



Dave Yost • Auditor of State

CITY OF TALLMADGE
SUMMIT COUNTY

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Dave Yost • 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, (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 8, 2012, wherein we noted the City adopted Governmental Accounting Standards Board Statement No. 54. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 8, 2012

CITY OF TALLMADGE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

PREPARED BY THE OFFICE OF:

**STEPHEN P. SHANAFELT,
DIRECTOR OF FINANCE**

*46 NORTH AVENUE
TALLMADGE, OH 44278*

INTRODUCTORY SECTION

CITY OF TALLMADGE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

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STEPHEN P. SHANAFELT
Director of Finance – City of Tallmadge

June 8, 2012

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, 2011, and has been developed to accurately detail the status of City finances to Tallmadge residents and elected officials, investment banks, underwriters and all other interested parties. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, the data contained in this report is accurate in all material respects, and is presented in a manner designed to set forth fairly the financial position and results of operations of the City. All disclosures necessary to provide the reader with a better understanding of the City's financial activities have been included.

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

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. The Auditor of State's office performed the audit for the year ended December 31, 2011. 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, 2011 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 to complement the required Management's Discussion and Analysis (MD&A). Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The City's MD&A, which focuses on the government-wide statements, can be found immediately following the Independent 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" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units". 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 and the Regional Income Tax Agency. These organizations are described in more detail in Note 15 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 2011 population of 17,257 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. There was a charter review in 2011. In November of 2011 seventeen amendments were approved by the voters.

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

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

ECONOMIC CONDITION AND OUTLOOK

The City offers an attractive opportunity for business growth. Tallmadge has a diversified tax base with 450 plus business establishments, from its largest employer, Auto Sales, Inc., to small family businesses providing the opportunities 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 or new construction. This program will abate real estate taxes on the building for seven years at 100%. To date, 110 companies have taken advantage of the tax abatement program. In addition, in 2006 the City instituted a New Jobs Grant Program, which was amended in 2011. This program is aimed at businesses occupying vacant buildings in the City. Commercial and industrial businesses that locate in these structures and have a payroll exceeding \$250,000 per year are eligible for a grant equal to the amount of 50% of payroll taxes paid in the previous calendar year for up to five years.

While the national and local economy has been in a downturn, there were still a significant number of expansions and relocations in the City. Major new construction includes Dr. Sisko's Office while expansions and renovations included East End Welding, Childscape Learning and Grow Center, Circle K and Horton Manufacturing.

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 tax permanent. The income tax collections at the end of fiscal year 2011 experienced an increase of 6.7% from the prior fiscal year. In December of 2009, the City joined a council of governments, The Regional Income Tax Agency (RITA), for the collection of income tax.

Residential development has closely paralleled industrial and commercial development during the same period. A total of 24 single family dwellings were built in 2011. There were 94 permits for additions and alterations in 2011.

The City is meeting the demands of a changing population with several developments. There continues to be a number of single family developments underway consisting of Shadyside Farm Estates, Fox Ridge Development, Stonegate Reserve, Green Valley Estates, and Eastwood Glen.

The City created a Joint Economic Development District (JEDD) effective January 1, 2004 that encompasses 70% of the Township of Brimfield. The JEDD has resulted in additional income tax collections for the City and will continue in the future. This income tax is distributed to both the City and the Township. The City receives 50 percent of the income tax for general operations. The Township receives 50 percent of the annual collections, with 10 percent set aside for the JEDD Maintenance and Capital Improvement Fund. There are significant areas for development in the JEDD in addition to the already established industrial park land adjacent to the Interstate 76/Route 18 interchange.

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 JEDD area coupled with the demands for development in the City, indicates a promising future for economic development.

The Cascades development is located within the JEDD totaling about 114 acres consisting of 216 apartment units, commercial and retail stores. In 2008, 600,000 square feet of retail development was completed including Wal-Mart, Applebee's Restaurant, Lowe's Home Center, Arabica Coffee Shop, Beef O' Brady's, St. Nails, and The Dollar Store, all located at the Cascades of Brimfield retail park as well as development of a large residential apartment complex located in the back of the project. In 2010, Kohl's opened its doors as one of the new anchor department stores while Marshalls opened in late 2011.

LONG-TERM FINANCIAL PLANNING

The City of Tallmadge has strong financial management and is aided by financial policies adopted by Council. The City established a minimum fund balance policy in 1998 with amendments and updates to the policy in 2005. The amendments in 2005 provided additional financial guidelines. The purpose of the policy is to be proactive in financial management and establish minimum levels to be maintained in the major operating funds, which include the general, fire/EMS levy, street maintenance and repair, sewer and water funds. With the downturn of the economy, this policy served a significant purpose for the 2011 budget as it forced the elected officials to cut the budget in such a way that the City still managed to adhere to the financial policy of maintaining a minimum fund balance. The 2011 budget was reduced in order to not lower the necessary reserves and maintain financial stability.

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 being updated in 2012, serves as a guide in defining community objectives, policies and goals. Further, to guide the direction of land development, this plan provides a thoroughfare map, zoning district map and future land use map.

MAJOR INITIATIVES

Current

In 2010 the City forged a partnership with Summa Health System, a private enterprise associated with Summa Hospital. Summa is now housed within the recreation center. Summa is leasing office space to perform physical therapy to local patients. This provides a much needed service to the residents and provides a stable flow of income to the center.

The City, in efforts to embrace regionalism and operate cost effectively, moved their dispatching to the neighboring City of Stow in 2009. The City no longer employs telecommunicators to provide dispatching services but instead contracts with Stow to provide that necessary function to the citizens of Tallmadge at a reduced cost and with state of the art technology. This collaboration of services continued to be very successful for the City during 2010 and 2011 and has served as a model across the State.

The City, in December of 2009, in another consolidation effort joined a Council of Governments, the Regional Income Tax Agency (RITA), for the collection of income tax. RITA provides income collection services to over 185 municipalities throughout Ohio. In 2011, this proved to be very cost effective and efficient for the City and the citizens.

In 2011, the City completed construction of the Northeast Roundabout, a modern 6 legged roundabout. The modern roundabout at Howe Road and Northeast Avenue is a one-way circular where traffic flows around a smaller center island approximately 200 feet in diameter. This is a \$2.4 million dollar project that is primarily federally funded through CMAQ (Congestion Mitigation and Air Quality) and ARRA (American Recovery and Reinvestment Act) funds, in addition to some City funds.

In 2010, the City purchased land which housed the Tallmadge Shooting Range. This property is located on North Munroe Road. In 2011, the City bid and cleaned up the former contaminated firing range site. Both the purchase and the subsequent cleanup were funded with State of Ohio Capital Project Program money.

Effective May 1, 2011, the City collaborated with Summit County and consolidated the building functions of the City to the County. Summit County Department of Building Standards has absorbed all the building functions for the City. There is no cost to the City and the building fees charged and collected will remain with Summit County. This will eliminate duplicative efforts by the City and County and result in cost savings for the City.

In 2011, the City replaced the HVAC system at the Police Department as the current system was outdated and very inefficient in terms of energy usage. The total cost of the project was \$154,900 with a \$90,000 grant from the Energy Efficiency Conservation Block Grant Program Recovery Funds.

In 2011, the City took over the billing of the Summit County sewer customers located in the City of Tallmadge. In doing so, a different rate structure has been implemented that will result in a reduction of the sewer bills for the majority of Tallmadge residents. Tallmadge will collect the fees and submit them to the County based on total usage.

In February of 2006 the City was assigned for the first time a bond rating of A1 from Moody's Investors Service of Chicago and New York. The City in May 2010, once again, went to Moody's for a review of the bond rating and was assigned a rating of Aa2 on the global rating scale. This is a very attractive rating for the City and should result in more investors being attracted to the City, thereby lowering the rates of interest on future debt issuances. The Aa2 rating reflects the City's moderately sized suburban tax base, solid financial operations supported by sound reserves, and low debt burden with manageable levels of expected future borrowings.

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.

In 2012, the City will begin the process of constructing a new Police Shooting Range on the former range site. This project is expected to begin in 2012 and to be completed in 2013 and is a continuation of the project funded through the State of Ohio Capital Projects Program.

In 2012, the City will complete phase 2 of the North Thomas Road Waterline at a cost of approximately \$90,000. The first phase of this project was completed in 2010.

In addition to the City's normal street paving program, the City will be completing three additional streets through a grant from Ohio Department of Transportation. The City will mill and resurface Northwest Avenue, South Thomas Road and Newton Street. The total cost of these projects is approximately \$834,000, with the Ohio Department of Transportation providing approximately \$650,000.

In 2012, the City will begin the process of retro-fitting light fixtures in all City owned facilities. This project will meet current electric lighting requirements and will reduce the City's energy cost immediately. The City will retrofit the Police Department, Fire Station Number 1, Fire Station Number 2, Tallmadge Community Center and the Ritchie Center in 2012 at a cost of approximately \$50,000. The City has received a grant of \$10,000 through the federal Energy Efficiency Conservation Block Grant Program.

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

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, 2010. 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 nineteen consecutive years (1992 - 2010). 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 Assistant and 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,



Stephen Shanafelt, Director of Finance

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, 2010

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.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

**CITY OF TALLMADGE, OHIO
LISTING OF PRINCIPAL CITY OFFICIALS
AS OF DECEMBER 31, 2011**

ELECTED OFFICIALS

Mayor	David Kline
Director of Finance	Jill Stritch*
Director of Law	Penny Taylor*
President of Council	Linda Poinar
Council Member	James Donovan
Council Member	Robert Maguire
Council Member	Kim Ray
Council Member	John Rensel
Council Member	Jack Sarver
Council Member	Gene Stalnaker

APPOINTED OFFICIALS

Service Director	Dennis Loughry
Director of Administration	Thomas Pascarella
Community Development Manager	Ross Pat Sauner
Assistant Director of Law	Megan Raber
Assistant Director of Finance	Mollie Gilbride
Clerk of Council	Susan Burton
Deputy Clerk of Council	Dennis DiMascio

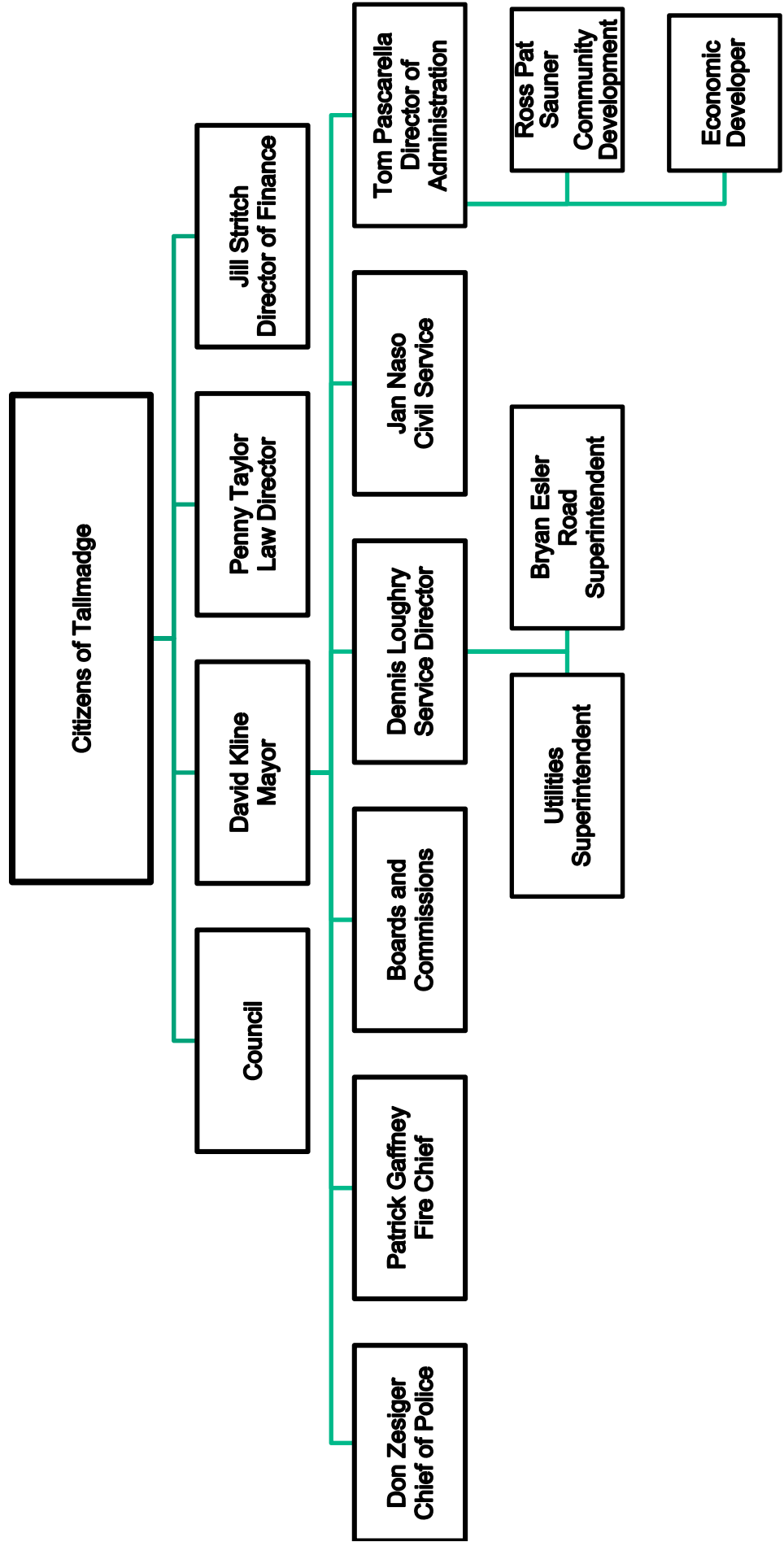
DEPARTMENT OFFICIALS

Chief of Police	Don Zesiger
Chief of Fire	Patrick Gaffney
Road Superintendent	Bryan Esler
Civil Service Chairman	Jan Naso
Parks and Recreation Manager	David Cooper

*Stephen P. Shanafelt became the Director of Finance and Megan Raber became the Director of Law effective January 1, 2012.

