CITY OF TALLMADGE, OHIO
LISTING OF PRINCIPAL CITY OFFICIALS
AS OF DECEMBER 31, 2008**

ELECTED OFFICIALS

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

Christopher Grimm
Jill Stritch
Penny Taylor
Jack Sarver
Gene Stalnaker
James Donovan
Linda Poinar
John Rensel
Robert Maguire
Jerry Feeman

APPOINTED OFFICIALS

Service Director
Director of Administration
Economic Developer
Assistant Director of Law
Assistant Director of Finance
Chief Deputy Tax Administrator
Clerk of Council
Deputy Clerk of Council

David Kline
Thomas Pascarella
Ross Pat Sauner
Megan Pierce-Raber
Mollie Gilbride
Rosemary Berdy
Susan Wilson
Dennis DiMascio

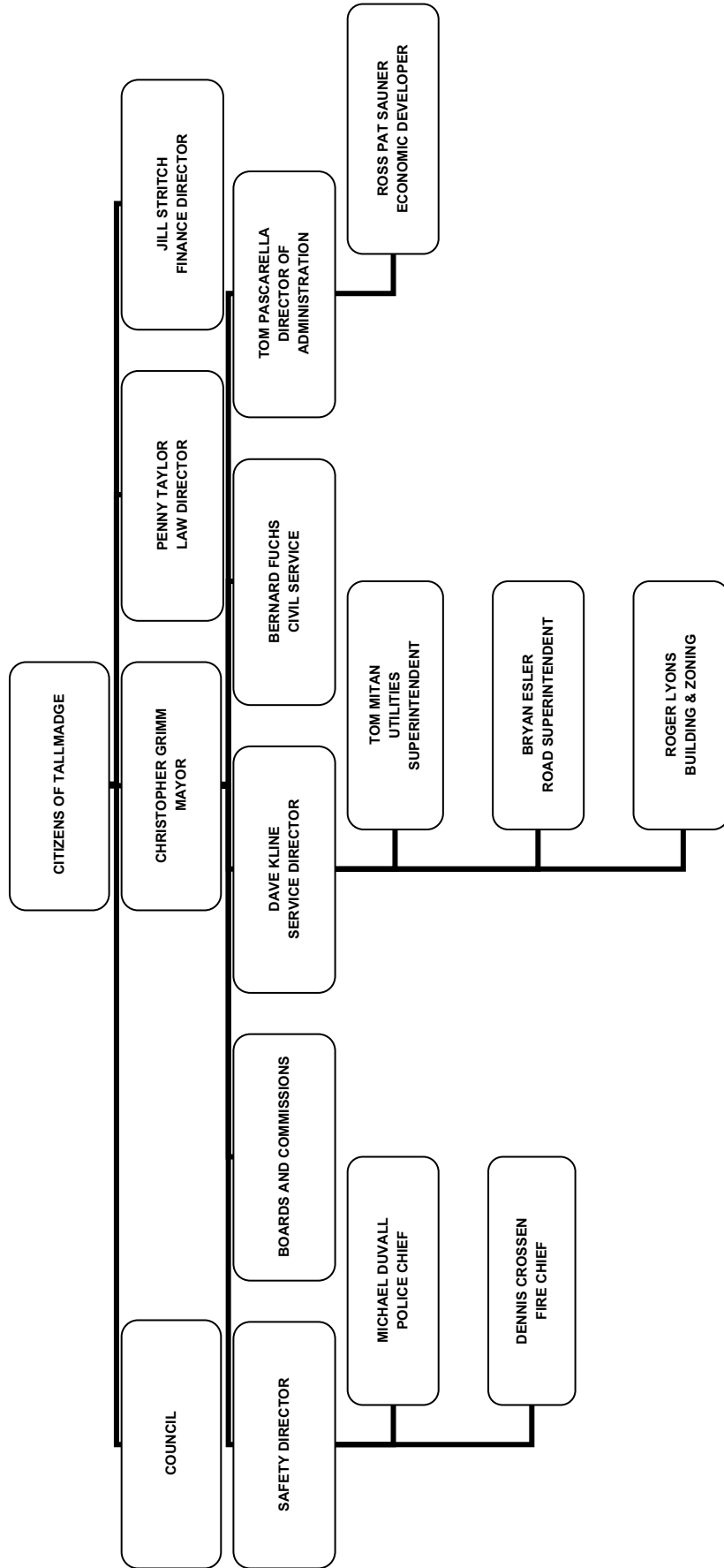
DEPARTMENT OFFICIALS

Chief of Police
Chief of Fire
Road Superintendent
Utilities/Garage Superintendent
Building and Zoning Inspector
Civil Service Chairman

Michael Duvall
Dennis Crossen
Bryan Esler
Thomas Mitan
Roger Lyons
Bernard Fuchs

CITY OF TALLMADGE - 2008

ORGANIZATIONAL CHART



FINANCIAL SECTION



Mary Taylor, CPA

Auditor of State

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, 2008, 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, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Fire/EMS Levy and Street Maintenance and Repair funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2009, 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.

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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 5, 2009

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

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, 2008. 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 2008 are as follows:

- The total net assets of the City decreased \$479,977 or 1.08% from 2007. Net assets of governmental activities decreased \$219,551 or 0.97% from 2007 and net assets of business-type activities decreased \$260,426 or 1.19% from 2007.
- Total assets of the City increased \$3,268,760, an increase of 5.51% from 2007.
- Total current liabilities increased \$418,355 from 2007.
- Total long-term liabilities increased \$3,330,382 during 2008.
- The City issued a \$3,800,000 bond anticipation note during 2008 for improvements to the recreation center and to help finance the construction of an outdoor swimming pool.

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).

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.

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

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 Maca pool funds which are all considered major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the combining statements elsewhere in this report.

Proprietary Funds

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. A private purpose trust fund and agency fund are the City's fiduciary fund types. The basic fiduciary fund financial statements can be found on pages 28-29 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 31-60 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 61 of this report.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008*

Government-Wide Financial Analysis

The statement of net assets serves as a useful indicator of a government's financial position. The table below provides a summary of the City's net assets for 2008 and 2007:

	Net Assets					
	Governmental	Business-type	Governmental	Business-type	2008	2007
	Activities	Activities	Activities	Activities	Total	Total
	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>						
Current and other assets	\$ 10,904,461	\$ 8,380,198	\$ 9,117,683	\$ 8,685,761	\$ 19,284,659	\$ 17,803,444
Nondepreciable capital assets	4,971,639	492,500	2,808,766	465,589	5,464,139	3,274,355
Depreciable capital assets, net	<u>23,759,238</u>	<u>14,050,071</u>	<u>24,058,863</u>	<u>14,152,685</u>	<u>37,809,309</u>	<u>38,211,548</u>
Capital assets, net	<u>28,730,877</u>	<u>14,542,571</u>	<u>26,867,629</u>	<u>14,618,274</u>	<u>43,273,448</u>	<u>41,485,903</u>
Total assets	<u>39,635,338</u>	<u>22,922,769</u>	<u>35,985,312</u>	<u>23,304,035</u>	<u>62,558,107</u>	<u>59,289,347</u>
<u>Liabilities</u>						
Current and other liabilities	3,785,066	636,138	3,404,814	598,035	4,421,204	4,002,849
Long-term liabilities:						
Due within one year	707,662	120,948	682,204	158,788	828,610	840,992
Due in more than one year	<u>12,825,732</u>	<u>525,098</u>	<u>9,361,865</u>	<u>646,201</u>	<u>13,350,830</u>	<u>10,008,066</u>
Total liabilities	<u>17,318,460</u>	<u>1,282,184</u>	<u>13,448,883</u>	<u>1,403,024</u>	<u>18,600,644</u>	<u>14,851,907</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	18,719,874	13,978,571	19,397,236	13,900,274	31,213,445	31,702,510
Restricted:						
Debt service	711,687	-	809,373	-	711,687	809,373
Capital projects	53,728	-	63,525	-	53,728	63,525
Fire/EMS levy	378,851	-	-	-	378,851	-
Street maintenance	684,642	-	679,808	-	684,642	679,808
State highway	56,561	-	63,223	-	56,561	63,223
Community environment	7,879	-	12,993	-	7,879	12,993
Law enforcement	9,120	-	14,917	-	9,120	14,917
Unrestricted	<u>1,694,536</u>	<u>7,662,014</u>	<u>1,495,354</u>	<u>8,000,737</u>	<u>10,841,550</u>	<u>11,091,091</u>
Total net assets	<u>\$ 22,316,878</u>	<u>\$ 21,640,585</u>	<u>\$ 22,536,429</u>	<u>\$ 21,901,011</u>	<u>\$ 43,957,463</u>	<u>\$ 44,437,440</u>

Total assets exceeded total liabilities in 2008 by \$43,957,463, compared to \$44,437,440 in 2007, a decrease of 1.08% from 2007. During 2008, the City's total assets increased by \$3,268,760 or 5.51% and total liabilities increased by \$3,748,737 or 25.24%. The large increases were a result of the City's issuance of bond anticipation notes in 2008, the proceeds of which were used to finance capital asset acquisitions.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008*

The following table shows the changes in net assets for 2008 and 2007.

	Change in Net Assets					
	Governmental	Business-type	Governmental	Business-type	2008	2007
	Activities	Activities	Activities	Activities	Total	Total
	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>	<u>Total</u>	<u>Total</u>
Revenues						
Program revenues:						
Charges for services	\$ 2,258,880	\$ 3,557,777	\$ 2,676,779	\$ 3,761,392	\$ 5,816,657	\$ 6,438,171
Operating grants and contributions	854,695	-	949,361	-	854,695	949,361
Capital grants and contributions	<u>151,646</u>	<u>-</u>	<u>786,581</u>	<u>251,858</u>	<u>151,646</u>	<u>1,038,439</u>
Total program revenues	<u>3,265,221</u>	<u>3,557,777</u>	<u>4,412,721</u>	<u>4,013,250</u>	<u>6,822,998</u>	<u>8,425,971</u>
General revenues:						
Property and other local taxes	2,447,935	-	2,129,530	-	2,447,935	2,129,530
Municipal income taxes	8,118,368	-	7,864,634	-	8,118,368	7,864,634
Grants and entitlements	1,968,428	-	1,789,961	-	1,968,428	1,789,961
Gain on sale of capital assets					-	-
Interest	210,924	139,449	286,805	218,346	350,373	505,151
Miscellaneous	<u>223,833</u>	<u>10,317</u>	<u>136,321</u>	<u>6,454</u>	<u>234,150</u>	<u>142,775</u>
Total general revenues	<u>12,969,488</u>	<u>149,766</u>	<u>12,207,251</u>	<u>224,800</u>	<u>13,119,254</u>	<u>12,432,051</u>
Total revenues	<u>16,234,709</u>	<u>3,707,543</u>	<u>16,619,972</u>	<u>4,238,050</u>	<u>19,942,252</u>	<u>20,858,022</u>
Program Expenses:						
General government	3,253,790	-	3,477,962	-	3,253,790	3,477,962
Security of persons and property						
Police	3,816,522	-	3,859,300	-	3,816,522	3,859,300
Street lighting	39,208	-	15,210	-	39,208	15,210
Fire	2,585,492	-	2,339,952	-	2,585,492	2,339,952
Public health and welfare	72,170	-	73,136	-	72,170	73,136
Transportation	3,778,324	-	3,284,385	-	3,778,324	3,284,385
Community environment	657,143	-	396,525	-	657,143	396,525
Leisure time activity	1,817,187	-	1,878,053	-	1,817,187	1,878,053
Interest and fiscal charges	482,825	-	462,321	-	482,825	462,321
Sewer operating	-	1,785,418	-	1,666,463	1,785,418	1,666,463
Water operating	-	1,890,821	-	1,634,790	1,890,821	1,634,790
Storm water operating	<u>-</u>	<u>243,329</u>	<u>-</u>	<u>239,807</u>	<u>243,329</u>	<u>239,807</u>
Total expenses	<u>16,502,661</u>	<u>3,919,568</u>	<u>15,786,844</u>	<u>3,541,060</u>	<u>20,422,229</u>	<u>19,327,904</u>
Transfers	<u>48,401</u>	<u>(48,401)</u>	<u>(171,573)</u>	<u>171,573</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(219,551)	(260,426)	661,555	868,563	(479,977)	1,530,118
Net assets beginning of year	<u>22,536,429</u>	<u>21,901,011</u>	<u>21,874,874</u>	<u>21,032,448</u>	<u>44,437,440</u>	<u>42,907,322</u>
Net assets end of year	<u>\$ 22,316,878</u>	<u>\$ 21,640,585</u>	<u>\$ 22,536,429</u>	<u>\$ 21,901,011</u>	<u>\$ 43,957,463</u>	<u>\$ 44,437,440</u>

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

Governmental Activities

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

Program revenues decreased in total by 26.00 percent from 2007. Operating grants and contributions decreased, primarily as a result of no grants received for community development projects during 2008. Decreased collections in special assessment revenues for road improvements contributed to decreased charges for services revenues. Capital grants and contributions received during 2008 decreased by 80.72 percent, which is the result of less grant monies received during the year related to the City's road improvements capital projects. General revenues increased from 2007 by 6.24 percent, which is primarily the result of increased income tax and property tax collections.

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 23.133 percent and 24.45 percent of the total governmental activities expenses during 2008 and 2007, respectively. During 2008, the City's police department employed 38 full time employees consisting of 1 Chief, 1 Captain, 1 lieutenant, 5 sergeants, 19 patrol and 2 full time office staff. During 2008 the police department reduced their telecommunications staff by discontinuing the dispatching services on August 30 and outsourced that function to the City of Stow. The department provides a full range of services including patrol, the DARE program, bike patrol, juvenile diversionary program, neighborhood crime watch, and residential and commercial security surveys. Security of persons and property expenses related to the police department decreased 1.11 percent during 2008.

The City has operated a fire department since 1945. During 2008, the fire department employed 1 full time Chief, 1 full time assistant fire chief, 2 full time shift supervisors, 1 full-time fire marshal, 9 full time firefighter paramedics, 47 part time paramedics/firefighters and 1 full time clerk. The fire expenses account for 15.67 percent and 14.82 percent of the total governmental activities expenses during 2008 and 2007, respectively. The Fire/EMS department is accounted for in a separate fund which receives tax proceeds from a 3.75 mill property tax levy. Security of persons and property expenses related to the fire department increased 10.49 percent during 2008.

The Street Maintenance and Repair department employs 19 full time employees who provide the City and the citizens with many services including road maintenance, road salting, ditching, leaf pickup program, cemetery maintenance, park maintenance and many others. The transportation expenses accounted for 22.90 and 20.80 percent of the total governmental activities expenses during 2008 and 2007, respectively. Transportation expenses increased 15.04 percent during 2008, due primarily to increased road maintenance expenses.

Business-Type Activities

Proprietary funds are the business-type activities of the City of Tallmadge which consist of sewer, water and storm water operating activities. The City currently has 7,309 water customers, 5,751 sewer customers, and 7,147 storm water customers. The City owns and maintains all water and sewer lines within the City. In striving to keep revenues in balance with expenses, in 2002 and 2003 there was a 1 percent water rate increase in each year, in 2004 there was a 6% water rate increase, and in 2007 there was a 3% water rate increase. There has not been a sewer rate increase in recent years. The sewage is treated by Summit County. In April of 2008 the storm water fee dropped from \$3 to \$2 per equivalent residential unit (ERU).

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

The revenues and expenses for the water, sewer and storm water activities are reported under the business-type activities. The revenues are primarily from charges for services. In 2008, charges for services in the amount of \$3,557,777 accounted for 95.96 percent of the total business-type revenues compared to 88.75 percent in 2007. The total expenses for the utilities were \$3,967,969, which includes \$48,401 in transfers out, leaves a decrease in net assets of \$260,426.

The City's Funds

Information about the City's governmental funds begins on page 14. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$16,144,421 and expenditures of \$18,572,830. The deficiency of revenues under expenditures is offset by transfers, sale of capital assets, and sale of notes.

The City's chief operating fund is the general fund. During 2008, the City's general fund had total revenues of \$12,752,434 and expenditures and other financing uses of \$12,623,663, resulting in an increase in fund balance of \$128,771.

The City's two major special revenue funds, the fire/EMS levy and street maintenance and repair funds had a combined increase in fund balance of \$455,829. Total combined revenues and other financing sources were \$5,595,333 and expenditures were \$5,139,504. Revenues exceeded expenditures due to transfers of income tax money.

The City's major bond retirement fund had an increase in fund balance of \$21. During 2008, the bond retirement fund received \$87,943 in special assessments, \$8,702 in premium on the sale of notes, and \$785,000 in transfers in to provide for \$881,624 in principal and interest payments on general obligation and special assessment bonds.

The City's major capital projects fund, the Maca pool fund, had an increase in fund balance of \$684,298. Other financing sources, consisting of \$3,220,000 in sale of notes and \$6,000 in transfers in, exceeded capital outlay expenditures of \$2,541,702.

Information about the proprietary funds begins on page 24. These funds are accounted for on an accrual basis. All proprietary funds had operating revenues of \$3,568,094, which were less than operating expenses of \$3,761,950. The total depreciation expense for these business-type funds was \$620,608. The change in net assets at year end for the enterprise funds was a decrease of \$260,426. The cash and cash equivalents at year end for the proprietary funds total \$6,700,715. Net assets of the sewer fund decreased \$182,838 or 1.93% from 2007. During 2008 net assets of the water fund decreased 1.80% or \$154,659 to \$8,450,840. For the storm water fund, net assets increased \$77,071, from \$3,812,014 at December 31, 2007 to \$3,889,085 at December 31, 2008.

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 program or line item basis. Management may transfer appropriations in accordance with the legislation adopted by City Council. Any budgetary modifications may only be made by ordinance adopted by City Council.

In 2008, City Council adopted fifteen (15) ordinances adjusting the level of appropriations in various funds. In total the increase in appropriations accounted for an increase of 3.65 percent over the total general fund budget. The total actual expenditures at year end were \$286,465 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.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008*

The City of Tallmadge has strong financial management and is aided by financial policies adopted by Council. The City established a minimum fund balance policy in 1998 with amendments and updates to the policy in 2005. The amendments in 2005 provided additional financial guidelines. The purpose of the policy is to be proactive in financial management and establish minimum levels to be maintained in the major operating funds, which include the general, fire/EMS levy, street maintenance and repair, sewer and water operating. Even with the downturn of the economy, the City has adopted a budget every year meeting those minimum fund balances.