CITY OF TALLMADGE – 2011

ORGANIZATIONAL CHART



FINANCIAL SECTION



Dave Yost • 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, 2011 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, 2011 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.

As describe in Note 3A, City of Tallmadge implemented the provisions of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2012, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

June 8, 2012

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED

The management's discussion and analysis of the City of Tallmadge's (the "City") financial statements provides an overall review of the City's financial activities for the year ended December 31, 2011. 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 2011 are as follows:

- The total net assets of the City increased \$1,224,936 or 2.71% from 2010. Net assets of governmental activities increased \$1,736,454 or 7.13% from 2010 and net assets of business-type activities decreased \$511,518 or 2.46% from 2010.
- Total assets of the City increased \$545,517, an increase of 0.86% from 2010.
- Total current liabilities increased \$383,761 from 2010.
- Total long-term liabilities decreased \$1,063,180 during 2011.

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, community environment, leisure time activities, and interest and fiscal charges. The government-wide financial statements can be found on pages 13-15 of this report.

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED

Fund Financial Statements

Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. The basic fund financial statements can be found on pages 16-30 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, and bond retirement 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 26-28 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 29-30 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 31-64 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 65 of this report.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED*

Government-Wide Financial Analysis

The statement of net assets serves as a useful indicator of a government's financial position. Certain net asset classifications have been reclassified in the governmental activities for 2010 to conform to 2011 presentation in accordance with GASB Statement No. 54. The table below provides a summary of the City's net assets for 2011 and 2010:

	Net Assets					
	Governmental Activities 2011	Business-type Activities 2011	Reclassified		Total 2011	Reclassified Total 2010
			Governmental Activities 2010	Business-type Activities 2010		
<u>Assets</u>						
Current and other assets	\$ 12,624,921	\$ 8,241,169	\$ 11,534,766	\$ 7,813,012	\$ 20,866,090	\$ 19,347,778
Nondepreciable capital assets	3,047,077	676,419	4,690,555	676,419	3,723,496	5,366,974
Depreciable capital assets, net	25,139,294	13,924,781	23,873,453	14,519,939	39,064,075	38,393,392
Capital assets, net	<u>28,186,371</u>	<u>14,601,200</u>	<u>28,564,008</u>	<u>15,196,358</u>	<u>42,787,571</u>	<u>43,760,366</u>
Total assets	<u>40,811,292</u>	<u>22,842,369</u>	<u>40,098,774</u>	<u>23,009,370</u>	<u>63,653,661</u>	<u>63,108,144</u>
<u>Liabilities</u>						
Current and other liabilities	3,265,038	966,382	3,359,424	488,235	4,231,420	3,847,659
Long-term liabilities:						
Due within one year	854,881	115,695	915,733	181,610	970,576	1,097,343
Due in more than one year	10,612,005	1,474,469	11,480,703	1,542,184	12,086,474	13,022,887
Total liabilities	<u>14,731,924</u>	<u>2,556,546</u>	<u>15,755,860</u>	<u>2,212,029</u>	<u>17,288,470</u>	<u>17,967,889</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt (See Note 2.U.)	18,529,391	13,039,068	18,369,056	13,520,720	30,495,949	30,677,297
Restricted:						
Capital projects	248,897	-	413,042	-	248,897	413,042
Fire/EMS levy	218,670	-	361,340	-	218,670	361,340
Street maintenance	945,681	-	818,098	-	945,681	818,098
State highway	57,679	-	65,145	-	57,679	65,145
Community environment	7,027	-	7,027	-	7,027	7,027
Law enforcement	36,321	-	19,169	-	36,321	19,169
Unrestricted (See Note 2.U.)	<u>6,035,702</u>	<u>7,246,755</u>	<u>4,290,037</u>	<u>7,276,621</u>	<u>14,354,967</u>	<u>12,779,137</u>
Total net assets	<u>\$ 26,079,368</u>	<u>\$ 20,285,823</u>	<u>\$ 24,342,914</u>	<u>\$ 20,797,341</u>	<u>\$ 46,365,191</u>	<u>\$ 45,140,255</u>

Total assets exceeded total liabilities in 2011 by \$46,365,191, compared to \$45,140,255 in 2010, an increase of 2.71%. During 2011, the City's total assets increased by \$545,517 or 0.86% and total liabilities decreased by \$679,419 or 3.78%.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED*

The following table shows the changes in net assets for 2011 and 2010.

	Change in Net Assets					
	Governmental	Business-type	Governmental	Business-type	2011	2010
	Activities	Activities	Activities	Activities	Total	Total
	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program revenues:						
Charges for services	\$ 2,670,282	\$ 5,278,819	\$ 2,628,647	\$ 3,774,728	\$ 7,949,101	\$ 6,403,375
Operating grants and contributions	954,482	-	932,825	-	954,482	932,825
Capital grants and contributions	426,352	-	1,465,130	100,000	426,352	1,565,130
Total program revenues	<u>4,051,116</u>	<u>5,278,819</u>	<u>5,026,602</u>	<u>3,874,728</u>	<u>9,329,935</u>	<u>8,901,330</u>
General revenues:						
Property and other local taxes	2,264,267	-	2,258,920	-	2,264,267	2,258,920
Municipal income taxes	7,957,003	-	7,455,553	-	7,957,003	7,455,553
Grants and entitlements	2,317,116	-	2,148,650	-	2,317,116	2,148,650
Interest	32,582	-	43,871	-	32,582	43,871
Miscellaneous	96,496	6,026	47,331	11,752	102,522	59,083
Total general revenues	<u>12,667,464</u>	<u>6,026</u>	<u>11,954,325</u>	<u>11,752</u>	<u>12,673,490</u>	<u>11,966,077</u>
Total revenues	<u>16,718,580</u>	<u>5,284,845</u>	<u>16,980,927</u>	<u>3,886,480</u>	<u>22,003,425</u>	<u>20,867,407</u>
Program Expenses:						
General government	3,182,528	-	3,075,749	-	3,182,528	3,075,749
Security of persons and property						
Police	3,814,646	-	3,707,305	-	3,814,646	3,707,305
Street lighting	38,378	-	33,874	-	38,378	33,874
Fire	2,619,214	-	2,633,358	-	2,619,214	2,633,358
Public health and welfare	65,616	-	67,526	-	65,616	67,526
Transportation	2,496,576	-	3,132,926	-	2,496,576	3,132,926
Community environment	235,743	-	313,757	-	235,743	313,757
Leisure time activity	2,046,925	-	2,066,476	-	2,046,925	2,066,476
Interest and fiscal charges	482,500	-	455,252	-	482,500	455,252
Sewer operating	-	3,408,512	-	1,822,095	3,408,512	1,822,095
Water operating	-	1,880,466	-	1,808,067	1,880,466	1,808,067
Storm water operating	-	507,385	-	508,817	507,385	508,817
Total expenses	<u>14,982,126</u>	<u>5,796,363</u>	<u>15,486,223</u>	<u>4,138,979</u>	<u>20,778,489</u>	<u>19,625,202</u>
Increase (decrease) in net assets	1,736,454	(511,518)	1,494,704	(252,499)	1,224,936	1,242,205
Net assets beginning of year	<u>24,342,914</u>	<u>20,797,341</u>	<u>22,848,210</u>	<u>21,049,840</u>	<u>45,140,255</u>	<u>43,898,050</u>
Net assets end of year	<u>\$ 26,079,368</u>	<u>\$ 20,285,823</u>	<u>\$ 24,342,914</u>	<u>\$ 20,797,341</u>	<u>\$ 46,365,191</u>	<u>\$ 45,140,255</u>

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED

Governmental Activities

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

Program revenues increased in total by 4.82 percent from 2010. Operating grants and contributions were comparable to 2010. The most significant changes in program revenues were capital grants and contributions. The decrease in capital grants and contributions is the result of grant monies received related to the City's Northeast Avenue Roundabout project during 2010. General revenues increased from 2010 by 5.91 percent, which is primarily the result of increased grant revenue and income taxes.

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

The operations of the City's police department account for the largest expenses of the governmental activities, representing 25.46 percent and 23.94 percent of the total governmental activities expenses during 2011 and 2010, respectively. During 2011, the City's police department consisted of 1 Chief, 1 lieutenant, 5 sergeants, 16 patrol and 3 full-time office staff. The police department also employs on a part-time basis 6 records clerks, 2 school crossing guard, and 7 auxiliary police. In 2008, the City entered into a cooperative with the City of Stow to provide dispatching services which had previously been housed at the City. The citizens enjoy cost savings while utilizing the state of the art equipment that the City of Stow provides in their dispatching center. The police department provides a full range of services including patrol, detective services, bike patrol, juvenile diversionary program, neighborhood crime watch, and residential and commercial security surveys. Security of persons and property expenses related to the police department increased 2.90 percent during 2011.

The City has operated a fire department since 1945. During 2011, the fire department employed 1 full time Chief, 3 full time Battalion Chiefs, 1 full-time fire marshal, 8 full-time firefighter paramedics, 46 part-time paramedics/firefighters, and 1 full time clerk. The fire expenses account for 17.50 percent and 17.00 percent of the total governmental activities expenses during 2011 and 2010, 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 decreased 0.54 percent during 2011, which is primarily the result of controlling wages and benefits costs.

The Street Maintenance and Repair department employs 16 full time employees who provide the City and the citizens with road maintenance, road salting, ditching, leaf pickup program, cemetery maintenance, park maintenance and many other services. The transportation expenses accounted for 16.66 and 20.23 percent of the total governmental activities expenses during 2011 and 2010, respectively. Transportation expenses decreased 20.31 percent during 2011, due primarily to decreased road maintenance expenses.

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED

Business-Type Activities

Proprietary funds account for the business-type activities of the City of Tallmadge which consist of sewer, water and storm water operating activities. The City currently has 7,063 water customers, 7,990 sewer customers, and 5,932 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, effective May 1, 2002 water rates for the City have increased 1 percent every year. In August of 2010 there was a 9.5% water rate increase as a result of a pass thru from the City of Akron, and in 2011 water rates increased by 8%. In March of 2010 there was a 20% sewer rate increase for basic operations. The sewage is treated by Summit County. The storm water fee has not changed since 2008 when it dropped from \$3 to \$2 per equivalent residential unit (ERU).

The revenues and expenses for the water, sewer and storm water activities are reported under the business-type activities. The revenues are primarily from charges for services. In 2011, charges for services in the amount of \$5,278,819 accounted for 99.89 percent of the total business-type revenues compared to 97.12 percent in 2010. The total expenses for the utilities were \$5,796,363, resulting in a decrease in net assets of \$511,518.

The City's Funds

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$16,407,196 and expenditures of \$15,645,785. The excess of revenues over expenditures is augmented \$110,859 by proceeds from a capital lease transaction during 2011.

The City's chief operating fund is the general fund. During 2011, the City's general fund had total revenues and other financing sources of \$12,748,267 and expenditures and other financing uses of \$11,853,021, resulting in an increase in fund balance of \$895,246. The increase in fund balance is primarily attributable to reductions in costs resulting from decreases in personnel and capital expenditures.

The City's major special revenue fund, the fire/EMS levy fund, had a decrease in fund balance of \$127,646. Total combined revenues and other financing sources were \$2,541,567 and expenditures were \$2,669,213. Revenues did not exceed expenditures even with transfers of income tax collections.

The City's major special revenue fund, the street maintenance and repair fund had an increase in fund balance of \$152,615. Total combined revenues and other financing sources were \$2,277,737 and expenditures were \$2,125,122. Revenues and other financing sources exceeded expenditures due to transfers of income tax collections.

The City's major bond retirement fund had an increase in fund balance of \$17,481. During 2011, the bond retirement fund received \$91,529 in special assessments and \$1,060,000 in transfers in to provide for \$1,134,048 in principal and interest payments on general obligation and special assessment bonds.

Information regarding the proprietary funds begins on page 26. These funds are accounted for on an accrual basis. All proprietary funds had operating revenues of \$5,272,648, which were less than operating expenses of \$5,718,843. The total depreciation expense for these business-type funds was \$669,141. The cash and cash equivalents at year end for the proprietary funds total \$6,249,354. Net assets of the sewer operating fund decreased \$374,046 or 4.20 percent from 2010. During 2011 net assets of the water operating fund increased 0.54 percent or \$45,545 to \$8,410,447. In the storm water fund, net assets decreased \$183,017, from \$3,535,732 at December 31, 2010 to \$3,352,715 at December 31, 2011. The overall decrease in net assets for all proprietary funds in 2011 was \$511,518 or 2.46 percent from 2010.