The City places strong emphasis on monitoring the budget. The Director of Finance produces monthly appropriation, revenue, and fund reports and quarterly financial reports on a cash basis. These reports are distributed to council, administration, and appropriate department heads.

The general fund balance at year end is sufficient to allow for a healthy reserve. Income tax revenue increased 3.37 percent over 2007 on a cash basis.

The budgetary variances in the general fund expenditures totaled \$109,521 or 3.35% positive variance in the general governmental functions and \$25,495 or 0.69% positive variance in security of persons and property. In addition, positive variances also existed in the transportation, 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 property and other tax collections were not as high as anticipated. The total variance in the general fund revenue was a positive variance of \$193,351 or 1.52%. The increase of \$412,644 in intergovernmental revenues in addition to many other small variances made for a positive variance in total revenue.

Capital Assets and Debt Administration

Capital Assets

At the end of 2008, the City had \$43,273,448 (net of accumulated depreciation) invested in land, buildings and improvements, improvements other than buildings, equipment, vehicles, infrastructure and construction in progress. Of this total, \$28,730,877 was reported in governmental activities and \$14,542,571 was reported in business-type activities. The following table shows 2008 balances compared to 2007:

	Capital Assets at December 31 (Net of Depreciation)					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 2,626,444	\$ 2,661,137	\$ 375,519	\$ 395,723	\$ 3,001,963	\$ 3,056,860
Construction in progress	2,345,195	147,629	116,981	69,866	2,462,176	217,495
Buildings and improvements	10,461,662	10,186,059	623,856	668,151	11,085,518	10,854,210
Machinery and equipment	1,992,075	1,856,893	492,970	456,119	2,485,045	2,313,012
Infrastructure						
Street subsystem	11,305,501	12,015,911	-	-	11,305,501	12,015,911
Storm sewer subsystem	-	-	3,478,618	3,217,284	3,478,618	3,217,284
Sewer lines	-	-	4,758,561	4,935,804	4,758,561	4,935,804
Water lines	-	-	4,696,066	4,875,327	4,696,066	4,875,327
Totals	<u>\$ 28,730,877</u>	<u>\$ 26,867,629</u>	<u>\$ 14,542,571</u>	<u>\$ 14,618,274</u>	<u>\$ 43,273,448</u>	<u>\$ 41,485,903</u>

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008*

Total capital assets for the City of Tallmadge for the year ended December 31, 2008 were \$43,273,448 which was an increase of \$1,787,545 from the 2007 balance of \$41,485,903. The overall increase can be attributed to the construction in progress additions related to the Maca pool project. See Note 7 in the notes to the financial statements for more information regarding the City's capital assets.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2008 and 2007:

	Governmental Activities		Business-type Activities	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Special assessment bonds	\$ 785,000	\$ 830,000	\$ 564,000	\$ 718,000
General obligation bonds	7,526,000	7,937,000	-	-
Bond anticipation note	3,800,000	-	-	-
Pollution remediation obligation	250,000	-	-	-
Capital leases	<u>212,261</u>	<u>291,053</u>	<u>-</u>	<u>-</u>
Total long-term obligations	<u>\$ 12,573,261</u>	<u>\$ 9,058,053</u>	<u>\$ 564,000</u>	<u>\$ 718,000</u>

The long-term outstanding debt for the City of Tallmadge as of December 31, 2008 was \$13,137,261. This balance reflects \$1,349,000 in special assessment bonds, \$7,526,000 in general obligation bonds, \$3,800,000 in bond anticipation notes, \$250,000 in pollution remediation obligations, and \$212,261 in capital lease obligations. This is an increase in long-term debt of 34.38 percent. For more detailed information on long-term obligations refer to Note 10 of this report.

The Ohio Revised Code provides that the general obligation bonds less self supporting debt (e.g., assessment debt) of the municipal corporation, whether voted or unvoted, shall not exceed 10.5 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 \$35,442,910, and the total unvoted net debt limit at the 5.5 percent margin is \$22,499,783.

Economic Factors and Next Year's Budget and Rates

- The City prepared the annual budget using zero based budgeting for 2009. There were very modest increases, if any, in many departments.
- The income tax rate in the JEDD district increased from .50% to .75% in 2009.
- The City created a Community Improvement Corporation to provide a vehicle to bring the public and private sectors together in the area of property acquisition and economic development for the City.
- The City entered into an agreement in 2008 to share resources with the City of Stow, contracting the dispatching services to Stow in efforts to regionalize and provide more cost efficient services. This outsourcing occurred August 30 of 2008.

Contacting the City's Financial Management

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

CITY OF TALLMADGE, OHIO

*STATEMENT OF NET ASSETS
DECEMBER 31, 2008*

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 4,854,449	\$ 6,700,715	\$ 11,555,164
Receivables:			
Income taxes	1,124,639	-	1,124,639
Real and other taxes	2,335,062	-	2,335,062
Accounts	181,653	966,275	1,147,928
Accrued interest	34,979	23,801	58,780
Special assessments	941,209	629,087	1,570,296
Intergovernmental	1,097,235	-	1,097,235
Materials and supplies inventory	244,442	60,320	304,762
Deferred charges	90,793	-	90,793
Capital assets:			
Land and construction in progress	4,971,639	492,500	5,464,139
Depreciable capital assets, net	23,759,238	14,050,071	37,809,309
Total capital assets	28,730,877	14,542,571	43,273,448
 Total assets	 39,635,338	 22,922,769	 62,558,107
Liabilities:			
Accounts payable	208,423	88,211	296,634
Contracts payable	439,123	-	439,123
Accrued wages and benefits	278,839	22,482	301,321
Intergovernmental payable	539,136	522,905	1,062,041
Unearned revenue	2,231,454	-	2,231,454
Accrued interest payable	88,091	2,540	90,631
Long-term liabilities:			
Due within one year	707,662	120,948	828,610
Due in more than one year	12,825,732	525,098	13,350,830
 Total liabilities	 17,318,460	 1,282,184	 18,600,644
Net assets:			
Invested in capital assets, net of related debt	18,719,874	13,978,571	31,213,445
Restricted for:			
Debt service	711,687	-	711,687
Capital projects	53,728	-	53,728
Other purposes:			
Fire/EMS levy	378,851	-	378,851
Street maintenance	684,642	-	684,642
State highway	56,561	-	56,561
Community environment	7,879	-	7,879
Law enforcement	9,120	-	9,120
Unrestricted	1,694,536	7,662,014	10,841,550
 Total net assets	 \$ 22,316,878	 \$ 21,640,585	 \$ 43,957,463

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008*

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,253,790	\$ 193,794	\$ -	\$ -
Security of persons and property				
Police	3,816,522	3,067	4,160	-
Street lights	39,208	-	-	-
Fire	2,585,492	321,641	-	-
Public health and welfare	72,170	1,346	27,848	-
Transportation	3,778,324	30,254	688,504	151,646
Community environment	657,143	251,070	-	-
Leisure time activity	1,817,187	1,457,708	134,183	-
Interest and fiscal charges	482,825	-	-	-
Total governmental activities	<u>16,502,661</u>	<u>2,258,880</u>	<u>854,695</u>	<u>151,646</u>
Business-type activities:				
Sewer operating fund	1,785,418	1,518,955	-	-
Water operating fund	1,890,821	1,721,534	-	-
Storm water fund	243,329	317,288	-	-
Total business-type activities	<u>3,919,568</u>	<u>3,557,777</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 20,422,229</u>	<u>\$ 5,816,657</u>	<u>\$ 854,695</u>	<u>\$ 151,646</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

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (3,059,996)	\$ -	\$ (3,059,996)
(3,809,295)	-	(3,809,295)
(39,208)	-	(39,208)
(2,263,851)	-	(2,263,851)
(42,976)	-	(42,976)
(2,907,920)	-	(2,907,920)
(406,073)	-	(406,073)
(225,296)	-	(225,296)
(482,825)	-	(482,825)
<u>(13,237,440)</u>	<u>-</u>	<u>(13,237,440)</u>
-	(266,463)	(266,463)
-	(169,287)	(169,287)
-	73,959	73,959
<u>-</u>	<u>(361,791)</u>	<u>(361,791)</u>
<u>(13,237,440)</u>	<u>(361,791)</u>	<u>(13,599,231)</u>
918,589	-	918,589
1,419,265	-	1,419,265
110,081	-	110,081
8,118,368	-	8,118,368
1,968,428	-	1,968,428
210,924	139,449	350,373
223,833	10,317	234,150
<u>12,969,488</u>	<u>149,766</u>	<u>13,119,254</u>
<u>48,401</u>	<u>(48,401)</u>	<u>-</u>
(219,551)	(260,426)	(479,977)
<u>22,536,429</u>	<u>21,901,011</u>	<u>44,437,440</u>
<u>\$ 22,316,878</u>	<u>\$ 21,640,585</u>	<u>\$ 43,957,463</u>

CITY OF TALLMADGE, OHIO

*BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008*

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>	<u>Bond Retirement</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,616,484	\$ 464,094	\$ 358,057	\$ 14,778
Receivables:				
Income taxes	1,124,639	-	-	-
Real and other taxes	797,720	1,423,380	-	-
Accounts	120,985	60,395	-	-
Accrued interest	32,173	1,314	390	-
Special assessments	63,614	-	92,595	785,000
Intergovernmental	576,201	108,833	373,444	-
Materials and supplies inventory	89,744	-	154,698	-
Total assets	<u>\$ 5,421,560</u>	<u>\$ 2,058,016</u>	<u>\$ 979,184</u>	<u>\$ 799,778</u>
Liabilities:				
Accounts payable	\$ 163,804	\$ 10,041	\$ 34,578	\$ -
Contracts payable	-	-	-	-
Accrued wages and benefits	191,143	46,810	38,940	-
Compensated absences payable	15,039	5,019	2,176	-
Intergovernmental payable	271,112	125,033	39,377	-
Deferred revenue	1,028,126	172,379	340,894	785,000
Unearned revenue	762,241	1,360,319	-	-
Total liabilities	<u>2,431,465</u>	<u>1,719,601</u>	<u>455,965</u>	<u>785,000</u>
Fund balances:				
Reserved for encumbrances	229,170	41,683	15,406	-
Reserved for materials and supplies inventory . .	89,744	-	154,698	-
Unreserved, undesignated (deficit), reported in:				
General fund	2,671,181	-	-	-
Special revenue funds	-	296,732	353,115	-
Debt service fund	-	-	-	14,778
Capital projects funds	-	-	-	-
Total fund balances	<u>2,990,095</u>	<u>338,415</u>	<u>523,219</u>	<u>14,778</u>
Total liabilities and fund balances	<u>\$ 5,421,560</u>	<u>\$ 2,058,016</u>	<u>\$ 979,184</u>	<u>\$ 799,778</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MACA Pool	Other Governmental Funds	Total Governmental Funds
\$ 875,909	\$ 525,127	\$ 4,854,449
-	-	1,124,639
-	113,962	2,335,062
-	273	181,653
-	1,102	34,979
-	-	941,209
-	38,757	1,097,235
-	-	244,442
<u>\$ 875,909</u>	<u>\$ 679,221</u>	<u>\$ 10,813,668</u>
\$ -	\$ -	\$ 208,423
213,127	225,996	439,123
-	1,946	278,839
-	-	22,234
-	103,614	539,136
-	34,606	2,361,005
-	108,894	2,231,454
<u>213,127</u>	<u>475,056</u>	<u>6,080,214</u>
656,725	18,527	961,511
-	-	244,442
-	-	2,671,181
-	(20,513)	629,334
-	-	14,778
<u>6,057</u>	<u>206,151</u>	<u>212,208</u>
<u>662,782</u>	<u>204,165</u>	<u>4,733,454</u>
<u>\$ 875,909</u>	<u>\$ 679,221</u>	<u>\$ 10,813,668</u>

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CITY OF TALLMADGE, OHIO

*RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2008*

Total governmental fund balances		\$ 4,733,454
<i>Amounts reported for governmental activities on 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.		28,730,877
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Delinquent property taxes	\$ 103,608	
Special assessments	941,209	
Municipal income taxes	462,295	
Investment income	12,908	
Intergovernmental	770,985	
Other receivables	<u>70,000</u>	
Total		2,361,005
Long-term liabilities, including compensated absences, special assessment bonds and capital leases are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	(840,693)	
General obligation bonds	(7,526,000)	
Special assessment bonds	(785,000)	
Long-term notes	(3,800,000)	
Capital lease obligation	(212,261)	
Pollution remediation obligation	<u>(250,000)</u>	
Total		(13,413,954)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(88,091)
Unamortized deferred charges on refundings are not recognized in the funds.		23,374
Unamortized premiums on bond issuance are not recognized in the funds.		(120,580)
Unamortized bond issuance costs are not recognized in the funds.		<u>90,793</u>
Net assets of governmental activities		<u><u>\$ 22,316,878</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008*

	General	Fire/EMS Levy	Street Maintenance and Repair	Bond Retirement
Revenues:				
Property and other taxes	\$ 926,452	\$ 1,415,363	\$ -	\$ -
Municipal income taxes	7,873,334	-	-	-
Intergovernmental	1,790,220	311,117	790,333	-
Investment income	191,217	8,604	2,255	-
Fines, licenses and permits	369,771	107	-	-
Special assessments	14,804	-	13,034	87,943
Charges for services	1,451,224	321,534	64,950	-
Miscellaneous	135,412	10,325	3,711	-
Total revenues	12,752,434	2,067,050	874,283	87,943
Expenditures:				
Current:				
General government	3,092,863	-	-	-
Security of persons and property				
Police	3,472,574	-	-	-
Street lights	39,208	-	-	-
Fire	-	2,299,341	-	-
Public health and welfare	-	-	69,512	-
Transportation	311,501	-	1,562,935	-
Leisure time activity	1,234,503	-	334,937	-
Community environment	409,354	-	-	-
Capital outlay	296,590	53,417	741,591	-
Debt service:				
Principal retirement	14,519	64,273	-	456,000
Interest and fiscal charges	625	13,498	-	425,624
Total expenditures	8,871,737	2,430,529	2,708,975	881,624
Excess (deficiency) of revenues over (under) expenditures	<u>3,880,697</u>	<u>(363,479)</u>	<u>(1,834,692)</u>	<u>(793,681)</u>
Other financing sources (uses):				
Sale of notes	-	-	-	-
Premium on sale of notes	-	-	-	8,702
Transfers in	-	755,000	1,895,000	785,000
Transfers out	(3,751,926)	-	-	-
Sale of capital assets	-	4,000	-	-
Total other financing sources (uses)	(3,751,926)	759,000	1,895,000	793,702
Net change in fund balances	128,771	395,521	60,308	21
Fund balances (deficit) at beginning of year . .	2,861,324	(57,106)	462,911	14,757
Fund balances at end of year	\$ 2,990,095	\$ 338,415	\$ 523,219	\$ 14,778

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MACA Pool	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 111,205	\$ 2,453,020
-	-	7,873,334
-	240,554	3,132,224
-	7,669	209,745
-	2,898	372,776
-	-	115,781
-	-	1,837,708
-	385	149,833
-	362,711	16,144,421
-	-	3,092,863
-	362,735	3,835,309
-	-	39,208
-	5,412	2,304,753
-	-	69,512
-	69,293	1,943,729
-	-	1,569,440
-	-	409,354
2,541,702	700,823	4,334,123
-	-	534,792
-	-	439,747
2,541,702	1,138,263	18,572,830
(2,541,702)	(775,552)	(2,428,409)
3,220,000	580,000	3,800,000
-	-	8,702
6,000	310,926	3,751,926
-	-	(3,751,926)
-	-	4,000
3,226,000	890,926	3,812,702
684,298	115,374	1,384,293
(21,516)	88,791	3,349,161
\$ 662,782	\$ 204,165	\$ 4,733,454