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED

Budgeting Highlights

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

City Council adjusted the level of appropriations in various funds several times in 2011. In total the increase in appropriations accounted for an increase of 2.45 percent over the total general fund budget. The total actual expenditures at year end were \$307,389 less than the total final budget. In addition, at year end the prior year encumbrances that are determined to be unnecessary are decertified to the County on the final amended certificate and that amount is returned to the fund balance and becomes available resources.

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

The total budgetary variance for general fund expenditures was \$307,389 or 2.47 percent. None of this variance was due to the City transferring money out of the general fund. The other major variances were in the general government, security of persons and property and community environment functions, which had positive variances of \$67,947, \$106,322 and \$63,922, respectively. In addition, positive variances also existed in the transportation and leisure time activities, and capital outlay functions. These positive variances in all departments were an effort to contain the budget and control expenditures. Management was aware that the income tax collections were higher than was expected. The total variance in general fund revenues was a positive variance of \$943,238 or 8.08%. The variance was primarily the result of income tax collections, which were \$939,369 more than anticipated.

Capital Assets and Debt Administration

Capital Assets

At the end of 2011, the City had \$42,787,571 (net of accumulated depreciation) invested in land, buildings and improvements, machinery and equipment, infrastructure, right of ways and construction in progress. Of this total, \$28,186,371 was reported in governmental activities and \$14,601,200 was reported in business-type activities.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED*

The following table shows 2011 balances compared to 2010:

Capital Assets at December 31 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,889,359	\$ 2,889,359	\$ 375,519	\$ 375,519	\$ 3,264,878	\$ 3,264,878
Right of ways	80,218	-	-	-	80,218	-
Construction in progress	77,500	1,801,196	300,900	300,900	378,400	2,102,096
Buildings and improvements	12,446,567	12,616,771	1,163,275	1,225,032	13,609,842	13,841,803
Machinery and equipment	1,463,020	1,419,804	323,559	329,282	1,786,579	1,749,086
Infrastructure						
Street subsystem	11,229,707	9,836,878	-	-	11,229,707	9,836,878
Storm sewer subsystem	-	-	3,029,088	3,178,931	3,029,088	3,178,931
Sewer lines	-	-	4,321,373	4,499,512	4,321,373	4,499,512
Water lines	-	-	5,087,486	5,287,182	5,087,486	5,287,182
Totals	<u>\$ 28,186,371</u>	<u>\$ 28,564,008</u>	<u>\$ 14,601,200</u>	<u>\$ 15,196,358</u>	<u>\$ 42,787,571</u>	<u>\$ 43,760,366</u>

The overall decrease of \$972,795 is a result of depreciation expense of \$2,189,676 and disposals of \$76,784 (net of accumulated depreciation) exceeding capital outlays of \$1,293,665. 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, 2011 and 2010:

	Governmental Activities		Business-type Activities	
	2011	2010	2011	2010
Special assessment bonds	\$ 640,000	\$ 690,000	\$ 188,000	\$ 316,000
General obligation bonds	9,957,000	10,579,000	-	-
OWDA loans	-	-	1,315,204	1,359,638
Pollution remediation obligation	-	250,000	-	-
Capital leases	134,754	132,950	58,928	-
Total long-term obligations	<u>\$ 10,731,754</u>	<u>\$ 11,651,950</u>	<u>\$ 1,562,132</u>	<u>\$ 1,675,638</u>

The long-term outstanding debt for the City of Tallmadge as of December 31, 2011 was \$12,293,886. This balance reflects \$828,000 in special assessment bonds, \$9,957,000 in general obligation bonds, \$1,315,204 in OWDA loans, and \$193,682 in capital lease obligations. This is a decrease in long-term debt of 7.76 percent. For more detailed information on long-term obligations refer to Note 9 of this report.

The Ohio Revised Code provides that the general obligation bonds less self supporting debt (e.g., assessment debt) of the municipal corporation, whether voted or unvoted, shall not exceed 10.50 percent of the assessed valuation of the total property. In addition, the unvoted net debt cannot exceed 5.50 percent of total assessed value of property. The City's legal total debt limit at the 10.50 percent margin is \$33,523,787, and the total unvoted net debt limit at the 5.50 percent margin is \$22,739,842.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED*

Economic Factors and Next Year's Budget and Rates

- The City prepared the annual budget using zero based budgeting for 2012. Most departments experienced reductions in their departmental budget.
- Employees received a 1% pay increase for 2012 after two years with no increases. Employees will continue to participate in paying a portion of hospitalization.
- The City offered an early retirement incentive at the end of 2009 and many of those positions either were not filled or were filled with part time employees. This has resulted in a reduction of staff for the City. The City continues to evaluate staffing levels as employees retire.
- In July of 2012, the City will increase water rates by 8%.
- On January 1, 2012, the income tax rate in the Brimfield-Tallmadge Joint Economic Development District increased from 0.75% to 1.00%.

Contacting the City's Financial Management

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

**BASIC
FINANCIAL STATEMENTS**

CITY OF TALLMADGE, OHIO

*STATEMENT OF NET ASSETS
DECEMBER 31, 2011*

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 5,934,773	\$ 6,249,354	\$ 12,184,127
Receivables:			
Income taxes	1,717,765	-	1,717,765
Real and other taxes	2,293,986	-	2,293,986
Accounts	100,043	1,678,750	1,778,793
Accrued interest	8,228	-	8,228
Special assessments	732,520	247,138	979,658
Intergovernmental	1,502,088	-	1,502,088
Materials and supplies inventory	177,994	65,927	243,921
Deferred charges	157,524	-	157,524
Capital assets:			
Nondepreciable capital assets	3,047,077	676,419	3,723,496
Depreciable capital assets, net	25,139,294	13,924,781	39,064,075
Total capital assets, net	28,186,371	14,601,200	42,787,571
Total assets	40,811,292	22,842,369	63,653,661
Liabilities:			
Accounts payable	143,756	58,264	202,020
Contracts payable	261,117	-	261,117
Accrued wages and benefits payable	141,783	10,436	152,219
Intergovernmental	517,633	866,150	1,383,783
Unearned revenue	2,164,323	-	2,164,323
Accrued interest payable	36,426	31,532	67,958
Long-term liabilities:			
Due within one year	854,881	115,695	970,576
Due in more than one year	10,612,005	1,474,469	12,086,474
Total liabilities	14,731,924	2,556,546	17,288,470
Net assets:			
Invested in capital assets, net of related debt (see Note 2.U)	18,529,391	13,039,068	30,495,949
Restricted for:			
Capital projects	248,897	-	248,897
Other purposes:			
Fire/EMS levy	218,670	-	218,670
Street maintenance	945,681	-	945,681
State highway	57,679	-	57,679
Community environment	7,027	-	7,027
Law enforcement	36,321	-	36,321
Unrestricted (see Note 2.U)	6,035,702	7,246,755	14,354,967
Total net assets	\$ 26,079,368	\$ 20,285,823	\$ 46,365,191

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011*

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government.	\$ 3,182,528	\$ 407,928	\$ -	\$ -
Security of persons and property:				
Police	3,814,646	19,112	440	-
Street lights	38,378	-	-	-
Fire	2,619,214	396,854	3,441	-
Public health and welfare	65,616	2,538	37,984	-
Transportation.	2,496,576	46,256	753,921	336,352
Community environment	235,743	47,321	-	90,000
Leisure time activity.	2,046,925	1,750,273	158,696	-
Interest and fiscal charges.	482,500	-	-	-
Total governmental activities	<u>14,982,126</u>	<u>2,670,282</u>	<u>954,482</u>	<u>426,352</u>
Business-type activities:				
Sewer operating fund.	3,408,512	3,032,289	-	-
Water operating fund	1,880,466	1,922,162	-	-
Storm water fund	507,385	324,368	-	-
Total business-type activities	<u>5,796,363</u>	<u>5,278,819</u>	<u>-</u>	<u>-</u>
Totals.	<u>\$ 20,778,489</u>	<u>\$ 7,949,101</u>	<u>\$ 954,482</u>	<u>\$ 426,352</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

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
\$ (2,774,600)	\$ -	\$ (2,774,600)
(3,795,094)	-	(3,795,094)
(38,378)	-	(38,378)
(2,218,919)	-	(2,218,919)
(25,094)	-	(25,094)
(1,360,047)	-	(1,360,047)
(98,422)	-	(98,422)
(137,956)	-	(137,956)
(482,500)	-	(482,500)
<u>(10,931,010)</u>	<u>-</u>	<u>(10,931,010)</u>
-	(376,223)	(376,223)
-	41,696	41,696
-	<u>(183,017)</u>	<u>(183,017)</u>
-	<u>(517,544)</u>	<u>(517,544)</u>
<u>(10,931,010)</u>	<u>(517,544)</u>	<u>(11,448,554)</u>
761,493	-	761,493
1,394,224	-	1,394,224
108,550	-	108,550
7,957,003	-	7,957,003
2,317,116	-	2,317,116
32,582	-	32,582
96,496	6,026	102,522
<u>12,667,464</u>	<u>6,026</u>	<u>12,673,490</u>
1,736,454	(511,518)	1,224,936
24,342,914	20,797,341	45,140,255
<u>\$ 26,079,368</u>	<u>\$ 20,285,823</u>	<u>\$ 46,365,191</u>

CITY OF TALLMADGE, OHIO

*BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011*

	General	Fire/EMS Levy	Street Maintenance and Repair	Bond Retirement
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 4,370,470	\$ 330,061	\$ 600,940	\$ 68,361
Receivables:				
Income taxes	1,717,765	-	-	-
Real and other taxes	783,563	1,398,484	-	-
Accounts	66,485	33,533	-	-
Interfund loans	200,000	-	-	-
Accrued interest	8,183	-	42	-
Special assessments	26,759	-	65,761	640,000
Intergovernmental	801,682	102,973	383,126	-
Materials and supplies inventory	95,421	-	82,573	-
Total assets	\$ 8,070,328	\$ 1,865,051	\$ 1,132,442	\$ 708,361
Liabilities:				
Accounts payable	\$ 100,549	\$ 13,831	\$ 29,376	\$ -
Contracts payable	-	-	-	-
Accrued wages and benefits payable	83,006	46,055	12,101	-
Compensated absences payable	37,771	3,216	-	-
Interfund loans payable	-	-	-	-
Intergovernmental	294,355	102,841	22,375	-
Deferred revenue	1,124,556	182,034	317,946	640,000
Unearned revenue	739,286	1,319,423	-	-
Total liabilities	2,379,523	1,667,400	381,798	640,000
Fund balances (see Note 18):				
Nonspendable	95,421	-	82,573	-
Restricted	-	197,651	668,071	-
Assigned	235,992	-	-	68,361
Unassigned (deficit)	5,359,392	-	-	-
Total fund balances	5,690,805	197,651	750,644	68,361
Total liabilities and fund balances	\$ 8,070,328	\$ 1,865,051	\$ 1,132,442	\$ 708,361

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 564,941	\$ 5,934,773
-	1,717,765
111,939	2,293,986
25	100,043
-	200,000
3	8,228
-	732,520
214,307	1,502,088
-	177,994
<u>\$ 891,215</u>	<u>\$ 12,667,397</u>
\$ -	\$ 143,756
261,117	261,117
621	141,783
-	40,987
200,000	200,000
98,062	517,633
35,187	2,299,723
105,614	2,164,323
<u>700,601</u>	<u>5,769,322</u>
-	177,994
333,572	1,199,294
-	304,353
(142,958)	5,216,434
<u>190,614</u>	<u>6,898,075</u>
<u>\$ 891,215</u>	<u>\$ 12,667,397</u>

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CITY OF TALLMADGE, OHIO

*RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2011*

Total governmental fund balances		\$	6,898,075
<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.			28,186,371
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.			
Delinquent property taxes receivable	\$	129,663	
Special assessments receivable		732,520	
Municipal income taxes receivable		393,809	
Investment income receivable		6,354	
Intergovernmental receivable		584,012	
Other receivables		453,365	
Total		<u>2,299,723</u>	2,299,723
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(696,409)	
General obligation bonds		(9,957,000)	
Special assessment bonds		(640,000)	
Capital lease obligation		(134,754)	
Total		<u>(11,428,163)</u>	(11,428,163)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(36,426)
Unamortized deferred charges on refundings are not recognized in the funds.			57,925
Unamortized premiums on bond issuance are not recognized in the funds.			(80,479)
Unamortized discounts on bond issuance are not recognized in the funds.			24,818
Unamortized bond issuance costs are not recognized in the funds.			<u>157,524</u>
Net assets of governmental activities		<u>\$</u>	<u>26,079,368</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, 2011*