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, 2008*

Net change in fund balances - total governmental funds		\$ 1,384,293
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital asset additions	\$ 3,436,724	
Current year depreciation	<u>(1,514,250)</u>	
Total		1,922,474
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.		
		(59,226)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	(5,085)	
Municipal income taxes	245,034	
Intergovernmental	(157,455)	
Investment income	1,179	
Special assessments	(67,385)	
Other revenue	<u>73,110</u>	
Total		89,398
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		534,792
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.		
Accrued interest	(52,707)	
Bond premium	17,433	
Deferred charges on refunding	(3,379)	
Bond issuance costs	<u>(13,127)</u>	
Total		(51,780)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	10,498	
Pollution remediation obligation	<u>(250,000)</u>	
Total		(239,502)
The sale of notes in governmental funds increases long-term liabilities on the statement of net assets.		
		<u>(3,800,000)</u>
Change in net assets of governmental activities		<u>\$ (219,551)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income taxes	\$ 8,278,410	\$ 8,256,015	\$ 8,102,619	\$ (153,396)
Property and other taxes	983,386	980,726	926,452	(54,274)
Intergovernmental	1,317,664	1,314,100	1,726,744	412,644
Investment income	235,637	235,000	205,431	(29,569)
Fines, licenses and permits	310,841	310,000	371,386	61,386
Special assessments	15,041	15,000	14,804	(196)
Charges for services.	1,533,147	1,529,000	1,452,550	(76,450)
Miscellaneous	70,190	70,000	103,206	33,206
Total revenues.	<u>12,744,316</u>	<u>12,709,841</u>	<u>12,903,192</u>	<u>193,351</u>
Expenditures:				
Current:				
General government	3,158,909	3,268,656	3,159,135	109,521
Security of persons and property	3,668,875	3,698,329	3,672,834	25,495
Transportation	316,957	346,537	337,259	9,278
Community environment	444,135	432,069	425,471	6,598
Leisure time activity	1,240,280	1,292,627	1,277,002	15,625
Capital outlay	<u>313,287</u>	<u>313,208</u>	<u>312,334</u>	<u>874</u>
Total expenditures.	<u>9,142,443</u>	<u>9,351,426</u>	<u>9,184,035</u>	<u>167,391</u>
Excess of revenues over expenditures	<u>3,601,873</u>	<u>3,358,415</u>	<u>3,719,157</u>	<u>360,742</u>
Other financing sources (uses):				
Advances in.	-	260,000	260,000	-
Advances out	-	(260,000)	(260,000)	-
Transfers out	<u>(3,865,000)</u>	<u>(3,871,000)</u>	<u>(3,751,926)</u>	<u>119,074</u>
Total other financing sources (uses)	<u>(3,865,000)</u>	<u>(3,871,000)</u>	<u>(3,751,926)</u>	<u>119,074</u>
Net change in fund balance	(263,127)	(512,585)	(32,769)	479,816
Fund balance at beginning of year.	2,004,411	2,004,411	2,004,411	-
Prior year encumbrances appropriated	<u>311,411</u>	<u>311,411</u>	<u>311,411</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,052,695</u>	<u>\$ 1,803,237</u>	<u>\$ 2,283,053</u>	<u>\$ 479,816</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, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes	\$ 1,485,469	\$ 1,473,714	\$ 1,415,363	\$ (58,351)
Intergovernmental	222,410	220,650	311,117	90,467
Investment income	6,048	6,000	8,394	2,394
Fines, licenses and permits	101	100	107	7
Charges for services	372,951	370,000	314,746	(55,254)
Miscellaneous	20,059	19,900	10,325	(9,575)
Total revenues.	<u>2,107,038</u>	<u>2,090,364</u>	<u>2,060,052</u>	<u>(30,312)</u>
Expenditures:				
Current:				
Security of persons and property.	2,385,765	2,382,881	2,317,556	65,325
Capital outlay.	144,000	144,000	131,188	12,812
Total expenditures	<u>2,529,765</u>	<u>2,526,881</u>	<u>2,448,744</u>	<u>78,137</u>
Deficiency of revenues under expenditures	<u>(422,727)</u>	<u>(436,517)</u>	<u>(388,692)</u>	<u>47,825</u>
Other financing sources:				
Sale of capital assets	-	-	4,000	4,000
Transfers in	755,000	755,000	755,000	-
Total other financing sources	<u>755,000</u>	<u>755,000</u>	<u>759,000</u>	<u>4,000</u>
Net change in fund balance	332,273	318,483	370,308	51,825
Fund balance at beginning of year.	21,056	21,056	21,056	-
Prior year encumbrances appropriated	<u>22,512</u>	<u>22,512</u>	<u>22,512</u>	<u>-</u>
Fund balance at end of year	<u>\$ 375,841</u>	<u>\$ 362,051</u>	<u>\$ 413,876</u>	<u>\$ 51,825</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, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 941,282	\$ 829,790	\$ 797,081	\$ (32,709)
Investment income	5,105	4,500	2,490	(2,010)
Special assessments	13,975	12,320	13,034	714
Charges for services	94,152	83,000	64,950	(18,050)
Other	2,269	2,000	3,711	1,711
Total revenues.	<u>1,056,783</u>	<u>931,610</u>	<u>881,266</u>	<u>(50,344)</u>
Expenditures:				
Current:				
Public health and welfare.	87,604	87,604	69,495	18,109
Transportation	1,613,863	1,611,594	1,602,623	8,971
Leisure time activities	338,326	338,326	338,005	321
Capital outlay	761,893	760,439	742,230	18,209
Total expenditures	<u>2,801,686</u>	<u>2,797,963</u>	<u>2,752,353</u>	<u>45,610</u>
Deficiency of revenues under expenditures	<u>(1,744,903)</u>	<u>(1,866,353)</u>	<u>(1,871,087)</u>	<u>(4,734)</u>
Other financing sources:				
Transfers in	2,149,617	1,895,000	1,895,000	-
Total other financing sources	<u>2,149,617</u>	<u>1,895,000</u>	<u>1,895,000</u>	<u>-</u>
Net change in fund balance	404,714	28,647	23,913	(4,734)
Fund balance at beginning of year	225,607	225,607	225,607	-
Prior year encumbrances appropriated	<u>63,222</u>	<u>63,222</u>	<u>63,222</u>	<u>-</u>
Fund balance at end of year	<u>\$ 693,543</u>	<u>\$ 317,476</u>	<u>\$ 312,742</u>	<u>\$ (4,734)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2008*

	Business-type Activities -Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 3,798,946	\$ 2,718,031	\$ 183,738	\$ 6,700,715
Receivables:				
Accounts	427,159	437,091	102,025	966,275
Accrued interest	14,250	9,551	-	23,801
Special assessments.	304,609	324,478	-	629,087
Materials and supplies inventory	30,160	30,160	-	60,320
Total current assets	<u>4,575,124</u>	<u>3,519,311</u>	<u>285,763</u>	<u>8,380,198</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress	94,403	269,620	128,477	492,500
Depreciable capital assets, net	5,204,986	5,366,467	3,478,618	14,050,071
Total capital assets	<u>5,299,389</u>	<u>5,636,087</u>	<u>3,607,095</u>	<u>14,542,571</u>
Total assets	<u>9,874,513</u>	<u>9,155,398</u>	<u>3,892,858</u>	<u>22,922,769</u>
Liabilities:				
Current liabilities:				
Accounts payable.	6,803	81,408	-	88,211
Accrued wages and benefits	11,221	11,261	-	22,482
Compensated absences	974	974	-	1,948
Intergovernmental payable	211,922	307,210	3,773	522,905
Current portion of special assessments bonds .	41,000	78,000	-	119,000
Accrued interest payable	1,546	994	-	2,540
Total current liabilities	<u>273,466</u>	<u>479,847</u>	<u>3,773</u>	<u>757,086</u>
Long-term liabilities:				
Compensated absences.	40,049	40,049	-	80,098
Special assessment bonds	260,338	184,662	-	445,000
Total long-term liabilities.	<u>300,387</u>	<u>224,711</u>	<u>-</u>	<u>525,098</u>
Total liabilities	<u>573,853</u>	<u>704,558</u>	<u>3,773</u>	<u>1,282,184</u>
Net assets:				
Invested in capital assets, net of related debt. .	4,997,389	5,374,087	3,607,095	13,978,571
Unrestricted	4,303,271	3,076,753	281,990	7,662,014
Total net assets	<u>\$ 9,300,660</u>	<u>\$ 8,450,840</u>	<u>\$ 3,889,085</u>	<u>21,640,585</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, 2008*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Operating revenues:				
Charges for services	\$ 1,518,955	\$ 1,721,534	\$ 317,288	\$ 3,557,777
Other	527	6,678	3,112	10,317
Total operating revenues	<u>1,519,482</u>	<u>1,728,212</u>	<u>320,400</u>	<u>3,568,094</u>
Operating expenses:				
Personal services	336,149	323,243	64,518	723,910
Contract services	1,078,148	1,059,798	35,708	2,173,654
Materials and supplies	55,522	56,513	-	112,035
Depreciation	219,397	258,108	143,103	620,608
Other	60,739	71,004	-	131,743
Total operating expenses	<u>1,749,955</u>	<u>1,768,666</u>	<u>243,329</u>	<u>3,761,950</u>
Operating income (loss)	<u>(230,473)</u>	<u>(40,454)</u>	<u>77,071</u>	<u>(193,856)</u>
Nonoperating revenues (expenses):				
Interest revenue	83,098	56,351	-	139,449
Interest expense and fiscal charges	(20,911)	(16,527)	-	(37,438)
Loss on disposal of capital assets	-	(20,204)	-	(20,204)
Other nonoperating expenses	(14,552)	(85,424)	-	(99,976)
Total nonoperating revenues (expenses)	<u>47,635</u>	<u>(65,804)</u>	<u>-</u>	<u>(18,169)</u>
Income (loss) before transfers	(182,838)	(106,258)	77,071	(212,025)
Transfers out	-	(48,401)	-	(48,401)
Changes in net assets	(182,838)	(154,659)	77,071	(260,426)
Net assets at beginning of year	<u>9,483,498</u>	<u>8,605,499</u>	<u>3,812,014</u>	<u>21,901,011</u>
Net assets at end of year	<u>\$ 9,300,660</u>	<u>\$ 8,450,840</u>	<u>\$ 3,889,085</u>	<u>\$ 21,640,585</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, 2008*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Cash flows from operating activities:				
Cash received from customers.	\$ 1,525,793	\$ 1,705,720	\$ 352,760	\$ 3,584,273
Cash received from other operations	527	6,678	3,112	10,317
Cash payments for personal services	(332,310)	(327,876)	(63,006)	(723,192)
Cash payments for contract services.	(1,072,465)	(1,023,272)	(40,683)	(2,136,420)
Cash payments for materials and supplies.	(52,054)	(54,320)	-	(106,374)
Cash payments for other expenses.	(60,739)	(71,004)	-	(131,743)
Net cash provided by operating activities	<u>8,752</u>	<u>235,926</u>	<u>252,183</u>	<u>496,861</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(81,322)	(169,716)	(362,472)	(613,510)
Special assessments.	44,346	138,670	-	183,016
Principal retirement on special assessment bonds	(41,000)	(113,000)	-	(154,000)
Interest and fiscal charges.	(21,126)	(16,945)	-	(38,071)
Net cash used in capital and related financing activities	<u>(99,102)</u>	<u>(160,991)</u>	<u>(362,472)</u>	<u>(622,565)</u>
Cash flows from investing activities:				
Interest received.	<u>88,902</u>	<u>59,699</u>	<u>-</u>	<u>148,601</u>
Net cash provided by investing activities	<u>88,902</u>	<u>59,699</u>	<u>-</u>	<u>148,601</u>
Net increase (decrease) in cash and cash equivalents	(1,448)	134,634	(110,289)	22,897
Cash and cash equivalents at beginning of year . . .	<u>3,800,394</u>	<u>2,583,397</u>	<u>294,027</u>	<u>6,677,818</u>
Cash and cash equivalents at end of year	<u>\$ 3,798,946</u>	<u>\$ 2,718,031</u>	<u>\$ 183,738</u>	<u>\$ 6,700,715</u>

CITY OF TALLMADGE, OHIO

*STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2008*

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Sewer Operating</u>	<u>Water Operating</u>	<u>Storm Water</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (230,473)	\$ (40,454)	\$ 77,071	\$ (193,856)
Adjustments:				
Depreciation	219,397	258,108	143,103	620,608
Changes in assets and liabilities:				
Decrease in materials and supplies inventory	3,355	3,355	-	6,710
Decrease (increase) in accounts receivable	6,838	(15,814)	35,472	26,496
Increase (decrease) in accounts payable	4,093	(50,499)	(4,975)	(51,381)
Increase in accrued wages and benefits.	1,584	745	-	2,329
Increase in intergovernmental payable	6,429	82,957	1,512	90,898
Decrease in compensated absences payable	<u>(2,471)</u>	<u>(2,472)</u>	<u>-</u>	<u>(4,943)</u>
Net cash provided by operating activities	<u>\$ 8,752</u>	<u>\$ 235,926</u>	<u>\$ 252,183</u>	<u>\$ 496,861</u>

Non-cash capital transactions:

The Water fund contributed capital assets, net of accumulated depreciation, in the amount of \$48,401 to governmental activities during 2008.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2008*

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 37,804	\$ 156,559
Receivables:		
Accrued interest	138	-
Income taxes	<u>-</u>	<u>26,153</u>
Total assets	<u>\$ 37,942</u>	<u>\$ 182,712</u>
Liabilities:		
Deposits held and due to others	<u>-</u>	<u>\$ 182,712</u>
Net assets:		
Held in trust for indigents and the needy	<u>\$ 37,942</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008*

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$ 1,043
Gifts and contributions	<u>2,250</u>
Total additions.	<u>3,293</u>
 Deductions:	
Expenses per trust agreement	<u>1,898</u>
Total deductions	<u>1,898</u>
Changes in net assets	1,395
Net assets at beginning of year	<u>36,547</u>
Net assets at end of year	<u><u>\$ 37,942</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, 2008

NOTE 1 - DESCRIPTION OF THE CITY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City 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 Akron Metropolitan Area Transportation Study, and the Brimfield Township-City of Tallmadge Joint Economic Development District. These jointly governed organizations are presented in Note 16 of the basic financial statements.

B. Basis of Presentation - Fund Accounting

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

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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. Fiduciary funds are reported by type.

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

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

C. Fund Accounting

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

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

General fund - The general fund 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 permanent tax levy. An additional source of significant revenue is charges for services. Expenditures are for the operations of the fire and emergency medical service programs, staff and capital expenditures.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

Street maintenance and repair fund - The street maintenance and repair fund is required by Ohio Revised Code to account for 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.

MACA pool fund: The MACA pool fund is used to account for the construction of an outdoor swimming pool.

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. The City has no internal service funds.

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

Sewer operating - 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.

Storm water - The storm water fund accounts for the provision of storm drainage runoff service to the residents and commercial users located within the City.

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 agency funds are a revolving trust fund used to account for refundable deposits and a fund used to account for the administering and collection of income taxes related to the Joint Economic Development District.

D. Measurement Focus

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

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

Like the government-wide statements, 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.

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.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise 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, 2008, but which were levied to finance year 2009 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as unearned revenue. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2008, are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have 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 program or line item basis as specified by City Council legislatively. The Finance Director may transfer appropriations within each fund and within each general fund program as long as the totals are not exceeded.

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

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

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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 2008, investments were limited to STAR Ohio 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 shares price which is the price the investment could be sold for on December 31, 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2008 amounted to \$191,217 which includes \$110,705 assigned from other City funds.

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

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

H. Materials and Supplies Inventory

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

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.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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 at retirement age or after seven years of service with the City (non-bargaining employees) and ten years of service with the City (bargaining employees).

K. Prepaid Items

Payments made to vendors for services that will benefit beyond December 31, 2008, 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, 2008.

L. Accrued Liabilities and Long-Term Obligations

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

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

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

M. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Unamortized bond issuance costs are recorded as an asset on the financial statements.

Bond premiums are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

N. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The City had no interfund receivables/payables to report at December 31, 2008.

O. Interfund Activity

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

P. 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 and materials and supplies inventory are recorded as a reservation of fund balance.

Q. Estimates

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

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. The City did not have any extraordinary or special items transactions.

S. 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.

T. Total Column

A total column is presented on the entity-wide statement of net assets and statement of activities. The storm water improvement bonds have been included in invested in capital assets, net of related debt in the total column on the statement of net assets. The storm water improvement bonds have been excluded from invested in capital assets, net of related debt in the governmental activities and the business-type activities on the statement of net assets.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2008, the City has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the City; however, certain disclosures related to postemployment benefits (see Note 13) have been modified to conform to the new reporting requirements.

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did have an effect on the financial statements of the City at December 31, 2008. See Note 10 for detail.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the City.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balance

Fund balances at December 31, 2008 included the following individual fund deficit:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Police pension	\$ 72,952

This fund 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 this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance in the police pension fund 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.

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;

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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; and,
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.

A. Deposits with Financial Institutions

At December 31, 2008, the carrying amount of all City deposits was \$6,501,547, exclusive of the \$975,000 repurchase agreement included in investments below. As of December 31, 2008, \$5,553,231 of the City's bank balance of \$6,567,415 was exposed to custodial risk as discussed below, while \$1,014,184 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. As permitted by Ohio Revised Code, the City's deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the depository bank and pledged as a pool of collateral against all public deposits held by the depository. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of December 31, 2008, the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	\$ 4,272,980	\$ 4,272,980
Repurchase agreements	<u>975,000</u>	<u>975,000</u>
Total	<u>\$ 5,247,980</u>	<u>\$ 5,247,980</u>

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payments for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. The City's investment in repurchase agreements is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the City. Ohio law requires the market value of the securities subject to a repurchase agreement must exceed the principal value of securities subject to a repurchase agreement by 2%.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of each investment type held by the City at December 31, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 4,272,980	81.42
Repurchase agreements	<u>975,000</u>	<u>18.58</u>
Total	<u>\$ 5,247,980</u>	<u>100.00</u>

C. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2008:

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,501,547
Investments	<u>5,247,980</u>
Total	<u>\$ 11,749,527</u>

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 4,854,449
Business type activities	6,700,715
Private-purpose trust fund	37,804
Agency funds	<u>156,559</u>
Total	<u>\$ 11,749,527</u>

NOTE 5 - INTERFUND TRANSACTIONS

The general fund transferred \$100,926 to the general infrastructure reserve fund to pay a portion of project costs. The remaining transfers consist of \$755,000 to the fire/EMS levy fund, \$1,895,000 to the street maintenance and repair fund, \$785,000 to the bond retirement fund, \$210,000 to the police pension fund and \$6,000 to the MACA pool fund.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Major funds</u>		
General	\$ -	\$ 3,751,926
Fire/EMS levy	755,000	-
Street maintenance and repair	1,895,000	-
Bond retirement	785,000	-
MACA pool	<u>6,000</u>	<u>-</u>
Total major funds	<u>3,441,000</u>	<u>3,751,926</u>
<u>Nonmajor governmental funds</u>		
Police pension	210,000	-
General infrastructure reserve	<u>100,926</u>	<u>-</u>
Total nonmajor governmental funds	<u>310,926</u>	<u>-</u>
Total	<u>\$ 3,751,926</u>	<u>\$ 3,751,926</u>

Governmental activities received \$48,401 in capital contributions from the water operating enterprise fund during 2008. This amount, which is not included in the schedule above, is shown as a transfer on the statement of revenues, expenses, and changes in net assets - proprietary funds. This amount is included in transfers in governmental activities and business-type activities on the statement of activities.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2008, 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.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 6 - RECEIVABLES - (Continued)

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 \$785,000 in the bond retirement fund. The City had no material outstanding delinquencies at December 31, 2008.

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 6.25% for 2008. This percentage will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2008-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 6 - RECEIVABLES - (Continued)

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the County, including the City of Tallmadge. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2008 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2008 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The full tax rate for all City operations for the year ended December 31, 2008 was \$6.15 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 325,449,820
Commercial/industrial/mineral	79,797,290
Tangible personal property	9,733,068

Public utility

Real	21,010
Personal	<u>3,656,580</u>
Total assessed value	<u>\$ 418,657,768</u>

B. Municipal Income Taxes

The City levies a municipal income tax of 2% 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% 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% to be voted by residents of the City. Additional increases in the income tax rate would require voter approval. The City, by ordinance, designates the income tax for capital outlay, leisure time activities and general governmental operations for programs within the general fund.