	General	Fire/EMS Levy	Street Maintenance and Repair	Bond Retirement
Revenues:				
Property and other taxes	\$ 757,357	\$ 1,386,843	\$ -	\$ -
Municipal income taxes	7,893,880	-	-	-
Intergovernmental	1,750,999	232,045	889,660	-
Investment income	33,365	-	157	-
Fines, licenses and permits	408,660	17	-	-
Special assessments	10,918	-	13,245	91,529
Charges for services	1,748,893	396,837	55,590	-
Miscellaneous	64,515	19,646	14,085	-
Total revenues	12,668,587	2,035,388	972,737	91,529
Expenditures:				
Current:				
General government	3,051,404	-	-	-
Security of persons and property:				
Police	3,346,824	-	-	-
Street lights	38,378	-	-	-
Fire	-	2,474,408	-	-
Public health and welfare	-	-	64,500	-
Transportation	236,291	-	1,175,374	-
Community environment	277,805	-	-	-
Leisure time activity	1,422,326	-	269,479	-
Capital outlay	277,531	83,285	615,769	-
Debt service:				
Principal retirement	4,380	104,675	-	672,000
Interest and fiscal charges	2,082	6,845	-	462,048
Total expenditures	8,657,021	2,669,213	2,125,122	1,134,048
Excess (deficiency) of revenues over (under) expenditures	4,011,566	(633,825)	(1,152,385)	(1,042,519)
Other financing sources (uses):				
Capital lease transaction	79,680	31,179	-	-
Transfers in	-	475,000	1,305,000	1,060,000
Transfers (out)	(3,196,000)	-	-	-
Total other financing sources (uses)	(3,116,320)	506,179	1,305,000	1,060,000
Net change in fund balances	895,246	(127,646)	152,615	17,481
Fund balances at beginning of year	4,795,559	325,297	598,029	50,880
Fund balances at end of year	\$ 5,690,805	\$ 197,651	\$ 750,644	\$ 68,361

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 107,959	\$ 2,252,159
-	7,893,880
512,999	3,385,703
14	33,536
16,737	425,414
-	115,692
-	2,201,320
1,246	99,492
<u>638,955</u>	<u>16,407,196</u>
-	3,051,404
328,421	3,675,245
-	38,378
-	2,474,408
-	64,500
69,227	1,480,892
-	277,805
-	1,691,805
662,733	1,639,318
-	781,055
-	470,975
<u>1,060,381</u>	<u>15,645,785</u>
<u>(421,426)</u>	<u>761,411</u>
-	110,859
356,000	3,196,000
-	(3,196,000)
<u>356,000</u>	<u>110,859</u>
(65,426)	872,270
256,040	6,025,805
<u>\$ 190,614</u>	<u>\$ 6,898,075</u>

CITY OF TALLMADGE, OHIO

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011*

Net change in fund balances - total governmental funds	\$	872,270
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 1,219,682	
Current year depreciation	<u>(1,520,535)</u>	
Total		(300,853)
 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.		
		(76,784)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	12,108	
Municipal income taxes	63,123	
Intergovernmental	311,451	
Investment income	(954)	
Special assessments	(72,144)	
Other revenue	<u>(2,200)</u>	
Total		311,384
 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.		
		781,055
 Payment and fulfillment of a pollution remediation obligation is reflected as an expenditure in the governmental funds, but the payment reduces long-term liabilities on the statement of net assets.		
		250,000
 In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds interest is expensed when due.		
Accrued interest payable	1,889	
Bond premium	19,322	
Bond discount	(1,278)	
Deferred charges on refunding	(10,299)	
Bond issuance costs	<u>(21,159)</u>	
Total		(11,525)
 Issuances of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as revenue as they increase liabilities on the statement of net assets.		
		(110,859)
 Some expenses, such as compensated absences, reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
		<u>21,766</u>
Change in net assets of governmental activities	\$	<u><u>1,736,454</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes	\$ 771,558	\$ 771,558	\$ 757,357	\$ (14,201)
Municipal income taxes	6,872,800	6,872,800	7,812,169	939,369
Intergovernmental.	1,623,399	1,610,909	1,783,838	172,929
Investment income.	63,400	65,000	34,114	(30,886)
Fines, licenses and permits	452,186	463,600	404,781	(58,819)
Special assessments	11,705	12,000	10,918	(1,082)
Charges for services.	1,741,929	1,785,899	1,749,769	(36,130)
Miscellaneous.	90,181	92,457	64,515	(27,942)
Total revenues	11,627,158	11,674,223	12,617,461	943,238
Expenditures:				
Current:				
General government	3,286,381	3,283,478	3,215,531	67,947
Security of persons and property	3,462,324	3,570,084	3,463,762	106,322
Transportation	266,396	267,158	239,001	28,157
Community environment	364,487	331,636	267,714	63,922
Leisure time activity	1,585,806	1,575,218	1,543,978	31,240
Capital outlay	221,610	221,610	211,809	9,801
Total expenditures	9,187,004	9,249,184	8,941,795	307,389
Excess of revenues over expenditures	2,440,154	2,425,039	3,675,666	1,250,627
Other financing sources (uses):				
Advances in	165,000	100,000	-	(100,000)
Transfers (out).	(2,960,000)	(3,196,000)	(3,196,000)	-
Total other financing sources (uses)	(2,795,000)	(3,096,000)	(3,196,000)	(100,000)
Net change in fund balances	(354,846)	(670,961)	479,666	1,150,627
Fund balances at beginning of year	3,142,275	3,142,275	3,142,275	-
Prior year encumbrances appropriated	369,477	369,477	369,477	-
Fund balance at end of year	\$ 3,156,906	\$ 2,840,791	\$ 3,991,418	\$ 1,150,627

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, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes	\$ 1,371,893	\$ 1,371,893	\$ 1,386,843	\$ 14,950
Intergovernmental.	345,494	345,494	232,045	(113,449)
Fines, licenses and permits	100	100	17	(83)
Charges for services.	425,991	425,991	415,487	(10,504)
Miscellaneous.	16,000	16,000	19,296	3,296
Total revenues	<u>2,159,478</u>	<u>2,159,478</u>	<u>2,053,688</u>	<u>(105,790)</u>
Expenditures:				
Current:				
Security of persons and property	2,678,321	2,677,284	2,508,443	168,841
Capital outlay	<u>167,500</u>	<u>167,500</u>	<u>161,097</u>	<u>6,403</u>
Total expenditures	<u>2,845,821</u>	<u>2,844,784</u>	<u>2,669,540</u>	<u>175,244</u>
Deficiency of revenues under expenditures. . .	<u>(686,343)</u>	<u>(685,306)</u>	<u>(615,852)</u>	<u>69,454</u>
Other financing sources:				
Sale of capital assets.	-	-	350	350
Transfers in	<u>475,000</u>	<u>475,000</u>	<u>475,000</u>	<u>-</u>
Total other financing sources	<u>475,000</u>	<u>475,000</u>	<u>475,350</u>	<u>350</u>
Net change in fund balances	(211,343)	(210,306)	(140,502)	69,804
Fund balances at beginning of year	415,194	415,194	415,194	-
Prior year encumbrances appropriated	<u>4,747</u>	<u>4,747</u>	<u>4,747</u>	<u>-</u>
Fund balance at end of year	<u>\$ 208,598</u>	<u>\$ 209,635</u>	<u>\$ 279,439</u>	<u>\$ 69,804</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, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 896,000	\$ 896,000	\$ 885,535	\$ (10,465)
Investment income	600	600	174	(426)
Special assessments	12,000	12,000	13,245	1,245
Charges for services.	67,000	67,000	55,590	(11,410)
Miscellaneous.	10,800	10,800	14,085	3,285
Total revenues	<u>986,400</u>	<u>986,400</u>	<u>968,629</u>	<u>(17,771)</u>
Expenditures:				
Current:				
Public health and welfare.	76,040	76,040	64,288	11,752
Transportation	1,346,148	1,400,873	1,314,681	86,192
Leisure time activity	285,159	285,159	272,280	12,879
Capital outlay	649,385	723,585	676,010	47,575
Total expenditures	<u>2,356,732</u>	<u>2,485,657</u>	<u>2,327,259</u>	<u>158,398</u>
Deficiency of revenues under expenditures . .	<u>(1,370,332)</u>	<u>(1,499,257)</u>	<u>(1,358,630)</u>	<u>140,627</u>
Other financing sources:				
Transfers in	1,230,000	1,305,000	1,305,000	-
Total other financing sources.	<u>1,230,000</u>	<u>1,305,000</u>	<u>1,305,000</u>	<u>-</u>
Net change in fund balances	(140,332)	(194,257)	(53,630)	140,627
Fund balances at beginning of year	456,181	456,181	456,181	-
Prior year encumbrances appropriated . . .	17,433	17,433	17,433	-
Fund balance at end of year	<u>\$ 333,282</u>	<u>\$ 279,357</u>	<u>\$ 419,984</u>	<u>\$ 140,627</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 3,475,234	\$ 2,683,015	\$ 91,105	\$ 6,249,354
Receivables:				
Accounts	967,034	597,810	113,906	1,678,750
Special assessments	189,542	57,596	-	247,138
Materials and supplies inventory	32,964	32,963	-	65,927
Total current assets	<u>4,664,774</u>	<u>3,371,384</u>	<u>205,011</u>	<u>8,241,169</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable capital assets	94,403	453,539	128,477	676,419
Depreciable capital assets, net	4,665,853	6,229,840	3,029,088	13,924,781
Total capital assets, net	<u>4,760,256</u>	<u>6,683,379</u>	<u>3,157,565</u>	<u>14,601,200</u>
Total assets	<u>9,425,030</u>	<u>10,054,763</u>	<u>3,362,576</u>	<u>22,842,369</u>
Liabilities:				
Current liabilities:				
Accounts payable	41,108	17,156	-	58,264
Accrued wages and benefits payable	3,756	3,887	2,793	10,436
Compensated absences payable	1,895	1,894	-	3,789
Intergovernmental	633,777	225,305	7,068	866,150
Current portion of special assessment bonds payable	45,000	8,000	-	53,000
Current portion of OWDA loans payable . . .	-	48,056	-	48,056
Current portion of capital lease obligations payable	5,425	5,425	-	10,850
Accrued interest payable	909	30,623	-	31,532
Total current liabilities	<u>731,870</u>	<u>340,346</u>	<u>9,861</u>	<u>1,082,077</u>
Long-term liabilities:				
Compensated absences payable	12,122	12,121	-	24,243
Special assessment bonds payable	134,338	662	-	135,000
OWDA loans payable	-	1,267,148	-	1,267,148
Capital lease obligations payable	24,039	24,039	-	48,078
Total long-term liabilities	<u>170,499</u>	<u>1,303,970</u>	<u>-</u>	<u>1,474,469</u>
Total liabilities	<u>902,369</u>	<u>1,644,316</u>	<u>9,861</u>	<u>2,556,546</u>
Net assets:				
Invested in capital assets, net of related debt . .	4,551,454	5,330,049	3,157,565	13,039,068
Unrestricted	3,971,207	3,080,398	195,150	7,246,755
Total net assets	<u>\$ 8,522,661</u>	<u>\$ 8,410,447</u>	<u>\$ 3,352,715</u>	<u>20,285,823</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, 2011*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Operating revenues:				
Charges for services	\$ 3,026,901	\$ 1,915,353	\$ 324,368	\$ 5,266,622
Other operating revenues	2,177	3,849	-	6,026
Total operating revenues.	<u>3,029,078</u>	<u>1,919,202</u>	<u>324,368</u>	<u>5,272,648</u>
Operating expenses:				
Personal services	332,838	327,358	286,081	946,277
Contract services.	2,740,086	1,066,564	71,138	3,877,788
Materials and supplies.	45,871	47,355	-	93,226
Depreciation.	221,153	298,145	149,843	669,141
Other	54,549	77,539	323	132,411
Total operating expenses.	<u>3,394,497</u>	<u>1,816,961</u>	<u>507,385</u>	<u>5,718,843</u>
Operating income (loss)	<u>(365,419)</u>	<u>102,241</u>	<u>(183,017)</u>	<u>(446,195)</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(14,015)	(63,505)	-	(77,520)
Special assessments	5,388	6,809	-	12,197
Total nonoperating revenues (expenses).	<u>(8,627)</u>	<u>(56,696)</u>	<u>-</u>	<u>(65,323)</u>
Change in net assets	(374,046)	45,545	(183,017)	(511,518)
Net assets at beginning of year.	<u>8,896,707</u>	<u>8,364,902</u>	<u>3,535,732</u>	<u>20,797,341</u>
Net assets at end of year	<u>\$ 8,522,661</u>	<u>\$ 8,410,447</u>	<u>\$ 3,352,715</u>	<u>\$ 20,285,823</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, 2011*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Cash flows from operating activities:				
Cash received from customers.	\$ 2,616,457	\$ 1,799,386	\$ 310,219	\$ 4,726,062
Cash received from other operations.	2,177	3,849	-	6,026
Cash payments for personal services	(343,441)	(338,472)	(285,905)	(967,818)
Cash payments for contractual services	(2,210,280)	(1,117,512)	(71,138)	(3,398,930)
Cash payments for materials and supplies.	(41,990)	(42,053)	-	(84,043)
Cash payments for other expenses.	(54,549)	(77,539)	(323)	(132,411)
Net cash provided by (used in) operating activities	<u>(31,626)</u>	<u>227,659</u>	<u>(47,147)</u>	<u>148,886</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets.	-	(11,625)	-	(11,625)
Special assessments.	43,743	88,971	-	132,714
Principal retirement on special assessment bonds	(40,000)	(88,000)	-	(128,000)
Principal retirement on OWDA loans	-	(44,434)	-	(44,434)
Principal retirement on capital lease obligation.	(1,715)	(1,715)	-	(3,430)
Interest and fiscal charges	(14,224)	(65,964)	-	(80,188)
Net cash used in capital and related financing activities.	<u>(12,196)</u>	<u>(122,767)</u>	<u>-</u>	<u>(134,963)</u>
Net increase (decrease) in cash and cash equivalents	(43,822)	104,892	(47,147)	13,923
Cash and cash equivalents at beginning of year	3,519,056	2,578,123	138,252	6,235,431
Cash and cash equivalents at end of year	<u>\$ 3,475,234</u>	<u>\$ 2,683,015</u>	<u>\$ 91,105</u>	<u>\$ 6,249,354</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (365,419)	\$ 102,241	\$ (183,017)	\$ (446,195)
Adjustments:				
Depreciation.	221,153	298,145	149,843	669,141
Changes in assets and liabilities:				
Decrease in materials and supplies inventory.	2,904	2,905	-	5,809
Increase in accounts receivable	(410,444)	(115,967)	(14,149)	(540,560)
Increase (decrease) in accounts payable.	37,774	10,391	-	48,165
Decrease in accrued wages and benefits.	(586)	(454)	(1,531)	(2,571)
Increase (decrease) in intergovernmental payable.	493,053	(59,539)	1,707	435,221
Decrease in compensated absences payable.	(10,061)	(10,063)	-	(20,124)
Net cash provided by (used in) operating activities	<u>\$ (31,626)</u>	<u>\$ 227,659</u>	<u>\$ (47,147)</u>	<u>\$ 148,886</u>

Non-Cash Transactions

During 2011, the sewer operating fund and water operating fund entered into capital lease agreements in the amount of \$31,179 and \$31,179, respectively.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011*

	<u>Private-Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents.	\$ 38,790	\$ 167,990
Receivables:		
Accrued interest	26	-
Income taxes.	-	50,727
	<u>38,816</u>	<u>218,717</u>
Total assets	<u>38,816</u>	<u>\$ 218,717</u>
Liabilities:		
Deposits held and due to others.	-	\$ 218,717
	<u>-</u>	<u>\$ 218,717</u>
Total liabilities.	<u>-</u>	<u>\$ 218,717</u>
Net assets:		
Held in trust for scholarships.	<u>38,816</u>	
Total net assets	<u>\$ 38,816</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011*

	Private-Purpose Trust
Additions:	
Investment income.	\$ 98
Gifts and contributions.	1,500
Total additions	<u>1,598</u>
Deductions:	
Expenses per trust agreement	<u>2,000</u>
Total deductions.	<u>2,000</u>
Change in net assets	(402)
Net assets at beginning of year.	<u>39,218</u>
Net assets at end of year	<u><u>\$ 38,816</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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) guidance issued on or before November 30, 1989, to its governmental and business-type activities and its proprietary funds provided it does not conflict with or contradict GASB pronouncements. The City has the option to also apply FASB guidance 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 this FASB guidance. The City's significant accounting policies are described below.

A. Reporting Entity

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

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

The City participates in the Akron Metropolitan Area Transportation Study, the Brimfield Township-City of Tallmadge Joint Economic Development District and the Regional Income Tax Agency. These jointly governed organizations are discussed in Note 15 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, 2011

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. Interfund services provided and used are not eliminated in the process of consolidation. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental 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 is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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.

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

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

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

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.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

D. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All 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.

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

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

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, 2011, but which were levied to finance year 2012 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, 2011, are recorded as deferred revenue in governmental funds.

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.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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 at which expenditures cannot exceed appropriations is at the personnel and operating level by program within the general fund and at the personnel and operating level for all other funds of the City. Capital items such as capital equipment are budgeted on a program or line item basis as specified by City Council legislatively. Any budget modifications at these levels may only be made through an ordinance of Council. Budgetary statements presented beyond the legal level of control are for information purposes only.

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

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

G. Cash and Investments

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

During 2011, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio).

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, 2011.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2011 amounted to \$33,365, which includes \$22,282 assigned from other City funds.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

H. Materials and Supplies Inventory

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

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

I. Capital Assets

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

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

All capital assets are depreciated except for land, right of ways 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.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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, 2011, 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 prepaid items to report at December 31, 2011.

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.

M. Unamortized Issuance Costs/Bond Premiums and Discounts/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 and discounts are deferred and accreted over the term of the bonds using the straight-line method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

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, bond premiums, bond discounts, and deferred charges from refunding are recognized in the current period.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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.

O. Interfund Activity

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

P. Minimum Fund Balance Policy

The City has implemented a minimum fund balance policy to take a proactive approach to financial management in the City. The minimum fund balance policy assists the City in maintaining the security of major operating funds and contributes to the financial stability of the City by maintaining adequate financial reserves. Also, the minimum fund balance policy allows administration and City Council to recognize and react to warning indicators of financial stress and set guidelines for proactive measures. City council approved the policy on April 28, 2005.

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.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. The City did not have any extraordinary or special items transactions during 2011.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

S. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the City to constrain monies for intended purposes.

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

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

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

T. 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 enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

U. Total Column

A total column is presented on the entity-wide statement of net assets and statement of activities. The storm water improvement refunding bonds, net of unamortized deferred charges and bond issue premium of \$44,689 and \$12,199 respectively, 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 refunding 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 fiscal year 2011, the City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types. The implementation of GASB Statement No. 54 did not have an effect on beginning net assets as previously reported other than reclassifications between restricted and unrestricted net asset classifications in the governmental activities.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 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, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at December 31, 2011 included the following individual fund deficits:

<u>Major governmental funds</u>	<u>Deficit</u>
Northeast Avenue roundabout	\$ 101,481
Police pension	41,477

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal 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, 2011

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 items 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
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 Finance Director 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, 2011, the carrying amount of all City deposits was \$12,352,960. As of December 31, 2011, \$9,001,149 of the City's bank balance of \$12,782,370 was exposed to custodial risk as discussed below, while \$3,781,221 was covered by the FDIC.

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, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of December 31, 2011, the City had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity 6 months or less</u>
STAR Ohio	\$ 37,947	\$ 37,947

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

Credit Risk: 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 rating service. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of investment type held by the City at December 31, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 37,947	100.00%

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, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 12,352,960
Investments	<u>37,947</u>
Total	<u>\$ 12,390,907</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 5,934,773
Business type activities	6,249,354
Private-purpose trust fund	38,790
Agency funds	<u>167,990</u>
Total	<u>\$ 12,390,907</u>

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 5 - INTERFUND TRANSACTIONS

- A. The general fund transferred \$61,000 to the Northeast Avenue Roundabout capital projects funds to pay a portion of project costs. The remaining transfers consist of \$475,000 to the fire/EMS levy special revenue fund, \$1,305,000 to the street maintenance and repair special revenue fund, \$1,060,000 to the bond retirement fund, \$100,000 to the general infrastructure reserve fund and \$195,000 to the police pension special revenue fund.

<u>Major funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 3,196,000
Fire/EMS levy	475,000	-
Street maintenance and repair	1,305,000	-
Bond retirement	<u>1,060,000</u>	<u>-</u>
Total major funds	<u>2,840,000</u>	<u>3,196,000</u>
 <u>Nonmajor governmental funds</u>		
Northeast Avenue roundabout	61,000	-
General infrastructure reserve	100,000	-
Police pension	<u>195,000</u>	<u>-</u>
Total nonmajor governmental funds	<u>356,000</u>	<u>-</u>
Total	<u>\$ 3,196,000</u>	<u>\$ 3,196,000</u>

- B. The interfund balance at December 31, 2011 as reported on the fund financial statements consist of the following interfund loan receivable/payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 200,000</u>

The primary purpose of the interfund loan is to cover expenditures in the Northeast Avenue Roundabout capital projects fund (a nonmajor governmental fund). The interfund balance is expected to repaid within the next year once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances between governmental funds at December 31, 2011 are reported on the statement of net assets.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2011, consisted primarily of municipal income taxes, property and other taxes, special assessments, accounts and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full.

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

Special assessments expected to be collected in more than one year amount to \$585,000 in the bond retirement fund. The City had no material outstanding delinquencies at December 31, 2011.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 6 - RECEIVABLES - (Continued)

A. Property Taxes

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the County, including the City of Tallmadge. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2011 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 2011 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, 2011 was \$6.15 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 331,131,290
Commercial/industrial/mineral	78,150,840
<u>Public utility</u>	
Real	9,690
Personal	<u>4,159,860</u>
Total assessed value	<u><u>\$ 413,451,680</u></u>

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 6 - RECEIVABLES - (Continued)

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 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 .75% 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.

C. Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental activities:</u>	<u>Amounts</u>
Local government	\$ 290,411
Homestead and rollback	168,408
Inheritance tax	444,733
Miscellaneous	9,281
Permissive tax	10,606
Auto license tax	75,295
Gas tax and municipal cents per gallon tax	327,665
Ohio Department of Transportation	<u>175,689</u>
Total	<u>\$ 1,502,088</u>

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, was as follows:

<u>Governmental activities:</u>	Balance <u>12/31/10</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/11</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,889,359	\$ -	\$ -	\$ 2,889,359
Right of ways	-	80,218	-	80,218
Construction in progress	<u>1,801,196</u>	<u>77,500</u>	<u>(1,801,196)</u>	<u>77,500</u>
Total capital assets, not being depreciated	<u>4,690,555</u>	<u>157,718</u>	<u>(1,801,196)</u>	<u>3,047,077</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	17,350,805	317,524	-	17,668,329
Equipment	7,835,971	380,812	(177,723)	8,039,060
Infrastructure - streets subsystem	<u>18,915,182</u>	<u>2,164,824</u>	<u>(205,189)</u>	<u>20,874,817</u>
Total capital assets, being depreciated	<u>44,101,958</u>	<u>2,863,160</u>	<u>(382,912)</u>	<u>46,582,206</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(4,734,034)	(487,728)	-	(5,221,762)
Equipment	(6,416,167)	(337,596)	177,723	(6,576,040)
Infrastructure - streets subsystem	<u>(9,078,304)</u>	<u>(695,211)</u>	<u>128,405</u>	<u>(9,645,110)</u>
Total accumulated depreciation	<u>(20,228,505)</u>	<u>(1,520,535)</u>	<u>306,128</u>	<u>(21,442,912)</u>
Total capital assets, being depreciated, net	<u>23,873,453</u>	<u>1,342,625</u>	<u>(76,784)</u>	<u>25,139,294</u>
Governmental activities capital assets, net	<u>\$ 28,564,008</u>	<u>\$ 1,500,343</u>	<u>\$ (1,877,980)</u>	<u>\$ 28,186,371</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 160,180
Security of persons and property - police	123,812
Security of persons and property - fire	119,987
Public health and welfare	1,116
Transportation	764,380
Community environment	5,020
Leisure time activity	<u>346,040</u>
Total depreciation expense	<u>\$ 1,520,535</u>

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 7 - CAPITAL ASSETS - (Continued)

Capital asset activity for the year ended December 31, 2011, was as follows:

	Balance			Balance
<u>Business-type activities:</u>	<u>12/31/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/11</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 375,519	\$ -	\$ -	\$ 375,519
Construction in progress	<u>300,900</u>	<u>-</u>	<u>-</u>	<u>300,900</u>
Total capital assets, not being depreciated	<u>676,419</u>	<u>-</u>	<u>-</u>	<u>676,419</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	2,163,058	-	-	2,163,058
Equipment	1,132,681	73,983	(57,996)	1,148,668
Infrastructure				
Water lines	9,527,758	-	-	9,527,758
Sewer lines	8,824,383	-	-	8,824,383
Storm sewer subsystem	<u>4,495,246</u>	<u>-</u>	<u>-</u>	<u>4,495,246</u>
Total capital assets, being depreciated	<u>26,143,126</u>	<u>73,983</u>	<u>(57,996)</u>	<u>26,159,113</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(938,026)	(61,757)	-	(999,783)
Equipment	(803,399)	(79,706)	57,996	(825,109)
Infrastructure				
Water lines	(4,240,576)	(199,696)	-	(4,440,272)
Sewer lines	(4,324,871)	(178,139)	-	(4,503,010)
Storm sewer subsystem	<u>(1,316,315)</u>	<u>(149,843)</u>	<u>-</u>	<u>(1,466,158)</u>
Total accumulated depreciation	<u>(11,623,187)</u>	<u>(669,141)</u>	<u>57,996</u>	<u>(12,234,332)</u>
Total capital assets, being depreciated, net	<u>14,519,939</u>	<u>(595,158)</u>	<u>-</u>	<u>13,924,781</u>
Business-type activities capital assets, net	<u>\$ 15,196,358</u>	<u>\$ (595,158)</u>	<u>\$ -</u>	<u>\$ 14,601,200</u>

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 7 - CAPITAL ASSETS - (Continued)

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

Sewer operating	\$ 221,153
Water operating	298,145
Storm water	<u>149,843</u>
Total depreciation expense	<u>\$ 669,141</u>

NOTE 8 - CAPITAL LEASES

In 2011 and in prior years, the City entered into capital leases for two ambulances, a fire truck and telephone equipment. The capital leases for the ambulances and fire truck will be paid out of the fire/EMS levy special revenue fund. The capital lease for the telephone equipment will be paid from the general fund, the fire/EMS levy special revenue fund, the sewer operating fund and the water operating fund. During 2011, the capital leases for one ambulance and the fire truck were paid in full. 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 Activities</u>	<u>Business-Type Activities</u>
Assets:		
Equipment	\$ 652,951	\$ 62,358
Less: accumulated depreciation	<u>(221,477)</u>	<u>(6,236)</u>
Total	<u>\$ 431,474</u>	<u>\$ 56,122</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, 2011:

<u>Year Ended</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2012	\$ 58,194	\$ 15,173	\$ 73,367
2013	26,974	15,173	42,147
2014	26,974	15,173	42,147
2015	26,974	15,173	42,147
2016	<u>17,984</u>	<u>10,114</u>	<u>28,098</u>
Total	157,100	70,806	227,906
Less: amount representing interest	<u>(22,346)</u>	<u>(11,878)</u>	<u>(34,224)</u>
Present value of net minimum lease payments	<u>\$ 134,754</u>	<u>\$ 58,928</u>	<u>\$ 193,682</u>

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 9 - LONG-TERM OBLIGATIONS

The interest rate, original issue amount and date of maturity of each of the City's bonds outstanding at December 31, 2011 are as follows:

	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity Date</u>
<u>Special assessment bonds</u>			
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
2000 West avenue street improvement	6.000%	1,070,000	12/1/2020
 <u>General obligation bonds</u>			
1992 Tallmadge woods	6.390%	852,000	6/1/2012
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
2010 Storm water improvement refunding	2.672%	1,405,000	12/1/2018
2010 Recreation various purpose	3.762%	3,915,000	12/1/2030

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

	<u>Balance 12/31/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/11</u>	<u>Amounts Due in One Year</u>
Business-type activities:					
<u>Special assessment bonds</u>					
1992 Southwest sanitary sewer and water	\$ 46,000	\$ -	\$ (23,000)	\$ 23,000	\$ 23,000
1996 Northwest quad sanitary sewer	190,000	-	(25,000)	165,000	30,000
2001 Elm/Ferguson waterline	50,000	-	(50,000)	-	-
2001 Parker/Milton waterline	30,000	-	(30,000)	-	-
Total special assessment bonds	<u>316,000</u>	<u>-</u>	<u>(128,000)</u>	<u>188,000</u>	<u>53,000</u>
OWDA loan - Northeast water system	1,359,638	-	(44,434)	1,315,204	48,056
Capital lease	-	62,358	(3,430)	58,928	10,850
Compensated absences	48,156	3,789	(23,913)	28,032	3,789
Total business-type activities					
Long-term obligations	<u>\$ 1,723,794</u>	<u>\$ 66,147</u>	<u>\$ (199,777)</u>	<u>\$ 1,590,164</u>	<u>\$ 115,695</u>

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

	Balance <u>12/31/10</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/11</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
<u>General obligation bonds</u>					
1992 Tallmadge woods	\$ 84,000	\$ -	\$ (42,000)	\$ 42,000	\$ 42,000
2001 City building improvement	1,435,000	-	(105,000)	1,330,000	105,000
2006 Various purpose refunding	470,000	-	(85,000)	385,000	90,000
2006 Recreation center	3,425,000	-	(100,000)	3,325,000	105,000
2010 Storm water improvement refunding	1,250,000	-	(145,000)	1,105,000	145,000
2010 Recreation various improvement	<u>3,915,000</u>	<u>-</u>	<u>(145,000)</u>	<u>3,770,000</u>	<u>150,000</u>
 Total general obligation bonds	 <u>10,579,000</u>	 <u>-</u>	 <u>(622,000)</u>	 <u>9,957,000</u>	 <u>637,000</u>
 <u>Special assessment bonds</u>					
2000 West avenue street improvement	<u>690,000</u>	<u>-</u>	<u>(50,000)</u>	<u>640,000</u>	<u>55,000</u>
 <u>Other long-term obligations</u>					
Capital lease	132,950	110,859	(109,055)	134,754	49,280
Pollution remediation	250,000	-	(250,000)	-	-
Compensated absences	<u>739,005</u>	<u>139,164</u>	<u>(140,773)</u>	<u>737,396</u>	<u>113,601</u>
 Total governmental activities Long-term obligations	 <u>\$ 12,390,955</u>	 <u>\$ 250,023</u>	 <u>\$ (1,171,828)</u>	 <u>\$ 11,469,150</u>	 <u>\$ 854,881</u>
 Add: Unamortized premium on bond issue				80,479	
Less: Unamortized discount on bond issue				(24,818)	
Less: Unamortized deferred charges on refunding				<u>(57,925)</u>	
 Total reported on statement of net assets				 <u>\$ 11,466,886</u>	

Special Assessment Bonds Payable:

Under business-type activities Elm/Ferguson waterline and Parker/Milton waterline were petitioned waterline improvement projects. These projects were paid by assessments over a ten year period from the water operating fund and were retired during 2011.

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.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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.

OWDA Loan:

During 2009, the City entered into a debt financing arrangement through the Ohio Water Development Authority (OWDA). The City has pledged future water revenues to repay OWDA loans. The loans are payable solely from water fund revenues and are payable through 2029. Annual principal and interest payments on the loans are expected to require 15.86 percent of net revenues and 3.31 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$1,955,900. Principal and interest paid for the current year was \$105,032, total net revenues were \$400,386 and total revenues were \$1,919,202.

1992 Tallmadge Woods Bonds Payable:

On June 25, 1992, the City issued \$852,000 in general obligation Tallmadge woods bonds. These bonds bear an interest rate of 6.930% with a final maturity date of June 25, 2012.

2001 City Building Improvement Bonds Payable:

On August 1, 2001, the City issued \$2,270,000 in general obligation bonds for various permanent improvements to various City buildings. These bonds bear interest rates between 2.90% and 5.50% and mature on December 1, 2021.

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.

2006 Recreation Bonds Payable:

On March 1, 2006, the City issued \$3,800,000 in general obligation bonds for the Tallmadge Recreation Center. These bonds bear interest rates ranging from 3.50% to 5.00% and mature on December 31, 2031.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Storm Water Improvement Refunding Bonds Payable:

On May 27, 2010, the City issued storm water improvement general obligation refunding bonds. These bonds refunded the \$1,370,000 callable portion of the 1998 storm water improvement 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 \$55,645. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next nine years by \$179,492.

2010 Recreation Center Various Improvement Bonds Payable:

On May 17, 2010, the City issued \$3,915,000 in general obligation bonds payable for recreation center permanent improvements. These bonds bear an interest rate of 3.762% and mature on December 1, 2030.

Capital Lease Obligations:

Capital leases consisted of the purchase of two ambulances and a fire truck which are paid from the fire/EMS levy special revenue fund and telephone equipment paid from the general fund, fire/EMS levy fund, sewer operating fund and water operating fund. See Note 8 to the basic financial statements for detail.

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. As stipulated in the lease agreement, the City has assumed the responsibility of cleaning up the existing pollution. During 2010, the City purchased the land that was being leased. The City received a grant in 2009 from the Ohio Department of Public Safety (ODPS) which covered the costs of the pollution remediation. During 2011, the City fulfilled its obligation to clean up the existing lead pollution on the site. The payment of the pollution remediation obligation is reflected as a program expenditure on the statement of revenues, expenditures, and changes in fund balance.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

As of December 31, 2011, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$33,523,787 and the unvoted legal debt margin was \$22,739,842. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2011 are as follows:

Year	Governmental Activities					
	General Obligation Bonds			West Avenue Special Assessment		
Ended	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 637,000	\$ 398,719	\$ 1,035,719	\$ 55,000	\$ 38,400	\$ 93,400
2013	620,000	378,018	998,018	60,000	35,100	95,100
2014	635,000	359,390	994,390	60,000	31,500	91,500
2015	660,000	339,406	999,406	65,000	27,900	92,900
2016	575,000	317,574	892,574	70,000	24,000	94,000
2017 - 2021	2,700,000	1,238,562	3,938,562	330,000	51,900	381,900
2022 - 2026	1,970,000	731,826	2,701,826	-	-	-
2027 - 2031	2,160,000	264,050	2,424,050	-	-	-
Total	<u>\$ 9,957,000</u>	<u>\$ 4,027,545</u>	<u>\$ 13,984,545</u>	<u>\$ 640,000</u>	<u>\$ 208,800</u>	<u>\$ 848,800</u>

Year	Business-type Activities					
	Special Assessment Debt			OWDA Loan		
Ended	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 53,000	\$ 11,441	\$ 64,441	\$ 48,056	\$ 60,605	\$ 108,661
2013	30,000	8,100	38,100	50,317	58,344	108,661
2014	35,000	6,300	41,300	52,684	55,977	108,661
2015	35,000	4,200	39,200	55,162	53,499	108,661
2016	35,000	2,100	37,100	57,757	50,904	108,661
2017 - 2021	-	-	-	332,187	211,119	543,306
2022 - 2026	-	-	-	418,023	125,283	543,306
2027 - 2029	-	-	-	301,018	24,965	325,983
Total	<u>\$ 188,000</u>	<u>\$ 32,141</u>	<u>\$ 220,141</u>	<u>\$ 1,315,204</u>	<u>\$ 640,696</u>	<u>\$ 1,955,900</u>

NOTE 10 - 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 2011, 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, 2011 through December 31, 2011. 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.

Selective Insurance of South Carolina insures dishonesty bonds for all necessary officials and other employees. The City carries an individual bond for the Director of Finance in the amount of \$250,000. In addition the City carries \$1,000,000 per occurrence for guaranteeing the honest and faithful performance of the City's employees.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 10 - RISK MANAGEMENT – (Continued)

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 11 - 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 which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, 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 Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, 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 2011 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 11.00% and 11.60%, respectively. The City's contribution rate for 2011 was 14.00%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.10% of covered payroll.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 11 - PENSION PLANS - (Continued)

The City's contribution rate for pension benefits for members in the Traditional Plan for 2011 was 10.00%. The City's contribution rate for pension benefits for members in the Combined Plan for 2011 was 7.95%. For those plan members in law enforcement and public safety pension contributions were 14.10%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$375,078, \$336,497, and \$346,236, respectively; 90.35% has been contributed for 2011 and 100% has been contributed for 2010 and 2009. Contributions to the member-directed plan for 2011 were \$10,489 made by the City and \$7,492 made by the plan members.

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 2011, 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 \$213,092 and \$161,837 for the year ended December 31, 2011, \$214,275 and \$162,917 for the year ended December 31, 2010, and \$219,079 and \$165,604, for the year ended December 31, 2009. The full amount has been contributed for 2010 and 2009. 70.41% has been contributed for police and 72.07% has been contributed for firefighters for 2011.

NOTE 12 - 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.

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 visiting <https://www.opers.org/investments/cafr.shtml>, 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, 2011

NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 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 2011, local government employers contributed 14.00% of covered payroll (18.10% 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 portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2011 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2011 was 6.05%.

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, 2011, 2010, and 2009 were \$151,178, \$191,655, and \$250,356, respectively; 90.35% has been contributed for 2011 and 100% has been contributed for 2010 and 2009.

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 for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases 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.

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.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an Internal Revenue Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code Section 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

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, 2011, 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.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$112,737 and \$63,249 for the year ended December 31, 2011, \$113,362 and \$63,672 for the year ended December 31, 2010, and \$115,904, \$64,722, for the year ended December 31, 2009. The full amount has been contributed for 2010 and 2009. 70.41% has been contributed for police and 72.07% has been contributed for firefighters for 2011.

NOTE 13 - 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 four weeks accrual at year end, two weeks of which may be designated for future use. Any unused excess is eliminated from the employee's leave balance. In case of death, termination, lay-off, or retirement, an employee (or his estate) is paid for his unused vacation to a maximum of two weeks carry-over of previous year plus any current year accrual which depends on time of year plus number of years service.

Sick leave is earned at the rate of .0575 hours per hour of service. An employee may receive up to 50 percent of their accumulated sick leave, not to exceed a maximum of 150 days, upon retirement for all employees or upon termination for employees with at least 7 years of service. Retirement and termination payments are calculated using the rate of pay at the date of separation.

CITY OF TALLMADGE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS – (Continued)

B. Life Insurance

The City provides life insurance to its employees through MetLife.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, fire/EMS levy fund and street maintenance and repair fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned, committed, or restricted fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>	Fire/EMS <u>Levy</u>	Street Maintenance <u>and Repair</u>
Budget basis	\$ 479,666	\$ (140,502)	\$ (53,630)
Net adjustment for revenue accruals	51,126	(18,300)	4,108
Net adjustment for expenditure accruals	(93,138)	(50,295)	21,187
Net adjustment for other sources/uses	79,680	30,829	-
Adjustment for encumbrances	<u>377,912</u>	<u>50,622</u>	<u>180,950</u>
GAAP basis	<u>\$ 895,246</u>	<u>\$ (127,646)</u>	<u>\$ 152,615</u>

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

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 anybody shall be retained by that party.

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

Regional Income Tax Agency (RITA)

In 1971, 38 municipalities joined together to organize a Regional Council of Governments (RCOG) under the authority of Chapter 167 of the Ohio Revised Code to administer tax collection and enforcement concerns facing the cities and villages. The purpose of the RCOG is to foster cooperation between the municipalities through sharing facilities for their common benefit. This includes the establishment of a central collection facility for the purpose of administering the income tax laws of the various municipal corporations who are members of the RCOG and for the purpose of collecting income taxes on behalf of each member municipality, doing all things allowed by law to accomplish such purpose. The first official act of the RCOG was to form RITA. Today RITA serves as the income tax collection agency for 185 municipalities throughout the State of Ohio. The City began using RITA for its income tax collection services in December 2009.