In addition, the City receives income tax monies as the result of its agreement with Brimfield Township for a Joint Economic Development District (JEDD). Businesses within the JEDD currently pay a .5% income tax on all income earned within the JEDD and are required to withhold income tax on employee earnings and remit the tax to the City. The City is responsible for collection and administration of the income tax for the JEDD. The City is entitled to 55% of all income taxes collected from the JEDD and is required to contribute 5% of all income taxes collected to the JEDD Maintenance and Capital Improvement Fund maintained by the Township. The Township is entitled to the remaining 45% of all income taxes collected from the JEDD.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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	\$ 443,038
Homestead and rollback	162,256
Inheritance tax	61,859
Public utility reimbursements	18,024
Miscellaneous	8,335
Auto license tax	79,464
Gas tax and municipal cents per gallon tax	<u>324,259</u>
Total	<u>\$ 1,097,235</u>

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008, was as follows:

<u>Governmental activities:</u>	Balance <u>12/31/07</u>	Additions	Deductions	Balance <u>12/31/08</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,661,137	\$ -	\$ (34,693)	\$ 2,626,444
Construction in progress	<u>147,629</u>	<u>2,210,670</u>	<u>(13,104)</u>	<u>2,345,195</u>
Total capital assets, not being depreciated	<u>2,808,766</u>	<u>2,210,670</u>	<u>(47,797)</u>	<u>4,971,639</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	13,723,847	644,041	(50,299)	14,317,589
Equipment	7,664,995	595,117	(516,352)	7,743,760
Infrastructure - streets subsystem	<u>18,915,182</u>	<u>-</u>	<u>-</u>	<u>18,915,182</u>
Total capital assets, being depreciated	<u>40,304,024</u>	<u>1,239,158</u>	<u>(566,651)</u>	<u>40,976,531</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(3,537,788)	(352,868)	34,729	(3,855,927)
Equipment	(5,808,102)	(450,972)	507,389	(5,751,685)
Infrastructure - streets subsystem	<u>(6,899,271)</u>	<u>(710,410)</u>	<u>-</u>	<u>(7,609,681)</u>
Total accumulated depreciation	<u>(16,245,161)</u>	<u>(1,514,250)</u>	<u>542,118</u>	<u>(17,217,293)</u>
Total capital assets, being depreciated, net	<u>24,058,863</u>	<u>(275,092)</u>	<u>(24,533)</u>	<u>23,759,238</u>
Governmental activities capital assets, net	<u>\$ 26,867,629</u>	<u>\$ 1,935,578</u>	<u>\$ (72,330)</u>	<u>\$ 28,730,877</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 154,820
Security of persons and property - police	136,229
Security of persons and property - fire	143,777
Public health and welfare	1,215
Transportation	831,858
Community environment	2,990
Leisure time activity	203,514
Accumulated depreciation on capital contributions	<u>39,847</u>
Total depreciation expense	<u>\$ 1,514,250</u>

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 7 - CAPITAL ASSETS - (Continued)

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance			Balance
<u>Business-type activities:</u>	<u>12/31/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/08</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 395,723	\$ -	\$ (20,204)	\$ 375,519
Construction in progress	<u>69,866</u>	<u>89,080</u>	<u>(41,965)</u>	<u>116,981</u>
Total capital assets, not being depreciated	<u>465,589</u>	<u>89,080</u>	<u>(62,169)</u>	<u>492,500</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	1,464,561	-	-	1,464,561
Equipment	1,074,837	161,958	(98,767)	1,138,028
Infrastructure				
Water lines	8,569,451	-	-	8,569,451
Sewer lines	8,726,491	-	-	8,726,491
Storm sewer subsystem	<u>4,090,809</u>	<u>404,437</u>	<u>-</u>	<u>4,495,246</u>
Total capital assets, being depreciated	<u>23,926,149</u>	<u>566,395</u>	<u>(98,767)</u>	<u>24,393,777</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(796,410)	(44,295)	-	(840,705)
Equipment	(618,718)	(76,706)	50,366	(645,058)
Infrastructure				
Water lines	(3,694,124)	(179,261)	-	(3,873,385)
Sewer lines	(3,790,687)	(177,243)	-	(3,967,930)
Storm sewer subsystem	<u>(873,525)</u>	<u>(143,103)</u>	<u>-</u>	<u>(1,016,628)</u>
Total accumulated depreciation	<u>(9,773,464)</u>	<u>(620,608)</u>	<u>50,366</u>	<u>(10,343,706)</u>
Total capital assets, being depreciated, net	<u>14,152,685</u>	<u>(54,213)</u>	<u>(48,401)</u>	<u>14,050,071</u>
Business-type activities capital assets, net	<u>\$ 14,618,274</u>	<u>\$ 34,867</u>	<u>\$ (110,570)</u>	<u>\$ 14,542,571</u>

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 7 - CAPITAL ASSETS - (Continued)

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

Sewer operating	\$ 219,397
Water operating	258,108
Storm water	<u>143,103</u>
Total depreciation expense	<u>\$ 620,608</u>

NOTE 8 - CAPITAL LEASES

During prior years, the City entered into capital leases for three police vehicles, an ambulance and a fire truck. These capital leases will be paid out of the general fund and the fire/EMS levy special revenue fund. The leases meet 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 leases were entered into.

The assets acquired through capital leases are as follows:

	<u>Governmental</u> <u>Activities</u>
Assets:	
Equipment	\$ 439,499
Less: accumulated depreciation	<u>(108,307)</u>
Total	<u>\$ 331,192</u>

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2008:

<u>Year</u> <u>Ended</u>	<u>Amount</u>
2009	\$ 77,771
2010	77,771
2011	<u>77,771</u>
Total	<u>233,313</u>
Less: amount representing interest	<u>(21,052)</u>
Present value of net minimum lease payments	<u>\$ 212,261</u>

NOTE 9 - OPERATING LEASE

During 2008, the City entered into an operating lease with Tallmadge Asphalt & Paving Co., Inc. for a tract of land. The land is used as a shooting range, and it has been determined that lead pollution currently exists on the site. As stipulated in the lease agreement, the City has assumed the responsibility of cleaning up the pollution (see Note 10 for detail).

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 9 - OPERATING LEASE - (Continued)

Operating lease payments are reported as program expenditures on the financial statements. Total operating lease payments in 2008 totaled \$19,000 in the general fund. The following is a schedule of the future minimum lease payments:

<u>Year Ending</u> <u>December 31</u>	<u>Total</u>
2009	\$ 12,000
2010	<u>5,000</u>
Total future minimum lease payments	<u>\$ 17,000</u>

NOTE 10 - LONG-TERM OBLIGATIONS

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

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

Bond anticipation notes

2008 Recreation improvement	2.500%	3,800,000	6/4/2009
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General obligation bonds

1992 Tallmadge woods	6.390%	852,000	6/1/2012
1998 Storm water improvement	5.120%	2,400,000	12/1/2018
2001 City building improvement	4.725%	2,270,000	12/1/2021
2006 Various purpose refunding	4.124%	870,000	12/31/2015
2006 Recreation center	4.427%	3,800,000	12/31/2031

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

	Balance	Additions	Reductions	Balance	Amounts
	<u>12/31/07</u>	<u> </u>	<u> </u>	<u>12/31/08</u>	<u>Due in</u>
Business-type activities:					<u>One Year</u>
<u>Special assessment bonds</u>					
1992 Southwest sanitary sewer and water	\$ 118,000	\$ -	\$ (24,000)	\$ 94,000	\$ 24,000
1996 Northwest quad sanitary sewer	265,000	-	(25,000)	240,000	25,000
1998 Ernest waterline	35,000	-	(35,000)	-	-
2001 Elm/Ferguson waterline	190,000	-	(45,000)	145,000	45,000
2001 Parker/Milton waterline	<u>110,000</u>	<u>-</u>	<u>(25,000)</u>	<u>85,000</u>	<u>25,000</u>
Total special assessment bonds	<u>718,000</u>	<u>-</u>	<u>(154,000)</u>	<u>564,000</u>	<u>119,000</u>
Compensated absences	<u>86,989</u>	<u>1,948</u>	<u>(6,891)</u>	<u>82,046</u>	<u>1,948</u>
Total business-type activities					
Long-term obligations	<u>\$ 804,989</u>	<u>\$ 1,948</u>	<u>\$ (160,891)</u>	<u>\$ 646,046</u>	<u>\$ 120,948</u>
Governmental activities:	Balance	Additions	Reductions	Balance	Amounts
	<u>12/31/07</u>	<u> </u>	<u> </u>	<u>12/31/08</u>	<u>Due in</u>
					<u>One Year</u>
<u>General obligation bonds</u>					
1992 Tallmadge woods	\$ 207,000	\$ -	\$ (41,000)	\$ 166,000	\$ 41,000
1998 Storm water improvement	1,595,000	-	(110,000)	1,485,000	115,000
2001 City building improvement	1,715,000	-	(90,000)	1,625,000	95,000
2006 Various purpose refunding	710,000	-	(80,000)	630,000	80,000
2006 Recreation center	<u>3,710,000</u>	<u>-</u>	<u>(90,000)</u>	<u>3,620,000</u>	<u>95,000</u>
Total general obligation bonds	<u>7,937,000</u>	<u>-</u>	<u>(411,000)</u>	<u>7,526,000</u>	<u>426,000</u>
<u>Special assessment bonds</u>					
2000 West avenue street improvement	<u>830,000</u>	<u>-</u>	<u>(45,000)</u>	<u>785,000</u>	<u>45,000</u>
<u>Bond anticipation notes</u>					
2008 Recreation improvement	<u>-</u>	<u>3,800,000</u>	<u>-</u>	<u>3,800,000</u>	<u>-</u>
<u>Other long-term obligations</u>					
Capital lease	291,053	-	(78,792)	212,261	67,410
Pollution remediation	-	250,000	-	250,000	-
Compensated absences	<u>874,756</u>	<u>137,565</u>	<u>(149,394)</u>	<u>862,927</u>	<u>169,252</u>
Total governmental activities					
Long-term obligations	<u>\$ 9,932,809</u>	<u>\$ 4,187,565</u>	<u>\$ (684,186)</u>	13,436,188	<u>\$ 707,662</u>
Add: Unamortized premium on bond issue				120,580	
Less: Unamortized deferred charges on refunding				<u>(23,374)</u>	
Total reported on statement of net assets				<u>\$ 13,533,394</u>	

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Special Assessment Bonds Payable:

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.

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.

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.

General Obligation Bonds Payable:

Under governmental activities Tallmadge Woods, storm water improvement and city building improvement are twenty year general obligations bonds. The recreation center bonds are twenty five year bonds. These bonds are backed by the full faith and credit of the City and are paid from the bond retirement fund.

Various Purpose Refunding Bonds Payable:

On March 1, 2006, the City issued general obligation refunding bonds (2006 various purpose refunding bonds). These bonds refunded the \$805,000 callable portion of the 1995 concrete streets general obligation bond issue. These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment.

The reacquisition price exceeded the net carrying amount of the old debt by \$32,667. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

Bond Anticipation Notes Payable:

On June 5, 2008, the City issued a \$3,800,000 note. The note was issued in anticipation of the issuance of bonds for the purpose of paying a portion of the costs of expanding and improving the City's recreation center and constructing an outdoor swimming pool. The note bears an interest rate of 2.50% and matures on June 4, 2009. The City retired the notes with notes issued on June 3, 2009 (see Note 19 for detail). The unspent proceeds of the note issuance amounted to \$833,617 at December 31, 2008.

Capital Lease Obligations:

Capital leases consisted of the purchase of three police vehicles, an ambulance, and a fire truck which are paid from the general fund and fire/EMS levy special revenue fund. See Note 8 to the basic financial statements for detail.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences:

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

Pollution Remediation Obligation:

During 2008 the City entered into an operating lease for land that is used as a shooting range, and it has been determined that lead pollution currently exists on the site (see Note 9 for detail). As stipulated in the lease agreement, the City has assumed the responsibility of cleaning up the existing pollution. The estimated amount of the liability is \$250,000, which is derived from a construction contract that assumes no unexpected change orders. The City applied for a grant in 2008 with the Ohio Department of Public Safety that is intended to fully cover the costs of the pollution remediation (see Note 19 for detail).

As of December 31, 2008, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$35,442,910 and the unvoted legal debt margin was \$22,499,783. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2008 are as follows:

Year Ended	Governmental Activities					
	General Obligation Bonds			West Avenue Special Assessment		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 426,000	\$ 357,230	\$ 783,230	\$ 45,000	\$ 47,100	\$ 92,100
2010	436,000	338,781	774,781	50,000	44,400	94,400
2011	462,000	319,696	781,696	50,000	41,400	91,400
2012	477,000	298,950	775,950	55,000	38,400	93,400
2013	460,000	276,996	736,996	60,000	35,100	95,100
2014 - 2018	2,300,000	1,065,703	3,365,703	345,000	118,500	463,500
2019 - 2023	1,255,000	567,125	1,822,125	180,000	16,800	196,800
2024 - 2028	1,000,000	299,560	1,299,560	-	-	-
2029 - 2031	710,000	63,580	773,580	-	-	-
Total	\$ 7,526,000	\$ 3,587,621	\$ 11,113,621	\$ 785,000	\$ 341,700	\$ 1,126,700

Year Ended	Business-Type Activities Special Assessment Debt		
	Principal	Interest	Total
	2009	\$ 119,000	\$ 30,483
2010	129,000	25,971	154,971
2011	128,000	17,962	145,962
2012	53,000	11,441	64,441
2013	30,000	8,100	38,100
2014 - 2016	105,000	12,600	117,600
Total	\$ 564,000	\$ 106,557	\$ 670,557

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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 2008, 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, 2008 through December 31, 2008. 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 an individual bond for the Director of Finance in the amount of \$250,000. All persons working under the Director of Finance are bonded for the sum of \$50,000. All other employees paid by the City are covered by a \$10,000 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. There has been no significant reduction in coverage from the prior year.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The City provides comprehensive medical and dental insurance benefits to employees through a fully insured plan.

NOTE 12 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the 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, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 12 - PENSION PLANS - (Continued)

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2008 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%.

The City's contribution rate for 2008 was 14.00%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.40% of covered payroll. For 2008, a portion equal to 7.00% of covered payroll was allocated to fund the post-employment health care plan.

The City's contribution rate for pension benefits for 2008 was 7.00%, except for those plan members in law enforcement and public safety. For those classifications, the City's pension contributions were 10.40% of covered payroll. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2008, 2007 and 2006 were \$294,802, \$354,723 and \$381,178, respectively; 100% has been contributed for 2008, 2007 and 2006.

B. Ohio Police and Fire Pension Fund

Plan Description - 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2008, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$227,421 and \$150,997 for the year ended December 31, 2008, \$217,361 and \$138,264 for the year ended December 31, 2007 and \$195,982 and \$121,434, for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 73.22% has been contributed for police and 68.00% has been contributed for firefighters for 2008.

NOTE 13 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 13 - POSTRETIREMENT BENEFIT PLANS - (Continued)

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.00% of covered payroll (17.40% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare for 2008 was 7.00% of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$294,802, \$233,628 and \$189,704, respectively; 100% has been contributed for 2008, 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 13 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$120,317 and \$59,013 for the year ended December 31, 2008, \$114,995 and \$54,036 for the year ended December 31, 2007 and \$129,030 and \$57,937 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 68.00% has been contributed for police and 73.22% has been contributed for firefighters for 2008.

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS

A. Compensated Absences

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

Vacation leave is earned at rates which vary depending upon length of service. 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.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS – (Continued)

Sick leave is earned at the rate of .0575 hours per hour of service. Upon retirement, 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. Retirement and termination payments are calculated using the rate of pay at the date of separation.

B. Life Insurance

The City provides life insurance to its employees through MetLife.

NOTE 15 - 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 funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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

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.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

Net Change in Fund Balance

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>
Budget basis	\$ (32,769)	\$ 370,308	\$ 23,913
Net adjustment for revenue accruals	(150,758)	6,998	(6,983)
Net adjustment for expenditure accruals	(16,433)	(31,811)	(1,880)
Adjustment for encumbrances	<u>328,731</u>	<u>50,026</u>	<u>45,258</u>
GAAP basis	<u>\$ 128,771</u>	<u>\$ 395,521</u>	<u>\$ 60,308</u>

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

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 2008, the City contributed \$2,702 to the Akron Metropolitan Area Transportation Study, which represents the City's formula share.

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

NOTE 17 - CONTRACTUAL COMMITMENTS

On December 31, 2008, the City had a total of \$1,112,735 in contractual commitments. These included \$224,371 to Hanna, Zabrieski and Daron for the recreation center expansion project and \$110,720 for the water distribution system improvement. For the MACA pool project, the City had contractual commitments to Cavanaugh Building Corporation in the amount of \$283,860, Astro Pool Company in the amount of \$435,491, Superior Heating in the amount of \$9,882 and Speelman Electric in the amount of \$48,411.

CITY OF TALLMADGE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 18 - CONTINGENCIES

A. Grants

The City received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2008.

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 19 - SIGNIFICANT SUBSEQUENT EVENTS

In April 2009, the City signed a grant agreement with the Ohio Department of Public Safety to fully fund the pollution cleanup at the site of land leased by the City that had been used as a shooting range (see Notes 9 and 10 for detail).

On June 3, 2009, the City issued bond anticipation notes in the amount of \$3,800,000 to retire the bond anticipation notes maturing on June 4, 2009. The bond anticipation notes mature on June 2, 2010.

COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

CITY OF TALLMADGE, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS*

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, staff, and for the purchase, repair and refurbishment of fire equipment.

Street Maintenance and Repair Fund

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

Nonmajor Special Revenue Funds

State Highway Fund

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

Community Development Fund

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

Alcohol Enforcement and Education Fund

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

Law Enforcement Trust Fund

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

Drug Law Enforcement 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 Assistance Fund

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

Emergency Medical Service Donation Fund

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

CITY OF TALLMADGE, OHIO

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

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.

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

Maca Pool Fund

To account for the construction of the Maca outdoor swimming pool.

Nonmajor Capital Projects Funds

General Infrastructure Reserve Fund

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

Northeast Avenue Roundabout Fund

To account for the Northeast Avenue Roundabout road improvements.

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Personal property	\$ 115,229	\$ 114,917	\$ 71,428	\$ (43,489)
Real estate (public utility)	757,859	755,809	758,027	2,218
Municipal income taxes	8,278,410	8,256,015	8,102,619	(153,396)
Franchise tax	110,298	110,000	96,997	(13,003)
Intergovernmental				
Local government	977,437	974,793	1,070,828	96,035
Rollback	85,287	85,056	110,527	25,471
Inheritance	186,756	186,251	456,234	269,983
Miscellaneous	68,184	68,000	89,155	21,155
Investment income	235,637	235,000	205,431	(29,569)
Fines, licenses and permits	310,841	310,000	371,386	61,386
Special assessments.	15,041	15,000	14,804	(196)
Charges for services	1,533,147	1,529,000	1,452,550	(76,450)
Miscellaneous.	70,190	70,000	103,206	33,206
Total revenues.	<u>12,744,316</u>	<u>12,709,841</u>	<u>12,903,192</u>	<u>193,351</u>
Expenditures:				
Current:				
General government				
Mayor/Administration	576,281	603,928	581,237	22,691
Finance Director.	798,967	794,175	783,050	11,125
Law Director	332,798	354,681	331,283	23,398
Service Director.	292,149	290,979	269,136	21,843
Manager of Information Service	216,373	228,567	224,983	3,584
Council	177,963	177,963	173,972	3,991
Civil Service	25,333	25,333	24,280	1,053
Custodian	254,840	254,832	252,254	2,578
General administration	473,705	509,698	508,197	1,501
Boards and commissions	10,500	10,500	3,288	7,212
Historical church	-	18,000	7,455	10,545
Total general government.	<u>3,158,909</u>	<u>3,268,656</u>	<u>3,159,135</u>	<u>109,521</u>
Security of persons and property				
Police	3,653,875	3,653,329	3,630,463	22,866
Street lighting	15,000	45,000	42,371	2,629
Total security of persons and property	<u>3,668,875</u>	<u>3,698,329</u>	<u>3,672,834</u>	<u>25,495</u>
Transportation				
Garage	316,957	346,537	337,259	9,278
Total transportation	<u>316,957</u>	<u>346,537</u>	<u>337,259</u>	<u>9,278</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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment				
Building	\$ 244,586	\$ 239,455	\$ 239,433	\$ 22
Zoning	199,549	192,614	186,038	6,576
Total community environment	<u>444,135</u>	<u>432,069</u>	<u>425,471</u>	<u>6,598</u>
Leisure time activities				
Community center	76,902	95,780	88,938	6,842
Recreation center	1,163,378	1,196,847	1,188,064	8,783
Total leisure time activities	<u>1,240,280</u>	<u>1,292,627</u>	<u>1,277,002</u>	<u>15,625</u>
Capital outlay				
Police equipment	121,723	121,723	121,685	38
Recreation equipment	165,984	165,905	165,069	836
Building equipment	17,000	17,000	17,000	-
Service director vehicle	8,580	8,580	8,580	-
Total capital outlay	<u>313,287</u>	<u>313,208</u>	<u>312,334</u>	<u>874</u>
Total expenditures	<u>9,142,443</u>	<u>9,351,426</u>	<u>9,184,035</u>	<u>167,391</u>
Excess of revenues over expenditures	<u>3,601,873</u>	<u>3,358,415</u>	<u>3,719,157</u>	<u>360,742</u>
Other financing sources (uses):				
Advances in				
Northeast avenue roundabout	-	100,000	100,000	-
MACA pool	-	160,000	160,000	-
Advances out				
Northeast avenue roundabout	-	(100,000)	(100,000)	-
MACA pool	-	(160,000)	(160,000)	-
Transfers out				
Police pension	(210,000)	(210,000)	(210,000)	-
Fire/EMS levy	(755,000)	(755,000)	(755,000)	-
General infrastructure reserve	(200,000)	(200,000)	(100,926)	99,074
Street maintenance and repair	(1,895,000)	(1,895,000)	(1,895,000)	-
MACA pool	-	(6,000)	(6,000)	-
Bond retirement	(805,000)	(805,000)	(785,000)	20,000
Total other financing sources (uses)	<u>(3,865,000)</u>	<u>(3,871,000)</u>	<u>(3,751,926)</u>	<u>119,074</u>
Net change in fund balance	(263,127)	(512,585)	(32,769)	479,816
Fund balance at beginning of year	<u>2,004,411</u>	<u>2,004,411</u>	<u>2,004,411</u>	<u>-</u>
Prior year encumbrances appropriated.	<u>311,411</u>	<u>311,411</u>	<u>311,411</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 2,052,695</u>	<u>\$ 1,803,237</u>	<u>\$ 2,283,053</u>	<u>\$ 479,816</u>

CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 75,584	\$ 449,543	\$ 525,127
Receivables (net of allowances of uncollectibles):			
Real and other taxes	113,962	-	113,962
Accounts	273	-	273
Accrued interest.	32	1,070	1,102
Intergovernmental	38,757	-	38,757
Total assets	<u>\$ 228,608</u>	<u>\$ 450,613</u>	<u>\$ 679,221</u>
Liabilities:			
Contracts payable	\$ -	\$ 225,996	\$ 225,996
Accrued wages and benefits	1,946	-	1,946
Intergovernmental payable.	103,614	-	103,614
Deferred revenue.	34,211	395	34,606
Unearned revenue	108,894	-	108,894
Total liabilities	<u>248,665</u>	<u>226,391</u>	<u>475,056</u>
Fund Balances:			
Fund balances:			
Reserved for encumbrances	456	18,071	18,527
Unreserved, undesignated (deficit), reported in:			
Special revenue funds	(20,513)	-	(20,513)
Capital projects funds	-	206,151	206,151
Total fund balances (deficit)	<u>(20,057)</u>	<u>224,222</u>	<u>204,165</u>
Total liabilities and fund balances.	<u>\$ 228,608</u>	<u>\$ 450,613</u>	<u>\$ 679,221</u>

CITY OF TALLMADGE, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property and other taxes	\$ 111,205	\$ -	\$ 111,205
Intergovernmental	88,908	151,646	240,554
Investment income	186	7,483	7,669
Fines, licenses and permits	2,898	-	2,898
Miscellaneous	385	-	385
	<hr/>	<hr/>	<hr/>
Total revenues	203,582	159,129	362,711
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Security of persons and property.	368,147	-	368,147
Transportation	69,293	-	69,293
Capital outlay.	-	700,823	700,823
	<hr/>	<hr/>	<hr/>
Total expenditures	437,440	700,823	1,138,263
	<hr/>	<hr/>	<hr/>
Deficiency of revenues under expenditures	(233,858)	(541,694)	(775,552)
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Sale of notes	-	580,000	580,000
Transfers in	210,000	100,926	310,926
	<hr/>	<hr/>	<hr/>
Total other financing sources	210,000	680,926	890,926
	<hr/>	<hr/>	<hr/>
Net change in fund balances.	(23,858)	139,232	115,374
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	3,801	84,990	88,791
	<hr/>	<hr/>	<hr/>
Fund balances (deficit) at end of year	<u>\$ (20,057)</u>	<u>\$ 224,222</u>	<u>\$ 204,165</u>

CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2008*

	State Highway	Community Development	Alcohol Enforcement and Education	Law Enforcement Trust
Assets:				
Equity in pooled cash and cash equivalents.	\$ 33,504	\$ 7,027	\$ 138	\$ 3,917
Receivables (net of allowances for uncollectibles):				
Real and other taxes.	-	-	-	-
Accounts	-	-	-	123
Accrued interest.	32	-	-	-
Intergovernmental.	30,279	-	-	-
Total assets	<u>\$ 63,815</u>	<u>\$ 7,027</u>	<u>\$ 138</u>	<u>\$ 4,040</u>
Liabilities:				
Accrued wages and benefits	\$ 1,946	\$ -	\$ -	\$ -
Intergovernmental payable	5,308	-	-	-
Deferred revenue	20,665	-	-	-
Unearned revenue	-	-	-	-
Total liabilities.	<u>27,919</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Reserved for encumbrances	31	-	-	-
Unreserved, undesignated (deficit), reported in:				
Special revenue funds	35,865	7,027	138	4,040
Total fund balances (deficits).	<u>35,896</u>	<u>7,027</u>	<u>138</u>	<u>4,040</u>
Total liabilities and fund balances	<u>\$ 63,815</u>	<u>\$ 7,027</u>	<u>\$ 138</u>	<u>\$ 4,040</u>

Drug Law Enforcement	Law Enforcement Assistance	Emergency Medical Service Donation	Police Pension	Totals
\$ 2,567	\$ 2,225	\$ 5,927	\$ 20,279	\$ 75,584
-	-	-	113,962	113,962
150	-	-	-	273
-	-	-	-	32
-	-	-	8,478	38,757
<u>\$ 2,717</u>	<u>\$ 2,225</u>	<u>\$ 5,927</u>	<u>\$ 142,719</u>	<u>\$ 228,608</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,946
-	-	5,075	93,231	103,614
-	-	-	13,546	34,211
-	-	-	108,894	108,894
-	-	5,075	215,671	248,665
-	-	425	-	456
2,717	2,225	427	(72,952)	(20,513)
<u>2,717</u>	<u>2,225</u>	<u>852</u>	<u>(72,952)</u>	<u>(20,057)</u>
<u>\$ 2,717</u>	<u>\$ 2,225</u>	<u>\$ 5,927</u>	<u>\$ 142,719</u>	<u>\$ 228,608</u>

CITY OF TALLMADGE, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008*

	<u>State Highway</u>	<u>Community Development</u>	<u>Alcohol Enforcement and Education</u>	<u>Law Enforcement Trust</u>
Revenues:				
Property and other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	60,778	-	-	-
Investment income	186	-	-	-
Fines, licenses and permits	-	-	110	718
Miscellaneous	87	-	-	-
Total revenues.	<u>61,051</u>	<u>-</u>	<u>110</u>	<u>718</u>
Expenditures:				
Current:				
Security of persons and property	-	-	-	-
Transportation	69,293	-	-	-
Total expenditures.	<u>69,293</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,242)</u>	<u>-</u>	<u>110</u>	<u>718</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(8,242)</u>	<u>-</u>	<u>110</u>	<u>718</u>
Fund balances (deficit) at beginning of year.	<u>44,138</u>	<u>7,027</u>	<u>28</u>	<u>3,322</u>
Fund balances (deficit) at end of year	<u>\$ 35,896</u>	<u>\$ 7,027</u>	<u>\$ 138</u>	<u>\$ 4,040</u>

Drug Law Enforcement	Law Enforcement Assistance	Emergency Medical Service Donation	Police Pension	Totals
\$ -	\$ -	\$ -	\$ 111,205	\$ 111,205
-	4,160	-	23,970	88,908
-	-	-	-	186
2,070	-	-	-	2,898
-	-	298	-	385
<u>2,070</u>	<u>4,160</u>	<u>298</u>	<u>135,175</u>	<u>203,582</u>
10,920	1,935	5,412	349,880	368,147
-	-	-	-	69,293
<u>10,920</u>	<u>1,935</u>	<u>5,412</u>	<u>349,880</u>	<u>437,440</u>
<u>(8,850)</u>	<u>2,225</u>	<u>(5,114)</u>	<u>(214,705)</u>	<u>(233,858)</u>
-	-	-	210,000	210,000
-	-	-	210,000	210,000
(8,850)	2,225	(5,114)	(4,705)	(23,858)
<u>11,567</u>	<u>-</u>	<u>5,966</u>	<u>(68,247)</u>	<u>3,801</u>
<u>\$ 2,717</u>	<u>\$ 2,225</u>	<u>\$ 852</u>	<u>\$ (72,952)</u>	<u>\$ (20,057)</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,485,469	\$ 1,473,714	\$ 1,415,363	\$ (58,351)
Intergovernmental	222,410	220,650	311,117	90,467
Investment income	6,048	6,000	8,394	2,394
Fines, licenses and permits	101	100	107	7
Charges for services	372,951	370,000	314,746	(55,254)
Miscellaneous.	20,059	19,900	10,325	(9,575)
Total revenues	<u>2,107,038</u>	<u>2,090,364</u>	<u>2,060,052</u>	<u>(30,312)</u>
Expenditures:				
Current:				
Security of persons and property				
Fire	2,385,765	2,382,881	2,317,556	65,325
Capital outlay				
Equipment	144,000	144,000	131,188	12,812
Total expenditures	<u>2,529,765</u>	<u>2,526,881</u>	<u>2,448,744</u>	<u>78,137</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(422,727)</u>	<u>(436,517)</u>	<u>(388,692)</u>	<u>47,825</u>
Other financing sources:				
Sale of assets	-	-	4,000	4,000
Transfers in.	755,000	755,000	755,000	-
Total other financing sources	<u>755,000</u>	<u>755,000</u>	<u>759,000</u>	<u>4,000</u>
Net change in fund balance.	332,273	318,483	370,308	51,825
Fund balance at beginning of year	21,056	21,056	21,056	-
Prior year encumbrances appropriated . .	<u>22,512</u>	<u>22,512</u>	<u>22,512</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 375,841</u>	<u>\$ 362,051</u>	<u>\$ 413,876</u>	<u>\$ 51,825</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, 2008*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental.	\$ 941,282	\$ 829,790	\$ 797,081	\$ (32,709)
Investment income	5,105	4,500	2,490	(2,010)
Special assessments.	13,975	12,320	13,034	714
Charges for services.	94,152	83,000	64,950	(18,050)
Miscellaneous.	2,269	2,000	3,711	1,711
Total revenues.	1,056,783	931,610	881,266	(50,344)
Expenditures:				
Current:				
Public health and welfare.	87,604	87,604	69,495	18,109
Transportation	1,613,863	1,611,594	1,602,623	8,971
Leisure time activities.	338,326	338,326	338,005	321
Capital outlay				
Road program.	753,815	753,000	734,152	18,848
Northeast Phase I.	1,078	439	1,078	(639)
Northeast Avenue Roundabout	7,000	7,000	7,000	-
Total expenditures.	2,801,686	2,797,963	2,752,353	45,610
Excess (deficiency) of revenues over (under) expenditures.	(1,744,903)	(1,866,353)	(1,871,087)	(4,734)
Other financing sources:				
Transfers in.	2,149,617	1,895,000	1,895,000	-
Total other financing sources.	2,149,617	1,895,000	1,895,000	-
Net change in fund balance.	404,714	28,647	23,913	(4,734)
Fund balance at beginning of year	225,607	225,607	225,607	-
Prior year encumbrances appropriated	63,222	63,222	63,222	-
Fund balance at end of year	\$ 693,543	\$ 317,476	\$ 312,742	\$ (4,734)

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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 79,195	\$ 65,000	\$ 61,313	\$ (3,687)
Investment income	305	250	202	(48)
Miscellaneous.		-	87	87
Total revenues.	<u>79,500</u>	<u>65,250</u>	<u>61,602</u>	<u>(3,648)</u>
Expenditures:				
Current:				
Transportation	<u>87,461</u>	<u>87,461</u>	<u>66,544</u>	<u>20,917</u>
Total expenditures.	<u>87,461</u>	<u>87,461</u>	<u>66,544</u>	<u>20,917</u>
Net change in fund balance	(7,961)	(22,211)	(4,942)	17,269
Fund balance at beginning of year.	<u>38,410</u>	<u>38,410</u>	<u>38,410</u>	<u>-</u>
Fund balance at end of year	<u>\$ 30,449</u>	<u>\$ 16,199</u>	<u>\$ 33,468</u>	<u>\$ 17,269</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Fund balance at beginning of year	\$ 7,027	\$ 7,027	\$ 7,027	\$ -
Fund balance at end of year.	<u>\$ 7,027</u>	<u>\$ 7,027</u>	<u>\$ 7,027</u>	<u>\$ -</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALCOHOL ENFORCEMENT AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, licenses and permits	\$ 500	\$ 500	\$ 110	\$ (390)
Total revenues	<u>500</u>	<u>500</u>	<u>110</u>	<u>(390)</u>
Net change in fund balance.	500	500	110	(390)
Fund balance at beginning of year	<u>28</u>	<u>28</u>	<u>28</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 528</u>	<u>\$ 528</u>	<u>\$ 138</u>	<u>\$ (390)</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, licenses and permits	\$ 500	\$ 500	\$ 655	\$ 155
Total revenues	<u>500</u>	<u>500</u>	<u>655</u>	<u>155</u>
Expenditures:				
Current:				
Security of persons and property	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total expenditures	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Net change in fund balance.	(2,500)	(2,500)	655	3,155
Fund balance at beginning of year	<u>3,262</u>	<u>3,262</u>	<u>3,262</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 762</u>	<u>\$ 762</u>	<u>\$ 3,917</u>	<u>\$ 3,155</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, licenses and permits	\$ 2,500	\$ 2,500	\$ 2,070	\$ (430)
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>2,070</u>	<u>(430)</u>
Expenditures:				
Current:				
Security of persons and property	<u>15,295</u>	<u>15,295</u>	<u>15,295</u>	<u>-</u>
Total expenditures	<u>15,295</u>	<u>15,295</u>	<u>15,295</u>	<u>-</u>
Net change in fund balance.	(12,795)	(12,795)	(13,225)	(430)
Fund balance at beginning of year	6,497	6,497	6,497	-
Prior year encumbrances appropriated . .	<u>9,295</u>	<u>9,295</u>	<u>9,295</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 2,997</u>	<u>\$ 2,997</u>	<u>\$ 2,567</u>	<u>\$ (430)</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ -	\$ 4,160	\$ 4,160	\$ -
Total revenues	-	4,160	4,160	-
Expenditures:				
Current:				
Security of persons and property	-	4,160	1,935	2,225
Total expenditures	-	4,160	1,935	2,225
Net change in fund balance.	-	-	2,225	2,225
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,225</u>	<u>\$ 2,225</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous	\$ 2,800	\$ 1,000	\$ 298	\$ (702)
Total revenues	<u>2,800</u>	<u>1,000</u>	<u>298</u>	<u>(702)</u>
Expenditures:				
Capital outlay:				
Equipment	<u>2,000</u>	<u>6,000</u>	<u>5,837</u>	<u>163</u>
Total expenditures	<u>2,000</u>	<u>6,000</u>	<u>5,837</u>	<u>163</u>
Net change in fund balance.	800	(5,000)	(5,539)	(539)
Fund balance at beginning of year	<u>5,966</u>	<u>5,966</u>	<u>5,966</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 6,766</u>	<u>\$ 966</u>	<u>\$ 427</u>	<u>\$ (539)</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 115,683	\$ 115,387	\$ 111,205	\$ (4,182)
Intergovernmental	21,206	21,152	23,970	2,818
Total revenues	<u>136,889</u>	<u>136,539</u>	<u>135,175</u>	<u>(1,364)</u>
Expenditures:				
Current:				
Security of persons and property	<u>348,000</u>	<u>348,000</u>	<u>347,134</u>	<u>866</u>
Total expenditures	<u>348,000</u>	<u>348,000</u>	<u>347,134</u>	<u>866</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(211,111)</u>	<u>(211,461)</u>	<u>(211,959)</u>	<u>(498)</u>
Other financing sources:				
Transfers in.	<u>210,000</u>	<u>210,000</u>	<u>210,000</u>	<u>-</u>
Total other financing sources.	<u>210,000</u>	<u>210,000</u>	<u>210,000</u>	<u>-</u>
Net change in fund balance.	(1,111)	(1,461)	(1,959)	(498)
Fund balance at beginning of year	<u>22,238</u>	<u>22,238</u>	<u>22,238</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 21,127</u>	<u>\$ 20,777</u>	<u>\$ 20,279</u>	<u>\$ (498)</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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments.	\$ 92,000	\$ 80,000	\$ 87,943	\$ 7,943
Total revenues.	<u>92,000</u>	<u>80,000</u>	<u>87,943</u>	<u>7,943</u>
Expenditures:				
Debt service:				
Principal retirement.	456,000	456,000	456,000	-
Interest and fiscal charges.	<u>438,000</u>	<u>438,000</u>	<u>425,624</u>	<u>12,376</u>
Total expenditures.	<u>894,000</u>	<u>894,000</u>	<u>881,624</u>	<u>12,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(802,000)</u>	<u>(814,000)</u>	<u>(793,681)</u>	<u>20,319</u>
Other financing sources:				
Transfers in.	816,000	805,000	785,000	(20,000)
Premium on sale of notes.	-	-	8,702	8,702
Total other financing sources	<u>816,000</u>	<u>805,000</u>	<u>793,702</u>	<u>(11,298)</u>
Net change in fund balance.	14,000	(9,000)	21	9,021
Fund balance at beginning of year	<u>14,757</u>	<u>14,757</u>	<u>14,757</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 28,757</u>	<u>\$ 5,757</u>	<u>\$ 14,778</u>	<u>\$ 9,021</u>

CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2008*

	General Infrastructure	Northeast Avenue Roundabout	Totals
Assets:			
Equity in pooled cash and cash equivalents.	\$ 379,826	\$ 69,717	\$ 449,543
Receivables (net of allowances for uncollectibles): Accrued interest.	1,070	-	1,070
Total assets	<u>\$ 380,896</u>	<u>\$ 69,717</u>	<u>\$ 450,613</u>
Liabilities:			
Contracts payable.	\$ 225,996	\$ -	\$ 225,996
Deferred revenue	395	-	395
Total liabilities	<u>226,391</u>	<u>-</u>	<u>226,391</u>
Fund Balances:			
Reserved for encumbrances	-	18,071	18,071
Unreserved, undesignated, reported in:			
Capital projects funds	154,505	51,646	206,151
Total fund balances.	<u>154,505</u>	<u>69,717</u>	<u>224,222</u>
Total liabilities and fund balances	<u>\$ 380,896</u>	<u>\$ 69,717</u>	<u>\$ 450,613</u>

CITY OF TALLMADGE, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008*

	General Infrastructure	Northeast Avenue Roundabout	Totals
Revenues:			
Intergovernmental	\$ -	\$ 151,646	\$ 151,646
Investment income.	7,483	-	7,483
Total revenues	<u>7,483</u>	<u>151,646</u>	<u>159,129</u>
Expenditures:			
Capital outlay	618,894	81,929	700,823
Total expenditures	<u>618,894</u>	<u>81,929</u>	<u>700,823</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(611,411)</u>	<u>69,717</u>	<u>(541,694)</u>
Other financing sources:			
Sale of notes	580,000	-	580,000
Transfers in	<u>100,926</u>	<u>-</u>	<u>100,926</u>
Total other financing sources (uses) . . .	<u>680,926</u>	<u>-</u>	<u>680,926</u>
Net change in fund balances	69,515	69,717	139,232
Fund balances at beginning of year . . .	<u>84,990</u>	<u>-</u>	<u>84,990</u>
Fund balances (deficit) at end of year . .	<u>\$ 154,505</u>	<u>\$ 69,717</u>	<u>\$ 224,222</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MACA POOL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Capital outlay	\$ 2,800,000	\$ 3,224,500	\$ 3,219,943	\$ 4,557
Total expenditures.	<u>2,800,000</u>	<u>3,224,500</u>	<u>3,219,943</u>	<u>4,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,800,000)</u>	<u>(3,224,500)</u>	<u>(3,219,943)</u>	<u>4,557</u>
Other financing sources (uses):				
Sale of note.	2,800,000	3,220,000	3,220,000	-
Transfers in	-	6,000	6,000	-
Advances in.	-	160,000	160,000	-
Advances out	<u>-</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
Total other financing sources (uses).	<u>2,800,000</u>	<u>3,226,000</u>	<u>3,226,000</u>	<u>-</u>
Net change in fund balance	-	1,500	6,057	4,557
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 6,057</u>	<u>\$ 4,557</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL INFRASTRUCTURE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ -	\$ -	\$ 6,829	\$ 6,829
Total revenues.	-	-	6,829	6,829
Expenditures:				
Capital outlay	490,000	620,000	617,377	2,623
Total expenditures	490,000	620,000	617,377	2,623
Excess (deficiency) of revenues over (under) expenditures	(490,000)	(620,000)	(610,548)	4,206
Other financing sources:				
Transfers in	200,000	215,000	100,926	(114,074)
Sale of note	200,000	580,000	580,000	-
Total other financing sources	400,000	795,000	680,926	(114,074)
Net change in fund balance	(90,000)	175,000	70,378	(104,622)
Fund balance at beginning of year	84,813	84,813	84,813	-
Fund balance at end of year	<u>\$ (5,187)</u>	<u>\$ 259,813</u>	<u>\$ 155,191</u>	<u>\$ (104,622)</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NORTHEAST AVENUE ROUNDABOUT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 364,000	\$ 151,646	\$ 151,646	\$ -
Total revenues.	<u>364,000</u>	<u>151,646</u>	<u>151,646</u>	<u>-</u>
Expenditures:				
Capital outlay	<u>364,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total expenditures.	<u>364,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Excess of revenues over expenditures.	<u>-</u>	<u>51,646</u>	<u>51,646</u>	<u>-</u>
Other financing sources (uses):				
Advances in	-	100,000	100,000	-
Advances out	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	51,646	51,646	-
Fund balance at beginning of year.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 51,646</u>	<u>\$ 51,646</u>	<u>\$ -</u>

CITY OF TALLMADGE, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - PROPRIETARY FUNDS*

MAJOR ENTERPRISE FUNDS

The enterprise funds are used to account for the City's sewer 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.

Storm Water Fund

The storm water fund accounts for the provision of storm water drainage runoff service to the residents and commercial users located within the City.

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 110,763	\$ 100,000	\$ 90,988	\$ (9,012)
Charges for services	1,730,779	1,562,600	1,525,793	(36,807)
Special assessments	66,458	60,000	44,346	(15,654)
Miscellaneous	-	-	527	527
Total revenues	<u>1,908,000</u>	<u>1,722,600</u>	<u>1,661,654</u>	<u>(60,946)</u>
Expenses:				
Personal services	353,874	353,874	332,608	21,266
Materials and supplies	63,431	63,431	53,260	10,171
Contractual services	1,228,788	1,228,788	1,098,979	129,809
Other	53,344	53,217	67,826	(14,609)
Capital outlay				
Loader/hoe	43,000	43,000	43,000	-
Vehicle	8,667	8,667	10,279	(1,612)
Pickup truck	16,000	16,000	15,399	601
Sewer rehabilitation	80,000	80,000	80,000	-
Water meter replacement	12,500	12,500	12,450	50
Debt service:				
Principal retirement	41,000	41,000	41,000	-
Interest and fiscal charges	22,500	22,500	21,126	1,374
Total expenses	<u>1,923,104</u>	<u>1,922,977</u>	<u>1,775,927</u>	<u>147,050</u>
Net change in fund equity	(15,104)	(200,377)	(114,273)	86,104
Fund equity at beginning of year	3,792,504	3,792,504	3,792,504	-
Prior year encumbrances appropriated . . .	<u>3,723</u>	<u>3,723</u>	<u>3,723</u>	<u>-</u>
Fund equity at end of year	<u>\$ 3,781,123</u>	<u>\$ 3,595,850</u>	<u>\$ 3,681,954</u>	<u>\$ 86,104</u>

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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 65,583	\$ 64,500	\$ 60,985	\$ (3,515)
Charges for services	1,716,822	1,688,460	1,705,719	17,259
Special assessments	153,536	151,000	138,670	(12,330)
Miscellaneous	3,559	3,500	6,678	3,178
Total revenues.	<u>1,939,500</u>	<u>1,907,460</u>	<u>1,912,052</u>	<u>4,592</u>
Expenses:				
Personal services	353,028	353,029	328,216	24,813
Materials and supplies	63,090	62,180	60,526	1,654
Contractual services	1,214,445	1,203,415	885,146	318,269
Other	35,940	35,813	79,802	(43,989)
Capital outlay				
Loader/hoe	43,000	43,000	43,000	-
Pickup truck	16,000	16,000	15,624	376
Vehicle	8,580	8,580	9,367	(787)
East-end welding waterline extension . . .	143,865	139,152	139,152	-
Booster station	250,000	250,000	199,800	50,200
New watertower	4,522	-	-	-
Water meter replacement	12,500	12,500	12,449	51
Debt service:				
Principal retirement	113,000	113,000	113,000	-
Interest and fiscal charges	18,000	18,000	16,945	1,055
Total expenses	<u>2,275,970</u>	<u>2,254,669</u>	<u>1,903,027</u>	<u>351,642</u>
Net change in fund equity	(336,470)	(347,209)	9,025	356,234
Fund equity at beginning of year.	2,413,797	2,413,797	2,413,797	-
Prior year encumbrances appropriated . . .	<u>166,919</u>	<u>166,919</u>	<u>166,919</u>	<u>-</u>
Fund equity at end of year	<u>\$ 2,244,246</u>	<u>\$ 2,233,507</u>	<u>\$ 2,589,741</u>	<u>\$ 356,234</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORM WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 260,000	\$ 307,000	\$ 352,760	\$ 45,760
Miscellaneous	-	-	3,112	3,112
Total revenues.	<u>260,000</u>	<u>307,000</u>	<u>355,872</u>	<u>48,872</u>
Expenses:				
Personal services.	70,200	70,200	63,046	7,154
Contractual services	42,428	40,213	41,325	(1,112)
Other	-	50,000	-	50,000
Capital outlay				
East Avenue repair.	-	-	84,687	(84,687)
Enclose Southeast Avenue ditches	224,975	224,975	287,862	(62,887)
MACA ditch	105,226	100,000	7,808	92,192
Total expenses	<u>442,829</u>	<u>485,388</u>	<u>484,728</u>	<u>660</u>
Net change in fund equity	(182,829)	(178,388)	(128,856)	49,532
Fund equity at beginning of year.	277,398	277,398	277,398	-
Prior year encumbrances appropriated	16,629	16,629	16,629	-
Fund equity at end of year	<u>\$ 111,198</u>	<u>\$ 115,639</u>	<u>\$ 165,171</u>	<u>\$ 49,532</u>

CITY OF TALLMADGE, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - AGENCY FUNDS*

AGENCY FUNDS

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

Revolving Trust Fund

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

Joint Economic Development District Fund

To account for monies associated with the administering and collection of the income taxes of the Joint Economic Development District.

CITY OF TALLMADGE, OHIO

*STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008*

	Beginning Balance 12/31/2007	Additions	Reductions	Ending Balance 12/31/2008
Revolving Trust				
Assets:				
Equity in pooled cash and cash equivalents	\$ 61,386	\$ 75,657	\$ 77,240	\$ 59,803
Total assets.	<u>\$ 61,386</u>	<u>\$ 75,657</u>	<u>\$ 77,240</u>	<u>\$ 59,803</u>
Liabilities:				
Deposits held and due to others	\$ 61,386	\$ 75,657	\$ 77,240	\$ 59,803
Total liabilities	<u>\$ 61,386</u>	<u>\$ 75,657</u>	<u>\$ 77,240</u>	<u>\$ 59,803</u>
Joint Economic Development District				
Assets:				
Equity in pooled cash and cash equivalents	\$ 95,976	\$ 207,608	\$ 206,828	\$ 96,756
Income taxes receivable	25,412	26,153	25,412	26,153
Total assets.	<u>\$ 121,388</u>	<u>\$ 233,761</u>	<u>\$ 232,240</u>	<u>\$ 122,909</u>
Liabilities:				
Deposits held and due to others	\$ 121,388	\$ 233,761	\$ 232,240	\$ 122,909
Total liabilities	<u>\$ 121,388</u>	<u>\$ 233,761</u>	<u>\$ 232,240</u>	<u>\$ 122,909</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 157,362	\$ 283,265	\$ 284,068	\$ 156,559
Income taxes receivable	25,412	26,153	25,412	26,153
Total assets.	<u>\$ 182,774</u>	<u>\$ 309,418</u>	<u>\$ 309,480</u>	<u>\$ 182,712</u>
Liabilities:				
Deposits held and due to others	\$ 182,774	\$ 309,418	\$ 309,480	\$ 182,712
Total liabilities	<u>\$ 182,774</u>	<u>\$ 309,418</u>	<u>\$ 309,480</u>	<u>\$ 182,712</u>

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STATISTICAL SECTION

CITY OF TALLMADGE, OHIO

STATISTICAL SECTION

This part of the City of Tallmadge's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	96
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the income tax and property tax.	107
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	116
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	120
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.	122

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

TABLE 1

CITY OF TALLMADGE, OHIO

*NET ASSETS BY COMPONENT
LAST SIX YEARS
(ACCRUAL BASIS OF ACCOUNTING)*

	Year Ended			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 17,737,954	\$ 18,399,103	\$ 17,653,191	\$ 19,283,070
Restricted	1,674,816	1,529,570	1,649,621	1,553,853
Unrestricted	3,503,641	2,949,555	3,096,621	1,037,951
Total governmental activities net assets	<u>\$ 22,916,411</u>	<u>\$ 22,878,228</u>	<u>\$ 22,399,433</u>	<u>\$ 21,874,874</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 9,615,868	\$ 9,745,354	\$ 11,597,918	\$ 13,115,962
Unrestricted	7,410,786	7,030,332	7,999,516	7,916,486
Total business-type activities net assets	<u>\$ 17,026,654</u>	<u>\$ 16,775,686</u>	<u>\$ 19,597,434</u>	<u>\$ 21,032,448</u>
Primary government				
Invested in capital assets, net of related debt	\$ 27,353,822	\$ 28,144,457	\$ 29,251,109	\$ 32,399,032
Restricted	1,674,816	1,529,570	1,649,621	1,553,853
Unrestricted	10,914,427	9,979,887	11,096,137	8,954,437
Total primary government net assets	<u>\$ 39,943,065</u>	<u>\$ 39,653,914</u>	<u>\$ 41,996,867</u>	<u>\$ 42,907,322</u>

Note: 2003 was the first year the City implemented GASB Statement No. 34, so comparative information before that date is not available.

<u>2007</u>	<u>2008</u>
\$ 19,397,236	\$ 18,719,874
1,643,839	1,902,468
1,495,354	1,694,536
<u>\$ 22,536,429</u>	<u>\$ 22,316,878</u>
\$ 13,900,274	\$ 13,978,571
8,000,737	7,662,014
<u>\$ 21,901,011</u>	<u>\$ 21,640,585</u>
\$ 31,702,510	\$ 31,213,445
1,643,839	1,902,468
11,091,091	10,841,550
<u>\$ 44,437,440</u>	<u>\$ 43,957,463</u>

TABLE 2

CITY OF TALLMADGE, OHIO

CHANGES IN NET ASSETS
LAST SIX YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Year Ended			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 2,751,310	\$ 2,813,020	\$ 2,909,459	\$ 3,083,058
Security of persons and property				
Police	3,247,632	3,587,033	3,602,372	3,897,751
Street lights	20,798	18,986	12,834	6,989
Fire	1,947,126	1,885,594	1,983,204	2,248,274
Public health and welfare	150,404	209,709	67,088	61,698
Transportation	2,981,215	2,168,223	2,843,072	3,366,399
Community environment	409,640	387,578	390,832	425,437
Leisure time activity	731,878	1,342,519	1,723,848	1,843,327
Interest and fiscal charges	407,820	383,820	453,538	442,733
Total governmental activities expenses	<u>12,647,823</u>	<u>12,796,482</u>	<u>13,986,247</u>	<u>15,375,666</u>
Business-type activities:				
Sewer	2,329,878	2,485,670	2,185,614	1,631,888
Water	1,758,751	1,708,243	1,640,657	1,653,398
Storm Water	-	-	126,335	193,978
Total business-type activities expenses	<u>4,088,629</u>	<u>4,193,913</u>	<u>3,952,606</u>	<u>3,479,264</u>
Total primary government expenses	<u>\$ 16,736,452</u>	<u>\$ 16,990,395</u>	<u>\$ 17,938,853</u>	<u>\$ 18,854,930</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 203,117	\$ 104,361	\$ 133,617	\$ 157,812
Security of persons and property				
Police	19,465	8,070	10,313	16,567
Fire	317,028	320,636	357,757	357,459
Public health and welfare	78,931	63,360	70,254	81,450
Transportation		-	-	
Community environment	302,380	305,058	203,636	264,462
Leisure time activity	136,947	887,084	1,282,008	1,498,857
Operating grants and contributions	633,414	764,100	993,310	894,485
Capital grants and contributions	370,041	106,961	386,216	1,283,034
Total governmental program revenues	<u>2,061,323</u>	<u>2,559,630</u>	<u>3,437,111</u>	<u>4,554,126</u>
Business-type activities:				
Charges for services:				
Sewer	2,207,559	2,196,419	2,233,693	1,523,778
Water	1,544,119	1,652,053	1,869,017	1,706,887
Storm Water	-	-	388,021	459,861
Capital grants and contributions	289,989	-	-	-
Total business-type activities program revenues	<u>4,041,667</u>	<u>3,848,472</u>	<u>4,490,731</u>	<u>3,690,526</u>
Total primary government program revenue	<u>\$ 6,102,990</u>	<u>\$ 6,408,102</u>	<u>\$ 7,927,842</u>	<u>\$ 8,244,652</u>
Net (Expense)/Revenue				
Governmental activities	\$ (10,586,500)	\$ (10,236,852)	\$ (10,549,136)	\$ (10,821,540)
Business-type activities	(46,962)	(345,441)	538,125	211,262
Total primary government net expense	<u>\$ (10,633,462)</u>	<u>\$ (10,582,293)</u>	<u>\$ (10,011,011)</u>	<u>\$ (10,610,278)</u>

-- Continued

<u>2007</u>	<u>2008</u>
\$ 3,477,962	\$ 3,253,790
3,859,300	3,816,522
15,210	39,208
2,339,952	2,585,492
73,136	72,170
3,284,385	3,778,324
396,525	657,143
1,878,053	1,817,187
462,321	482,825
<u>15,786,844</u>	<u>16,502,661</u>
1,666,463	1,785,418
1,634,790	1,890,821
239,807	243,329
<u>3,541,060</u>	<u>3,919,568</u>
<u>\$ 19,327,904</u>	<u>\$ 20,422,229</u>
\$ 174,923	\$ 193,794
82,646	3,067
351,813	321,641
78,865	1,346
210,545	30,254
205,682	251,070
1,572,305	1,457,708
949,361	854,695
786,581	151,646
<u>4,412,721</u>	<u>3,265,221</u>
1,493,098	1,518,955
1,816,538	1,721,534
451,756	317,288
251,858	-
<u>4,013,250</u>	<u>3,557,777</u>
<u>\$ 8,425,971</u>	<u>\$ 6,822,998</u>
\$ (11,374,123)	\$ (13,237,440)
472,190	(361,791)
<u>\$ (10,901,933)</u>	<u>\$ (13,599,231)</u>

TABLE 2

CITY OF TALLMADGE, OHIO

CHANGES IN NET ASSETS (CONTINUED)
 LAST SIX YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	Year Ended			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 1,730,744	\$ 1,979,761	\$ 2,089,647	\$ 2,159,769
Income taxes	6,896,029	6,686,817	7,291,435	7,037,324
Unrestricted grants and contributions	1,449,803	1,445,510	1,665,173	1,716,295
Investment earnings	160,018	61,788	165,066	293,692
Miscellaneous	103,835	38,535	40,897	89,481
Transfers	-	(13,742)	(2,158,885)	(999,580)
Total governmental activities	<u>10,340,429</u>	<u>10,198,669</u>	<u>9,093,333</u>	<u>10,296,981</u>
Business-type activities:				
Investment earnings	64,954	47,643	120,508	215,710
Miscellaneous	11,979	33,088	4,230	8,462
Transfers	-	13,742	2,158,885	999,580
Total business-type activities	<u>76,933</u>	<u>94,473</u>	<u>2,283,623</u>	<u>1,223,752</u>
Total primary government	<u>\$ 10,417,362</u>	<u>\$ 10,293,142</u>	<u>\$ 11,376,956</u>	<u>\$ 11,520,733</u>
Change in Net Assets				
Governmental activities	\$ (246,071)	\$ (38,183)	\$ (1,455,803)	\$ (524,559)
Business-type activities	29,971	(250,968)	2,821,748	1,435,014
Total primary government	<u>\$ (216,100)</u>	<u>\$ (289,151)</u>	<u>\$ 1,365,945</u>	<u>\$ 910,455</u>

Note: 2003 was the first year the City implemented GASB Statement No. 34, so comparative information before that date is not available.

<u>2007</u>	<u>2008</u>
\$ 2,129,530	\$ 2,447,935
7,864,634	8,118,368
1,789,961	1,968,428
286,805	210,924
136,321	223,833
(171,573)	48,401
<u>12,035,678</u>	<u>13,017,889</u>
218,346	139,449
6,454	10,317
171,573	(48,401)
<u>396,373</u>	<u>101,365</u>
<u>\$ 12,432,051</u>	<u>\$ 13,119,254</u>
\$ 661,555	\$ (219,551)
868,563	(260,426)
<u>\$ 1,530,118</u>	<u>\$ (479,977)</u>

TABLE 3

CITY OF TALLMADGE, OHIO

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund				
Reserved	\$ 299,134	\$ 304,593	\$ 123,950	\$ 181,078
Unreserved	1,937,915	2,080,625	2,487,149	2,622,779
Total general fund	<u>\$ 2,237,049</u>	<u>\$ 2,385,218</u>	<u>\$ 2,611,099</u>	<u>\$ 2,803,857</u>
All Other Governmental Funds				
Reserved	\$ 716,629	\$ 1,139,645	\$ 464,640	\$ 600,930
Unreserved, reported in:				
Special revenue funds	530,363	155,020	357,432	825,375
Debt service funds	-	-	-	-
Capital projects funds	(214,125)	(1,552,761)	351,804	160,882
Total all other governmental funds	<u>\$ 1,032,867</u>	<u>\$ (258,096)</u>	<u>\$ 1,173,876</u>	<u>\$ 1,587,187</u>

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 65,682	\$ 141,361	\$ 119,505	\$ 215,920	\$ 346,588	\$ 318,914
<u>2,647,039</u>	<u>1,924,934</u>	<u>2,275,772</u>	<u>2,550,408</u>	<u>2,514,736</u>	<u>2,671,181</u>
<u>\$ 2,712,721</u>	<u>\$ 2,066,295</u>	<u>\$ 2,395,277</u>	<u>\$ 2,766,328</u>	<u>\$ 2,861,324</u>	<u>\$ 2,990,095</u>
\$ 1,222,263	\$ 105,120	\$ 255,652	\$ 1,252,535	\$ 218,875	\$ 887,039
355,423	426,887	411,964	170,674	190,731	629,334
24,123	36,601	19,751	21,558	14,757	14,778
<u>(504,608)</u>	<u>(140,627)</u>	<u>(32,187)</u>	<u>(989,740)</u>	<u>63,474</u>	<u>212,208</u>
<u>\$ 1,097,201</u>	<u>\$ 427,981</u>	<u>\$ 655,180</u>	<u>\$ 455,027</u>	<u>\$ 487,837</u>	<u>\$ 1,743,359</u>

TABLE 4

CITY OF TALLMADGE, OHIO

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

	1999	2000	2001
Revenues			
Property and other taxes	\$ 1,582,460	\$ 1,618,751	\$ 2,010,802
Municipal income taxes	6,589,765	6,775,780	6,739,909
Intergovernmental	2,221,884	2,466,027	2,119,103
Investment income	183,937	319,377	296,318
Fines, licenses, and permits	243,252	234,493	323,608
Special assessments	1,695	143,926	85,883
Charges for services	311,443	326,951	593,539
Miscellaneous	95,461	128,147	366,468
Total revenues	<u>\$ 11,229,897</u>	<u>\$ 12,013,452</u>	<u>\$ 12,535,630</u>
Expenditures			
Current:			
General government	\$ 2,221,779	\$ 2,392,119	\$ 2,639,616
Security of persons and property (2)	4,534,246	4,559,866	4,546,800
Police	N/A	N/A	N/A
Street lighting	N/A	N/A	N/A
Fire	N/A	N/A	N/A
Public health and welfare	156,997	159,353	173,349
Transportation	1,272,087	1,464,656	1,403,016
Leisure time activities	682,367	780,070	727,899
Community environment	320,732	350,053	385,460
Capital outlay	2,930,553	3,588,325	2,845,234
Debt service			
Principal retirement	797,434	318,242	200,000
Interest and fiscal charges	333,460	303,277	358,523
Bond issue costs	-	-	-
Total expenditures	<u>13,249,655</u>	<u>13,915,961</u>	<u>13,279,897</u>
Excess of revenues over (under) expenditures	<u>(2,019,758)</u>	<u>(1,902,509)</u>	<u>(744,267)</u>
Other Financing Sources (Uses)			
Capital lease transaction	133,350	259,957	101,441
Sale of bonds	-	1,070,000	2,175,000
Sale of notes	-	-	-
Bond and note premium	-	-	-
Payment to refunded bond escrow agent	-	-	-
Sale of assets	350,000	25,988	-
Transfers in	4,233,877	3,830,192	3,583,534
Transfers out	(4,631,007)	(4,146,953)	(3,775,531)
Total other financing sources (uses)	<u>86,220</u>	<u>1,039,184</u>	<u>2,084,444</u>
Change in reserve for inventory	<u>(23,359)</u>	<u>31,874</u>	<u>6,330</u>
Net change in fund balances	<u>\$ (1,956,897)</u>	<u>\$ (831,451)</u>	<u>\$ 1,346,507</u>
Capital expenditures	2,930,553	3,588,325	2,845,234
Debt service as a percentage of noncapital expenditures	10.96%	6.02%	5.35%

(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.

	2002	2003	2004	2005	2006	2007	2008
\$	1,944,979	\$ 1,708,242	\$ 1,980,804	\$ 2,058,105	\$ 2,158,881	\$ 2,141,540	\$ 2,453,020
	6,617,777	6,914,659	6,860,554	7,191,712	7,582,166	7,753,824	7,873,334
	2,223,887	2,256,760	2,259,133	2,970,383	3,789,555	3,199,101	3,132,224
	145,717	160,018	61,788	162,809	279,309	291,716	209,745
	414,832	351,338	339,752	316,559	382,257	434,971	372,776
	105,829	35,606	103,835	96,587	110,518	206,524	115,781
	700,941	706,530	1,270,980	1,709,942	1,934,540	1,982,851	1,837,708
	124,480	103,835	145,496	109,857	156,581	167,176	149,833
\$	<u>12,278,442</u>	<u>12,236,988</u>	<u>13,022,342</u>	<u>14,615,954</u>	<u>16,393,807</u>	<u>16,177,703</u>	<u>16,144,421</u>
\$	2,580,493	\$ 2,667,992	\$ 2,573,741	\$ 2,738,094	\$ 2,909,319	\$ 2,876,213	\$ 3,092,863
	4,554,729	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	3,204,202	3,296,195	3,446,848	3,654,771	3,744,689	3,835,309
	N/A	20,798	18,986	12,834	6,989	15,210	39,208
	N/A	1,929,459	1,932,466	1,892,249	2,061,974	2,187,089	2,304,753
	178,764	164,022	208,182	65,978	61,006	72,133	69,512
	1,410,876	1,988,834	1,767,576	2,092,159	1,934,062	1,941,612	1,943,729
	695,650	649,449	1,211,521	1,536,463	1,634,509	1,577,690	1,234,503
	382,185	408,898	382,994	394,293	413,599	391,535	744,291
	1,512,013	5,270,018	1,797,036	1,053,137	2,961,006	2,390,010	4,334,123
	255,000	363,906	4,513,067	4,210,000	4,224,245	516,201	534,792
	401,197	367,969	422,365	416,172	534,116	464,858	439,747
	-	-	-	-	126,892	-	-
	<u>11,970,907</u>	<u>17,035,547</u>	<u>18,124,129</u>	<u>17,858,227</u>	<u>20,522,488</u>	<u>16,177,240</u>	<u>18,572,830</u>
	<u>307,535</u>	<u>(4,798,559)</u>	<u>(5,101,787)</u>	<u>(3,242,273)</u>	<u>(4,128,681)</u>	<u>463</u>	<u>(2,428,409)</u>
	-	-	-	41,684	397,815	-	-
	-	-	-	-	4,670,000	-	-
	-	4,200,000	3,900,000	3,800,000	-	-	3,800,000
	-	17,437	25,074	16,770	168,521	-	8,702
	-	-	-	-	(837,667)	-	-
	-	-	-	-	910	3,631	4,000
	3,706,381	3,066,651	3,458,795	3,111,900	3,525,813	4,005,034	3,751,926
	<u>(3,697,688)</u>	<u>(3,066,651)</u>	<u>(3,472,537)</u>	<u>(3,171,900)</u>	<u>(3,625,813)</u>	<u>(3,881,322)</u>	<u>(3,751,926)</u>
	<u>8,693</u>	<u>4,217,437</u>	<u>3,911,332</u>	<u>3,798,454</u>	<u>4,299,579</u>	<u>127,343</u>	<u>3,812,702</u>
	<u>56,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>372,386</u>	<u>(581,122)</u>	<u>(1,190,455)</u>	<u>556,181</u>	<u>170,898</u>	<u>127,806</u>	<u>1,384,293</u>
	1,512,013	5,349,174	2,207,738	1,124,509	1,818,506	2,010,525	3,348,476
	6.27%	6.26%	31.01%	27.65%	26.12%	6.93%	6.40%

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TABLE 5**CITY OF TALLMADGE, OHIO***REAL AND PUBLIC UTILITY PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS*

Year	Net Tax Levy (Current Billed Portion)	Current Collections	Percent of Current Collections to Net Levy	Delinquent Collections	Total Collections	Percent of Total Collections to Levy	Current Delinquent Amount
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
2005	1,882,841	1,819,123	96.62%	43,881	1,863,004	98.95%	63,718
2006	1,967,591	1,906,144	96.88%	69,070	1,975,214	100.39%	61,446
2007	2,001,596	1,920,043	95.93%	55,619	1,975,662	98.70%	81,553
2008	2,507,495	2,423,088	96.63%	81,032	2,504,120	99.87%	84,407

Source: Summit County, Ohio; County Fiscal Officer

TABLE 6**CITY OF TALLMADGE, OHIO***TANGIBLE PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS*

Year	Net Tax Levy (Current Billed Portion)	Current Collections	Percent of Current Collections to Net Levy	Delinquent Collections	Total Collections	Percent of Total Collections to Levy	Current Delinquent Amount
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
2005	263,235	245,108	93.11%	27,437	272,545	103.54%	18,128
2006	189,649	183,596	96.81%	19,468	203,064	107.07%	6,053
2007	119,725	116,450	97.26%	30,432	146,882	122.68%	3,275
2008	60,655	55,454	91.43%	8,290	63,744	105.09%	5,021

Source: Summit County, Ohio; County Fiscal Officer

TABLE 7

CITY OF TALLMADGE, OHIO

ASSESSSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Year	Real Property		Public Utility Property	
	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value
1999	\$ 738,369,000	\$ 258,429,150	\$ 25,669,029	\$ 8,984,160
2000	816,517,314	285,781,060	26,022,429	9,107,850
2001	859,139,571	300,698,850	23,372,200	8,180,270
2002	886,031,029	310,110,860	20,721,286	7,252,450
2003	999,731,057	349,905,870	21,472,543	7,515,390
2004*	994,362,914	348,027,020	21,155,829	7,404,540
2005*	1,187,532,747	360,024,610	21,559,086	7,545,680
2006*	1,113,123,171	389,593,110	19,050,886	6,667,810
2007*	1,223,779,088	398,010,000	17,387,400	6,085,590
2008*	1,200,996,389	405,268,120	10,447,371	3,656,580

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.

* Summit County valuations only - Portage County not included.

Source: Summit County, Ohio; County Fiscal Officer

Tangible Personal Property		Total		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value		
\$ 157,077,640	\$ 39,269,410	\$ 921,115,669	\$ 306,682,720	6.15	33.29%
166,424,376	41,606,094	1,008,964,119	336,495,004	6.15	33.35%
185,788,176	46,447,044	1,068,299,947	355,326,164	6.15	33.26%
184,328,148	46,082,037	1,091,080,463	363,445,347	6.15	33.31%
168,715,748	42,178,937	1,189,919,348	399,600,197	6.15	33.58%
157,341,724	39,335,431	1,172,860,467	394,766,991	6.15	33.66%
150,316,368	37,579,092	1,359,408,201	405,149,382	6.15	29.80%
122,531,132	30,632,783	1,254,705,189	426,893,703	6.15	34.02%
79,692,216	19,923,054	1,320,858,704	424,018,644	6.15	32.10%
38,932,272	9,733,068	1,250,376,032	418,657,768	6.15	33.48%

TABLE 8

CITY OF TALLMADGE, OHIO

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

	<u>Collection Year</u>	<u>County Levy</u>	<u>School Levy</u>	<u>Akron/Summit Library</u>	<u>Tallmadge City</u>	<u>Total Levy</u>	<u>Debt Service</u>
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
1	2006	13.07	64.42	2.04	6.15	85.68	6.10
2	2006	13.07	46.73	1.00	6.15	66.95	2.07
1	2007	14.57	64.07	2.03	6.15	86.82	5.82
2	2007	14.57	45.62	1.00	6.15	67.34	0.86
1	2008	14.26	64.46	2.07	6.15	86.94	5.82
2	2008	14.26	45.93	1.00	6.15	67.34	0.86

Source: Summit County, Ohio; County Fiscal Officer

Note: Taxes are levied at the same rate in both the 1st and 2nd half; however, there are two sets of rates because both Tallmadge CSD (1) and Stow/Munroe Falls CSD (2) overlap Tallmadge City.

TABLE 9

CITY OF TALLMADGE, OHIO

CITY - WIDE PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUATION)
LAST TEN YEARS

	<u>Collection Year</u>	<u>Inside Operating</u>	<u>Outside Operating</u>	<u>Police Pension</u>	<u>Fire/Ambulance</u>	<u>Total Tax Rate</u>
	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
	2005	2.10	N/A	0.30	3.75	6.15
	2006	2.10	N/A	0.30	3.75	6.15
	2007	2.10	N/A	0.30	3.75	6.15
	2008	2.10	N/A	0.30	3.75	6.15

Source: Summit County, Ohio; County Fiscal Officer

TABLE 10

CITY OF TALLMADGE, OHIO

REAL PROPERTY PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

		December 31, 2008	
Name of Taxpayer	Nature of Business	Valuation	Assessed Valuation
GE Tallmadge Portfolio LP	Grocery	\$ 3,344,300	0.83%
Eastwood Square Associates LTD	Retail Property Management	2,516,820	0.62%
Big Zilla Development LLC	Retail Property Management	2,423,270	0.60%
Tallmadge Oaks LTD	Apartment Complex	2,317,100	0.57%
Heather Knoll Rental Properties LLC	Apartment Complex	1,809,510	0.45%
Saxon Village Limited	Apartment Complex	1,770,780	0.44%
Colonial Gardens LLC	Nursing Home	1,615,550	0.40%
Myers Family Limited Partnership	Light Manufacturing	1,589,950	0.39%
DWEK Ohio LLC	Retail Property Management	1,364,980	0.34%
Tallmadge Acres Apartments Inc.	Apartment Complex	1,261,690	0.31%
Total		<u>\$ 20,013,950</u>	<u>4.94%</u>
Total Assessed Valuation - Real Property		<u>\$ 405,268,120</u>	<u>96.80%</u>
		December 31, 1999	
Name of Taxpayer	Nature of Business	Valuation	Assessed Valuation
Tallmadge Associates	Retail Property Management	\$ 2,577,710	1.00%
Tallmadge Oaks II	Apartment Complex	2,045,580	0.79%
Saxon Village Limited	Apartment Complex	1,916,130	0.74%
David Schipper	Industrial Property Management	1,153,360	0.45%
Colonial Gardens Inc.	Nursing Home	1,628,200	0.63%
Tell Schipper Prop. Inc.	Rental/Office Space	1,263,560	0.49%
Tallmadge Acres	Senior Apartment Complex	1,020,530	0.39%
Wolar Tallmadge & Associates	Property Management	1,067,720	0.41%
Venture Akron Ltd.	Industrial Property Management	1,017,290	0.39%
Chapel Hill Apartments	Property Management	858,980	0.33%
Total		<u>\$ 14,549,060</u>	<u>5.63%</u>
Total Assessed Valuation - Real Property		<u>\$ 258,429,150</u>	<u>84.27%</u>

Source: Summit County, Ohio; County Fiscal Officer

TABLE 11

CITY OF TALLMADGE, OHIO

TANGIBLE AND PUBLIC UTILITY PERSONAL PROPERTY PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

		December 31, 2008	
Name of Taxpayer	Nature of Business	Valuation	Assessed Valuation
Ohio Edison	Utilities	\$ 2,723,880	20.34%
Autosales, Inc.	Auto Parts Distribution	1,231,470	9.20%
Horton Manufacturing Co., Inc.	Manufacturing	1,075,750	8.03%
Owens Corning	Insulation: Sheet and Foam	945,830	7.06%
Ohio Bell Telephone Co.	Telephone Service	701,300	5.24%
Waltco Truck Equipment Co.	Electro-Hydraulic Tailgate Lifts	688,750	5.14%
East Ohio Gas	Utilities	502,470	3.75%
American Transmission	Utilities	402,800	3.01%
Star Chevrolet, Inc.	Auto Sales	374,200	2.79%
Summit Plastic Co.	Manufacturing	356,920	2.67%
Total		<u>\$ 9,003,370</u>	<u>67.24%</u>
Total Assessed Valuation - Tangible and Public Utility Personal Property		<u>\$ 13,389,648</u>	<u>3.20%</u>
		December 31, 1999	
Name of Taxpayer	Nature of Business	Valuation	Assessed Valuation
Ohio Bell Telephone	Telephone Service	3,623,650	7.51%
Autosales, Inc.	Auto Parts Distribution	\$ 3,537,810	7.33%
Ohio Edison	Utilities	3,428,880	7.11%
Owens Corning	Insulation: Sheet and Foam	1,959,160	4.06%
Steere Enterprises	Custom Plastics & Vinyl	1,819,110	3.77%
Waltco Truck Equipment Co.	Electro-Hydraulic Tailgate Lifts	1,670,580	3.46%
Fred Godard Ford Inc.	Auto Sales	1,448,410	3.00%
Leppo, Inc.	Machinery Sales	1,330,680	2.76%
S.D. Myers, Inc	Parts and Service/Transformers	1,317,160	2.73%
Hunt Machine & Manufacturing Co. Inc.	Manufacturing	1,294,430	2.68%
Total		<u>\$ 21,429,870</u>	<u>44.41%</u>
Total Assessed Valuation - Tangible and Public Utility Personal Property		<u>\$ 48,253,570</u>	<u>15.73%</u>

Source: Summit County, Ohio; County Fiscal Officer

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TABLE 12

CITY OF TALLMADGE

INCOME TAX REVENUE BASE AND COLLECTIONS
LAST TEN YEARS

Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits
1999	2.00%	\$ 6,496,482	\$ 4,824,341	74.26%	\$ 776,025	11.95%
2000	2.00%	6,775,781	5,004,743	73.86%	920,206	13.58%
2001	2.00%	6,724,384	4,945,590	73.55%	771,159	11.47%
2002	2.00%	6,617,577	4,873,435	73.64%	740,076	11.18%
2003	2.00%	6,866,532	4,931,204	71.82%	912,822	13.29%
2004	2.00%	6,688,843	4,860,149	72.66%	821,027	12.27%
2005	2.00%	7,211,176	5,289,862	73.36%	895,984	12.42%
2006	2.00%	7,438,498	5,519,329	74.20%	960,195	12.91%
2007	2.00%	7,882,554	5,683,401	72.10%	1,273,276	16.15%
2008	2.00%	8,081,858	5,860,462	72.51%	1,134,774	14.04%

Source: City of Tallmadge Income Tax Department.

Taxes from Individuals	Percentage of Taxes from Individuals	Tax from Utilities	Percentage of Tax from Utilities
\$ 896,116	13.79%	\$ -	0.00%
850,832	12.56%	-	0.00%
1,007,635	14.98%	-	0.00%
1,004,066	15.17%	-	0.00%
975,582	14.21%	46,924	0.68%
959,188	14.34%	48,479	0.72%
947,627	13.14%	77,703	1.08%
936,441	12.59%	22,533	0.30%
890,414	11.30%	35,463	0.45%
1,016,927	12.58%	69,695	0.86%

TABLE 13

CITY OF TALLMADGE, OHIO

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Year	Governmental Activities				Business-Type Activities		
	General Obligation Bonds	Special Assessment Bonds	Notes	Capital Leases	Special Assessment Bonds	Notes	Capital Leases
1999	\$ 3,964,000	\$ -	\$ 1,155,000	\$ 127,210	\$ 1,154,000	\$ -	\$ -
2000	3,799,000	1,070,000	2,270,000	233,925	1,036,000	900,000	-
2001	5,804,000	1,040,000	-	203,313	1,606,000	-	-
2002	5,579,000	1,010,000	-	91,973	1,451,000	-	25,306
2003	5,324,000	980,000	500,000	13,067	1,286,000	-	13,068
2004	5,059,000	945,000	4,200,000	-	1,146,000	-	-
2005	4,784,000	910,000	3,900,000	41,684	1,006,000	-	-
2006	8,338,000	870,000	-	366,254	867,000	-	-
2007	7,937,000	830,000	-	291,053	718,000	-	-
2008	7,526,000	785,000	3,800,000	212,261	564,000	-	-

Sources:

- (a) See notes to the financial statements regarding the City's debt information.
(b) See Table 18 Demographic and Economic Statistics - Last Ten Years for personal income and population.

(a) Total Primary Government	(b) Total Personal Income	Percentage of Personal Income	(b) Population	Per Capita
\$ 6,400,210	\$ 231,615,120	2.76%	14,870	\$ 430
9,308,925	447,922,310	2.08%	16,390	568
8,653,313	447,922,310	1.93%	16,390	528
8,157,279	447,922,310	1.82%	16,390	498
8,116,135	447,922,310	1.81%	16,390	495
11,350,000	447,922,310	2.53%	16,390	692
10,641,684	475,743,232	2.24%	17,408	611
10,441,254	475,743,232	2.19%	17,408	600
9,776,053	475,743,232	2.05%	17,370	563
12,887,261	472,682,384	2.73%	17,296	745

TABLE 14

CITY OF TALLMADGE, OHIO

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

Year	General Obligation Bonds	(a) Estimated Actual Property Value	Percentage of Actual Taxable Value of Property	(b) Population	Per Capita
1999	\$ 3,964,000	\$ 921,115,669	0.43%	14,870	\$ 267
2000	3,799,000	1,008,964,119	0.38%	16,390	232
2001	5,804,000	1,068,299,947	0.54%	16,390	354
2002	5,579,000	1,091,080,463	0.51%	16,390	340
2003	5,324,000	1,189,919,348	0.45%	16,390	325
2004	5,059,000	1,172,860,467	0.43%	16,390	309
2005	4,784,000	1,359,408,201	0.35%	17,408	275
2006	8,338,000	1,254,705,189	0.66%	17,408	479
2007	7,937,000	1,320,858,704	0.60%	17,370	457
2008	7,526,000	1,250,376,032	0.60%	17,296	435

Sources:

(a) Summit County, Ohio; County Fiscal Officer

(b) See Table 18 Demographic and Economic Statistics - Last Ten Years for personal income and population.

TABLE 15

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
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
2005	324,158	23,846	44.06%	160,920	49.64%	181,334
2006	307,396	32,620	93.32%	318,301	103.55%	20,529
2007	304,976	22,574	92.45%	302,317	99.13%	23,016
2008	311,602	49,946	92.30%	312,351	100.24%	23,983

Source: Summit County, Ohio; County Fiscal Officer

TABLE 16

CITY OF TALLMADGE, OHIO

*COMPUTATION OF DIRECT AND OVERLAPPING
GENERAL OBLIGATION BONDED DEBT
DECEMBER 31, 2008*

Jurisdiction	General Tax Bonded Debt	Percentage Overlapping	Applicable to the City
Direct:			
City of Tallmadge	\$ 7,526,000	100.00%	\$ 7,526,000
Overlapping Debt:			
Summit County	38,420,000	3.32%	1,275,544
Portage County	18,645,320	0.43%	80,175
MRTA (Metro Regional Transit Authority)	570,000	3.32%	18,924
Tallmadge City School District	27,720,000	99.73%	27,645,156
Field Local School District	24,090,000	2.26%	544,434
Akron/Summit Library	50,700,000	4.93%	2,499,510
Total Overlapping Debt	<u>160,145,320</u>		<u>32,063,743</u>
Total Direct and Overlapping Debt	<u>\$ 167,671,320</u>		<u>\$ 39,589,743</u>

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 17

CITY OF TALLMADGE, OHIO

*COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN YEARS*

Year	Debt Limit	Total Net Debt Applicable to Limit	Debt Service Available Balance	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
1999	\$ 32,201,686	\$ 3,964,000	231,561	\$ 28,469,247	12.31%
2000	35,331,975	3,799,000	64,114	31,597,089	10.75%
2001	37,309,247	5,804,000	51,519	31,556,766	15.56%
2002	38,161,761	5,579,000	21,151	32,603,912	14.62%
2003	41,958,021	5,324,000	24,123	36,658,144	12.69%
2004	41,450,534	5,059,000	36,601	36,428,135	12.20%
2005	42,540,685	4,784,000	19,751	37,776,436	11.25%
2006	44,823,839	8,338,000	21,558	36,507,397	18.60%
2007	42,173,749	7,937,000	14,757	34,251,506	18.82%
2008	42,954,132	7,526,000	14,778	35,442,910	17.52%

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

Note: Beginning in 2007 the amount of assessed valuation for railroad and telephone personal property has been excluded from the debt margin calculation.

TABLE 18

CITY OF TALLMADGE, OHIO

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year	Population (a)	Personal Income (c)	Per Capita Personal Income (a)	Unemployment Rates (b)		
				Summit County	Ohio	United States
1999	14,870	231,615,120	15,576	4.3%	4.3%	4.2%
2000	16,390	447,922,310	27,329	4.1%	4.0%	4.0%
2001	16,390	447,922,310	27,329	4.6%	4.4%	4.7%
2002	16,390	447,922,310	27,329	6.0%	5.7%	5.8%
2003	16,390	447,922,310	27,329	6.0%	6.2%	6.0%
2004	16,390	447,922,310	27,329	6.1%	6.2%	5.5%
2005	17,408	475,743,232	27,329	5.8%	5.9%	5.1%
2006	17,408	475,743,232	27,329	4.9%	5.1%	4.3%
2007	17,370	474,704,730	27,329	5.4%	5.6%	4.6%
2008	17,296	472,682,384	27,329	6.1%	6.5%	5.8%

Sources:

- (a) Information obtained from the U.S. Census Bureau
 (b) Information obtained from the Ohio Department of Job and Family Services
 (c) Population times per capita personal income

TABLE 19

CITY OF TALLMADGE, OHIO

NEW HOUSING STARTS
LAST TEN YEARS

Year	New Housing Starts	
	Single Family	Condominium
1999	110	*
2000	159	*
2001	153	*
2002	123	*
2003	104	64
2004	104	54
2005	54	14
2006	78	13
2007	30	25
2008	31	10

* New condominium statistics were not available prior to 2003.

Source: City of Tallmadge Building Department.

TABLE 20

CITY OF TALLMADGE, OHIO

*PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO*

	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Autosales, Inc.	*	1	*	*	2	*
Tallmadge City Schools	342	2	4.9%	200	3	2.9%
Steere Enterprises Inc	190	3	2.7%	185	4	2.7%
Giant Eagle	131	4	1.9%	180	5	2.6%
Waltco Truck Equipment Company	120	5	1.7%	-	-	-
City of Tallmadge	108	6	1.5%	107	8	1.6%
S. D. Myers Inc	101	7	1.4%	440	1	6.5%
East End Welding	90	8	1.3%	-	-	-
Owens Corning	82	9	1.2%	110	7	1.6%
The Martin Wheel Co.,Inc	79	10	1.1%	89	10	1.3%
Norton Company Inc.	-	-	-	120	6	1.8%
Hunt Machine Inc.	-	-	-	90	9	1.3%
Total	1,243		17.8%	1,521		22.4%

Source: City of Tallmadge Economic Development Department

* Employer would not disclose the total number of employees.

TABLE 21

CITY OF TALLMADGE, OHIO

*MISCELLANEOUS STATISTICS
DECEMBER 31, 2008*

Founded	1806	
Incorporated as Village	1936	
Incorporated as City	1951	
Town Hall erected	1859	
Form of government	Charter	
Population	17,296	
Area	6,946	Dwelling units
	13.5	Square miles
	8,915	Acres
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

TABLE 22

CITY OF TALLMADGE, OHIO

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Council	5.5	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Mayor	6.5	7.0	7.0	6.5	6.5	6.5	5.5	5.5	5.5	6.0
Finance	6.0	6.5	6.0	6.0	6.5	6.0	6.0	11.0	9.5	9.5
Treasurer *	4.5	4.5	4.5	5.0	4.5	4.5	5.0	-	-	-
Law	4.0	3.0	3.0	3.5	3.5	3.5	3.0	3.5	3.0	3.0
Service	8.0	7.0	7.5	5.5	8.5	6.5	5.5	5.0	5.0	5.5
Information Systems	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Civil Service	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Maintenance	1.0	1.0	0.5	1.5	1.5	2.0	2.5	1.0	1.0	1.0
Boards and Commissions	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Security of Persons and Property										
Police	48.0	55.5	53.5	52.5	55.5	51.5	52.0	51.5	51.0	42.0
Fire	32.0	32.0	34.5	33.0	35.5	35.5	36.5	36.5	37.0	39.0
Leisure Time Activities										
MACA Pool	19.5	19.0	17.5	24.0	26.5	18.0	18.5	17.5	7.0	-
Aquatics Center	-	-	-	-	-	-	9.5	-	-	-
Recreation Center	-	-	-	-	-	24.5	56.0	62.5	67.0	63.0
Community Environment										
Building & Zoning	7.5	8.0	8.5	9.0	7.5	8.0	7.5	9.0	9.5	8.5
Transportation										
Garage	4.5	4.5	4.5	5.0	5.0	6.0	4.5	4.5	4.5	4.5
Street	21.0	22.0	21.0	22.0	22.0	21.5	22.0	22.0	25.0	20.5
Utilities										
Utilities Services	8.0	9.0	8.0	9.5	9.0	11.0	9.0	8.5	8.5	8.5
Total	<u>178.5</u>	<u>187.5</u>	<u>183.5</u>	<u>191.5</u>	<u>200.5</u>	<u>213.5</u>	<u>251.5</u>	<u>246.5</u>	<u>242.0</u>	<u>219.5</u>

Source: City of Tallmadge Finance Department

*The Treasurer's Office was combined with the Finance Office in 2006.

TABLE 23

CITY OF TALLMADGE, OHIO

OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Security of Persons and Property										
Police										
Physical Arrests	715	658	816	702	654	711	793	718	544	752
Parking Violations	100	186	122	96	94	62	61	23	17	12
Traffic Violations	3,296	2,283	2,495	1,742	1,799	1,307	1,544	1,082	1,452	1,257
Fire										
Emergency Response Calls	N/A	N/A	1,748	1,878	2,004	2,073	2,261	2,283	2,165	2,266
Fires Extinguished	N/A	N/A	47	28	40	27	42	34	28	35
Inspections Conducted	N/A	N/A	188	153	256	603	638	605	622	626
Transportation										
Street resurfacing miles	9.19	8.30	6.96	6.56	7.38	4.71	7.03	6.02	9.20	3.12
Leisure Time Activities										
Trees Planted	85	33	14	97	10	-	8	36	68	30
Recreation Center Memberships**										
Annual	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,238	1,124	1,319
Monthly	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,902	2,925	2,866
Swimming Pool Memberships***										
Family	221	207	183	200	153	170	145	166	N/A	N/A
Adult	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	352	N/A
Child	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	297	N/A
Water										
Customers Served	5,761	6,025	6,226	6,342	6,514	6,629	6,723	7,088	6,913	7,309
New Connections	164	252	120	108	150	131	127	150	34	77
Water Main Breaks	24	22	20	18	14	21	16	10	17	17
Avg. Daily Consumption (gpd) million gallons per day	1.58	1.41	1.37	1.59	1.51	1.42	1.55	1.31	1.35	1.30
Peek Daily Consumption (gpd) million gallons per day	2.11	1.78	1.83	2.05	1.97	1.82	1.95	1.61	1.73	1.70
Sewer										
Customers Served	4,806	6,997	7,169	7,261	7,367	7,519	7,571	5,318	5,464	5,751
Storm Water										
Customers Served*	N/A	N/A	N/A	N/A	N/A	N/A	5,918	7,234	7,134	7,147

Note: Information for 10 years prior was not available for all functions/programs.

*The City did not begin billing for storm water until 2005.

**The Recreation Center opened February 14, 2004. Information regarding memberships was not available until 2006.

***The City began tracking memberships for the Swimming Pool in a different format during 2007. The Pool was closed for construction in 2008.

Source: Various City of Tallmadge Department Records

TABLE 24

CITY OF TALLMADGE, OHIO

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Security of Persons and Property										
Police:										
Stations	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Patrol Units	10.0	10.0	12.0	14.0	15.0	16.0	19.0	22.0	23.0	21.0
Fire Stations	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Health and Welfare										
Cemeteries	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Leisure Time Activities										
Park Acreage	103.0	103.0	103.0	103.0	103.0	161.7	161.7	161.7	161.7	161.7
Parks	8.0	8.0	8.0	8.0	8.0	10.0	10.0	10.0	10.0	10.0
Swimming Pools	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	1.0	-
Tennis Courts	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Baseball/Softball Fields	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Soccer Fields	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Recreation Center	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Transportation										
Streets (paved miles)	88.5	88.5	89.0	89.0	89.0	91.7	91.7	108.5	96.3	96.3
Traffic Signals	182.0	186.0	186.0	186.0	186.0	186.0	186.0	187.0	188.0	188.0
Water										
Water Mains (miles)	77.7	77.7	78.1	78.1	78.1	80.5	80.5	84.5	84.5	84.5
Sewer										
Sanitary Sewers (miles)	55.8	55.8	56.1	56.1	56.1	57.8	57.8	60.7	60.7	60.7

Source: City of Tallmadge Records



Mary Taylor, CPA
Auditor of State

CITY OF TALLMADGE

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 23, 2009**