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

Akron Metropolitan Area Transportation Study (AMATS)

The City participates in the Akron Metropolitan Area Transportation Study. This organization is responsible for fulfilling the area's continuous, cooperative and comprehensive transportation planning process. The AMATS service area consists of Summit, Portage, and Chippewa Township of Wayne County. AMATS is led by the AMATS Transportation Policy Committee. The City is a member of the 43 member Policy Committee that is responsible for the preparation of regional transportation policies, plans and programs that meet the areas present and future needs. In 2011, the City contributed \$3,008 to the Akron Metropolitan Area Transportation Study, which represents the City's formula share.

NOTE 16 - CONTRACTUAL COMMITMENTS

On December 31, 2011, the City had a total of \$333,663 in contractual commitments. These included \$144,336 to Karvo Paving for the Northeast Avenue Roundabout project and \$189,327 to United Survey for the Bierce Allotment Project.

NOTE 17 - 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, 2011.

B. Litigation

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

CITY OF TALLMADGE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 18 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	Fire/EMS Levy	Street Maintenance and Repair	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials and supplies inventory	\$ 95,421	\$ -	\$ 82,573	\$ -	\$ -	\$ 177,994
Total nonspendable	<u>95,421</u>	<u>-</u>	<u>82,573</u>	<u>-</u>	<u>-</u>	<u>177,994</u>
Restricted:						
Security of persons and property						
Police	-	-	-	-	36,346	36,346
Fire	-	197,651	-	-	4,307	201,958
Transportation	-	-	668,071	-	36,995	705,066
Community environment	-	-	-	-	7,027	7,027
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,897</u>	<u>248,897</u>
Total restricted	<u>-</u>	<u>197,651</u>	<u>668,071</u>	<u>-</u>	<u>333,572</u>	<u>1,199,294</u>
Assigned:						
General government	136,860	-	-	-	-	136,860
Security of persons and property						
Police	41,564	-	-	-	-	41,564
Leisure time activities	30,670	-	-	-	-	30,670
Transportation	3,243	-	-	-	-	3,243
Community environment	9,697	-	-	-	-	9,697
Capital outlay	13,958	-	-	-	-	13,958
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,361</u>	<u>-</u>	<u>68,361</u>
Total assigned	<u>235,992</u>	<u>-</u>	<u>-</u>	<u>68,361</u>	<u>-</u>	<u>304,353</u>
Unassigned (deficit)	<u>5,359,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(142,958)</u>	<u>5,216,434</u>
Total fund balances	<u>\$ 5,690,805</u>	<u>\$ 197,651</u>	<u>\$ 750,644</u>	<u>\$ 68,361</u>	<u>\$ 190,614</u>	<u>\$ 6,898,075</u>

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 19 - OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 235,992
Fire/EMS levy fund	43,356
Street maintenance and repair fund	156,661
Other governmental	<u>167,406</u>
Total	<u>\$ 603,415</u>

NOTE 20 – SUBSEQUENT EVENT

On January 1, 2012, Stephen Shanafelt became the Finance Director of the City, replacing Jill Stritch and Megan Raber became the Law Director of the City, replacing Penny Taylor.

**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

CITY OF TALLMADGE, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS*

GENERAL FUND

The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City and/or the general laws of Ohio.

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for all specific financial resources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following are the special revenue funds which the City operates:

Major Special Revenue Funds

Fire/EMS Levy Fund

The fire/emergency medical service levy fund accounts for property tax collections received through a permanent tax levy. An additional source of significant revenue is charges for services. Expenditures are for the operations of the fire and emergency medical service programs, staff, and for the purchase, repair and refurbishment of fire equipment.

Street Maintenance and Repair Fund

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

Nonmajor Special Revenue Funds

State Highway Fund

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

Community Development Fund

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

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.

CITY OF TALLMADGE, OHIO

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

Nonmajor Special Revenue Funds (Continued)

Law Enforcement Assistance Fund

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

Emergency Medical Service Donation Fund

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

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 financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary fund types. Following is a description of the capital project funds:

Nonmajor Capital Projects Funds

Tallmadge Shooting Range Fund

To account for a grant received from the State of Ohio for the cleanup and development of a multi-jurisdictional shooting range.

General Infrastructure 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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Personal property	\$ 1,075	\$ 1,075	\$ 110	\$ (965)
Real estate (public utility)	770,483	770,483	757,247	(13,236)
Municipal income taxes	6,872,800	6,872,800	7,812,169	939,369
Intergovernmental				
Local government	846,511	828,576	931,740	103,164
Rollback	109,918	109,918	114,514	4,596
Inheritance	312,121	320,000	336,915	16,915
Personal property tax reimbursement	65,615	61,615	11,415	(50,200)
JEDD income taxes	227,200	227,200	342,942	115,742
Miscellaneous	62,034	63,600	46,312	(17,288)
Investment income	63,400	65,000	34,114	(30,886)
Fines, licenses and permits	452,186	463,600	404,781	(58,819)
Special assessments	11,705	12,000	10,918	(1,082)
Charges for services	1,741,929	1,785,899	1,749,769	(36,130)
Miscellaneous	90,181	92,457	64,515	(27,942)
Total revenues	<u>11,627,158</u>	<u>11,674,223</u>	<u>12,617,461</u>	<u>943,238</u>
Expenditures:				
Current:				
General government				
Mayor/Administration				
Personnel	494,015	494,015	490,097	3,918
Operating	66,684	60,129	57,053	3,076
Total Mayor/Administration	<u>560,699</u>	<u>554,144</u>	<u>547,150</u>	<u>6,994</u>
Finance Director				
Personnel	483,101	492,101	484,889	7,212
Operating	209,500	208,344	205,027	3,317
Total Finance Director	<u>692,601</u>	<u>700,445</u>	<u>689,916</u>	<u>10,529</u>
Law Director				
Personnel	282,769	282,769	274,453	8,316
Operating	141,332	128,350	127,664	686
Total Law Director	<u>424,101</u>	<u>411,119</u>	<u>402,117</u>	<u>9,002</u>
Service Director				
Personnel	165,491	165,491	150,775	14,716
Operating	68,793	67,993	67,511	482
Total Service Director	<u>234,284</u>	<u>233,484</u>	<u>218,286</u>	<u>15,198</u>
Manager of Information Service				
Personnel	68,354	78,354	75,248	3,106
Operating	108,627	108,107	108,093	14
Total Manager of Information Service	<u>176,981</u>	<u>186,461</u>	<u>183,341</u>	<u>3,120</u>
Council				
Personnel	173,971	173,971	170,152	3,819
Operating	11,939	12,939	11,543	1,396
Total Council	<u>185,910</u>	<u>186,910</u>	<u>181,695</u>	<u>5,215</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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civil Service				
Personnel	\$ 19,723	\$ 24,723	\$ 22,832	\$ 1,891
Operating	1,660	1,660	1,482	178
Total Civil Service	21,383	26,383	24,314	2,069
Custodian				
Personnel	65,238	65,238	59,693	5,545
Operating	185,134	180,762	179,561	1,201
Total Custodian	250,372	246,000	239,254	6,746
General Administration				
Operating	711,550	710,032	705,674	4,358
Total General Administration	711,550	710,032	705,674	4,358
Boards and Commissions				
Personnel	5,000	5,000	3,491	1,509
Operating	1,000	1,000	441	559
Total Boards and Commissions	6,000	6,000	3,932	2,068
Historical Church				
Personnel	9,800	9,800	9,792	8
Operating	12,700	12,700	10,060	2,640
Total Historical Church	22,500	22,500	19,852	2,648
Total general government.	3,286,381	3,283,478	3,215,531	67,947
Security of persons and property				
Police				
Personnel	2,506,465	2,505,735	2,456,642	49,093
Operating	915,859	1,024,349	974,097	50,252
Total Police	3,422,324	3,530,084	3,430,739	99,345
Street lighting				
Operating	40,000	40,000	33,023	6,977
Total Street lighting	40,000	40,000	33,023	6,977
Total security of persons and property	3,462,324	3,570,084	3,463,762	106,322
Transportation				
Garage				
Personnel	170,951	172,947	169,951	2,996
Operating	95,445	94,211	69,050	25,161
Total transportation	266,396	267,158	239,001	28,157
Community environment				
Building				
Personnel	165,877	135,877	109,341	26,536
Operating	30,178	28,799	28,396	403
Total Building	196,055	164,676	137,737	26,939

- 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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Zoning				
Personnel	\$ 135,554	\$ 135,554	\$ 100,156	\$ 35,398
Operating	32,878	31,406	29,821	1,585
Total Zoning	<u>168,432</u>	<u>166,960</u>	<u>129,977</u>	<u>36,983</u>
Total community environment	<u>364,487</u>	<u>331,636</u>	<u>267,714</u>	<u>63,922</u>
Leisure time activities				
Community Center				
Personnel	16,900	16,900	3,653	13,247
Operating	57,599	56,870	56,470	400
Total Community Center	<u>74,499</u>	<u>73,770</u>	<u>60,123</u>	<u>13,647</u>
Recreation Center				
Personnel	705,081	705,081	696,610	8,471
Operating	604,221	594,748	592,240	2,508
Total Recreation Center	<u>1,309,302</u>	<u>1,299,829</u>	<u>1,288,850</u>	<u>10,979</u>
Maca Pool				
Personnel	111,874	111,874	106,166	5,708
Operating	90,131	89,745	88,839	906
Total Maca Pool	<u>202,005</u>	<u>201,619</u>	<u>195,005</u>	<u>6,614</u>
Total leisure time activities	<u>1,585,806</u>	<u>1,575,218</u>	<u>1,543,978</u>	<u>31,240</u>
Capital outlay				
Police equipment	53,610	53,610	43,871	9,739
Recreation equipment	168,000	168,000	167,938	62
Total capital outlay	<u>221,610</u>	<u>221,610</u>	<u>211,809</u>	<u>9,801</u>
Total expenditures	<u>9,187,004</u>	<u>9,249,184</u>	<u>8,941,795</u>	<u>307,389</u>
Excess of revenues over expenditures	<u>2,440,154</u>	<u>2,425,039</u>	<u>3,675,666</u>	<u>1,250,627</u>
Other financing sources (uses):				
Advances in - Northeast Avenue Roundabout	165,000	100,000	-	(100,000)
Transfers out				
Police pension	(195,000)	(195,000)	(195,000)	-
Fire/EMS levy	(475,000)	(475,000)	(475,000)	-
General infrastructure reserve	-	(100,000)	(100,000)	-
Street maintenance and repair	(1,230,000)	(1,305,000)	(1,305,000)	-
Northeast avenue roundabout	-	(61,000)	(61,000)	-
Bond retirement	(1,060,000)	(1,060,000)	(1,060,000)	-
Total other financing sources (uses)	<u>(2,795,000)</u>	<u>(3,096,000)</u>	<u>(3,196,000)</u>	<u>(100,000)</u>
Net change in fund balance	(354,846)	(670,961)	479,666	1,150,627
Fund balance at beginning of year	<u>3,142,275</u>	<u>3,142,275</u>	<u>3,142,275</u>	<u>-</u>
Prior year encumbrances appropriated.	<u>369,477</u>	<u>369,477</u>	<u>369,477</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 3,156,906</u>	<u>\$ 2,840,791</u>	<u>\$ 3,991,418</u>	<u>\$ 1,150,627</u>

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CITY OF TALLMADGE, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 132,097	\$ 432,844	\$ 564,941
Receivables:			
Real and other taxes	111,939	-	111,939
Accounts	25	-	25
Accrued interest.	3	-	3
Intergovernmental	38,618	175,689	214,307
Total assets	<u>\$ 282,682</u>	<u>\$ 608,533</u>	<u>\$ 891,215</u>
Liabilities:			
Contracts payable	\$ -	\$ 261,117	\$ 261,117
Accrued wages and benefits	621	-	621
Interfund loan payable	-	200,000	200,000
Intergovernmental payable.	98,062	-	98,062
Deferred revenue.	35,187	-	35,187
Unearned revenue	105,614	-	105,614
Total liabilities	<u>239,484</u>	<u>461,117</u>	<u>700,601</u>
Fund Balances:			
Fund balances:			
Restricted for:			
Security of persons and property.	40,653	-	40,653
Transportation	36,995	-	36,995
Community environment	7,027	-	7,027
Capital outlay	-	248,897	248,897
Unassigned (deficit).	(41,477)	(101,481)	(142,958)
Total fund balances	<u>43,198</u>	<u>147,416</u>	<u>190,614</u>
Total liabilities and fund balances.	<u>\$ 282,682</u>	<u>\$ 608,533</u>	<u>\$ 891,215</u>

CITY OF TALLMADGE, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property and other taxes	\$ 107,959	\$ -	\$ 107,959
Intergovernmental	86,647	426,352	512,999
Investment income	14	-	14
Fines, licenses and permits	16,737	-	16,737
Miscellaneous	796	450	1,246
	<hr/>	<hr/>	<hr/>
Total revenues	212,153	426,802	638,955
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Security of persons and property - police . . .	328,421	-	328,421
Transportation	69,227	-	69,227
Capital outlay	-	662,733	662,733
	<hr/>	<hr/>	<hr/>
Total expenditures	397,648	662,733	1,060,381
	<hr/>	<hr/>	<hr/>
Excess of expenditures over revenues	(185,495)	(235,931)	(421,426)
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Transfers in	195,000	161,000	356,000
	<hr/>	<hr/>	<hr/>
Total other financing sources	195,000	161,000	356,000
	<hr/>	<hr/>	<hr/>
Net change in fund balances	9,505	(74,931)	(65,426)
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	33,693	222,347	256,040
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	<u>\$ 43,198</u>	<u>\$ 147,416</u>	<u>\$ 190,614</u>

CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2011*

	<u>State Highway</u>	<u>Community Development</u>	<u>Alcohol Enforcement and Education</u>	<u>Law Enforcement Trust</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 29,507	\$ 7,027	\$ 3,391	\$ 22,030
Receivables:				
Real and other taxes.	-	-	-	-
Accounts	-	-	25	-
Accrued interest.	3	-	-	-
Intergovernmental.	30,440	-	-	-
Total assets	<u>\$ 59,950</u>	<u>\$ 7,027</u>	<u>\$ 3,416</u>	<u>\$ 22,030</u>
Liabilities:				
Accrued wages and benefits	\$ 621	\$ -	\$ -	\$ -
Intergovernmental payable	1,650	-	-	-
Deferred revenue	20,684	-	-	-
Unearned revenue	-	-	-	-
Total liabilities.	<u>22,955</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Security of persons and property.	-	-	3,416	22,030
Transportation	36,995	-	-	-
Community environment.	-	7,027	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit).	<u>36,995</u>	<u>7,027</u>	<u>3,416</u>	<u>22,030</u>
Total liabilities and fund balances	<u>\$ 59,950</u>	<u>\$ 7,027</u>	<u>\$ 3,416</u>	<u>\$ 22,030</u>

<u>Drug Law Enforcement</u>	<u>Law Enforcement Assistance</u>	<u>Emergency Medical Service Donation</u>	<u>Police Pension</u>	<u>Totals</u>
\$ 6,860	\$ 4,040	\$ 4,307	\$ 54,935	\$ 132,097
-	-	-	111,939	111,939
-	-	-	-	25
-	-	-	-	3
-	-	-	8,178	38,618
<u>\$ 6,860</u>	<u>\$ 4,040</u>	<u>\$ 4,307</u>	<u>\$ 175,052</u>	<u>\$ 282,682</u>
\$ -	\$ -	\$ -	\$ -	\$ 621
-	-	-	96,412	98,062
-	-	-	14,503	35,187
-	-	-	105,614	105,614
-	-	-	216,529	239,484
6,860	4,040	4,307	-	40,653
-	-	-	-	36,995
-	-	-	-	7,027
-	-	-	(41,477)	(41,477)
<u>6,860</u>	<u>4,040</u>	<u>4,307</u>	<u>(41,477)</u>	<u>43,198</u>
<u>\$ 6,860</u>	<u>\$ 4,040</u>	<u>\$ 4,307</u>	<u>\$ 175,052</u>	<u>\$ 282,682</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, 2011*

	<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	61,059	-	-	-
Investment income.	14	-	-	-
Fines, licenses and permits.	-	-	989	13,860
Miscellaneous	-	-	-	-
Total revenues.	<u>61,073</u>	<u>-</u>	<u>989</u>	<u>13,860</u>
Expenditures:				
Current:				
Security of persons and property - police.	-	-	-	-
Transportation	69,227	-	-	-
Total expenditures.	<u>69,227</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,154)</u>	<u>-</u>	<u>989</u>	<u>13,860</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(8,154)</u>	<u>-</u>	<u>989</u>	<u>13,860</u>
Fund balances (deficit) at beginning of year.	<u>45,149</u>	<u>7,027</u>	<u>2,427</u>	<u>8,170</u>
Fund balances (deficit) at end of year	<u>\$ 36,995</u>	<u>\$ 7,027</u>	<u>\$ 3,416</u>	<u>\$ 22,030</u>

Drug Law Enforcement	Law Enforcement Assistance	Emergency Medical Service Donation	Police Pension	Totals
\$ -	\$ -	\$ -	\$ 107,959	\$ 107,959
-	440	-	25,148	86,647
-	-	-	-	14
1,888	-	-	-	16,737
-	-	796	-	796
<u>1,888</u>	<u>440</u>	<u>796</u>	<u>133,107</u>	<u>212,153</u>
-	-	-	328,421	328,421
-	-	-	-	69,227
-	-	-	328,421	397,648
<u>1,888</u>	<u>440</u>	<u>796</u>	<u>(195,314)</u>	<u>(185,495)</u>
-	-	-	195,000	195,000
-	-	-	195,000	195,000
1,888	440	796	(314)	9,505
<u>4,972</u>	<u>3,600</u>	<u>3,511</u>	<u>(41,163)</u>	<u>33,693</u>
<u>\$ 6,860</u>	<u>\$ 4,040</u>	<u>\$ 4,307</u>	<u>\$ (41,477)</u>	<u>\$ 43,198</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, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,371,893	\$ 1,371,893	\$ 1,386,843	\$ 14,950
Intergovernmental	345,494	345,494	232,045	(113,449)
Fines, licenses and permits	100	100	17	(83)
Charges for services	425,991	425,991	415,487	(10,504)
Miscellaneous	16,000	16,000	19,296	3,296
Total revenues	<u>2,159,478</u>	<u>2,159,478</u>	<u>2,053,688</u>	<u>(105,790)</u>
Expenditures:				
Current:				
Security of persons and property				
Fire				
Personnel	2,373,077	2,373,077	2,211,076	162,001
Operating	<u>305,244</u>	<u>304,207</u>	<u>297,367</u>	<u>6,840</u>
Total fire	<u>2,678,321</u>	<u>2,677,284</u>	<u>2,508,443</u>	<u>168,841</u>
Capital outlay				
Equipment	<u>167,500</u>	<u>167,500</u>	<u>161,097</u>	<u>6,403</u>
Total expenditures	<u>2,845,821</u>	<u>2,844,784</u>	<u>2,669,540</u>	<u>175,244</u>
Excess of expenditures over revenues	<u>(686,343)</u>	<u>(685,306)</u>	<u>(615,852)</u>	<u>69,454</u>
Other financing sources:				
Sale of assets	-	-	350	350
Transfers in	<u>475,000</u>	<u>475,000</u>	<u>475,000</u>	<u>-</u>
Total other financing sources	<u>475,000</u>	<u>475,000</u>	<u>475,350</u>	<u>350</u>
Net change in fund balance	(211,343)	(210,306)	(140,502)	69,804
Fund balance at beginning of year	415,194	415,194	415,194	-
Prior year encumbrances appropriated	<u>4,747</u>	<u>4,747</u>	<u>4,747</u>	<u>-</u>
Fund balance at end of year	<u>\$ 208,598</u>	<u>\$ 209,635</u>	<u>\$ 279,439</u>	<u>\$ 69,804</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, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental.	\$ 896,000	\$ 896,000	\$ 885,535	\$ (10,465)
Investment income	600	600	174	(426)
Special assessments.	12,000	12,000	13,245	1,245
Charges for services.	67,000	67,000	55,590	(11,410)
Miscellaneous.	10,800	10,800	14,085	3,285
Total revenues.	<u>986,400</u>	<u>986,400</u>	<u>968,629</u>	<u>(17,771)</u>
Expenditures:				
Current:				
Public health and welfare				
Personnel	45,540	45,540	40,429	5,111
Operating	<u>30,500</u>	<u>30,500</u>	<u>23,859</u>	<u>6,641</u>
Total public health and welfare	<u>76,040</u>	<u>76,040</u>	<u>64,288</u>	<u>11,752</u>
Transportation				
Personnel	768,926	768,926	700,014	68,912
Operating	<u>577,222</u>	<u>631,947</u>	<u>614,667</u>	<u>17,280</u>
Total transportation	<u>1,346,148</u>	<u>1,400,873</u>	<u>1,314,681</u>	<u>86,192</u>
Leisure time activities				
Personnel	181,159	181,159	180,143	1,016
Operating	<u>104,000</u>	<u>104,000</u>	<u>92,137</u>	<u>11,863</u>
Total leisure time activities.	<u>285,159</u>	<u>285,159</u>	<u>272,280</u>	<u>12,879</u>
Capital outlay				
Road program.	<u>649,385</u>	<u>723,585</u>	<u>676,010</u>	<u>47,575</u>
Capital outlay	<u>649,385</u>	<u>723,585</u>	<u>676,010</u>	<u>47,575</u>
Total expenditures.	<u>2,356,732</u>	<u>2,485,657</u>	<u>2,327,259</u>	<u>158,398</u>
Excess of expenditures over revenues.	<u>(1,370,332)</u>	<u>(1,499,257)</u>	<u>(1,358,630)</u>	<u>140,627</u>
Other financing sources:				
Transfers in.	<u>1,230,000</u>	<u>1,305,000</u>	<u>1,305,000</u>	<u>-</u>
Total other financing sources.	<u>1,230,000</u>	<u>1,305,000</u>	<u>1,305,000</u>	<u>-</u>
Net change in fund balance.	(140,332)	(194,257)	(53,630)	140,627
Fund balance at beginning of year	456,181	456,181	456,181	-
Prior year encumbrances appropriated	<u>17,433</u>	<u>17,433</u>	<u>17,433</u>	<u>-</u>
Fund balance at end of year	<u>\$ 333,282</u>	<u>\$ 279,357</u>	<u>\$ 419,984</u>	<u>\$ 140,627</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STATE HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 70,000	\$ 70,000	\$ 61,586	\$ (8,414)
Investment income	100	100	14	(86)
Miscellaneous.	100	100	-	(100)
Total revenues.	<u>70,200</u>	<u>70,200</u>	<u>61,600</u>	<u>(8,600)</u>
Expenditures:				
Current:				
Transportation				
Personnel	78,423	78,423	72,173	6,250
Operating	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures.	<u>80,423</u>	<u>80,423</u>	<u>72,173</u>	<u>8,250</u>
Net change in fund balance	(10,223)	(10,223)	(10,573)	(350)
Fund balance at beginning of year.	<u>40,080</u>	<u>40,080</u>	<u>40,080</u>	<u>-</u>
Fund balance at end of year	<u>\$ 29,857</u>	<u>\$ 29,857</u>	<u>\$ 29,507</u>	<u>\$ (350)</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, 2011*

	<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, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, licenses and permits	\$ -	\$ -	\$ 1,034	\$ 1,034
Total revenues	-	-	1,034	1,034
Net change in fund balance.	-	-	1,034	1,034
Fund balance at beginning of year	<u>2,357</u>	<u>2,357</u>	<u>2,357</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 2,357</u>	<u>\$ 2,357</u>	<u>\$ 3,391</u>	<u>\$ 1,034</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, 2011*

	<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	\$ 13,860	\$ 11,360
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>13,860</u>	<u>11,360</u>
Expenditures:				
Current:				
Security of persons and property				
Operating	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>
Total expenditures	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>
Net change in fund balance.	(4,000)	(4,000)	7,360	11,360
Fund balance at beginning of year	<u>8,170</u>	<u>8,170</u>	<u>8,170</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 4,170</u>	<u>\$ 4,170</u>	<u>\$ 15,530</u>	<u>\$ 11,360</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, 2011*

	<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	\$ 2,300	\$ 2,300	\$ 2,100	\$ (200)
Total revenues	<u>2,300</u>	<u>2,300</u>	<u>2,100</u>	<u>(200)</u>
Expenditures:				
Current:				
Security of persons and property				
Operating	<u>1,500</u>	<u>1,500</u>	<u>350</u>	<u>1,150</u>
Total expenditures	<u>1,500</u>	<u>1,500</u>	<u>350</u>	<u>1,150</u>
Net change in fund balance.	800	800	1,750	950
Fund balance at beginning of year	<u>4,760</u>	<u>4,760</u>	<u>4,760</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 5,560</u>	<u>\$ 5,560</u>	<u>\$ 6,510</u>	<u>\$ 950</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, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ -	\$ -	\$ 440	\$ 440
Total revenues	-	-	440	440
Net change in fund balance.	-	-	440	440
Fund balance at beginning of year	<u>3,600</u>	<u>3,600</u>	<u>3,600</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 3,600</u>	<u>\$ 3,600</u>	<u>\$ 4,040</u>	<u>\$ 440</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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 500	\$ 500	\$ 796	\$ 296
Total revenues	500	500	796	296
Expenditures:				
Current:				
Security of persons and property				
Operating	2,000	2,000	1,797	203
Total expenditures	2,000	2,000	1,797	203
Net change in fund balance.	(1,500)	(1,500)	(1,001)	499
Fund balance at beginning of year	3,511	3,511	3,511	-
Fund balance at end of year.	\$ 2,011	\$ 2,011	\$ 2,510	\$ 499

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, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 109,305	\$ 109,305	\$ 107,959	\$ (1,346)
Intergovernmental	25,647	25,647	25,148	(499)
Total revenues	<u>134,952</u>	<u>134,952</u>	<u>133,107</u>	<u>(1,845)</u>
Expenditures:				
Current:				
Security of persons and property				
Personnel	360,511	360,511	353,546	6,965
Operating	<u>2,600</u>	<u>2,600</u>	<u>2,592</u>	<u>8</u>
Total expenditures	<u>363,111</u>	<u>363,111</u>	<u>356,138</u>	<u>6,973</u>
Excess of expenditures over revenues	<u>(228,159)</u>	<u>(228,159)</u>	<u>(223,031)</u>	<u>5,128</u>
Other financing sources:				
Transfers in.	197,646	197,646	195,000	(2,646)
Total other financing sources.	<u>197,646</u>	<u>197,646</u>	<u>195,000</u>	<u>(2,646)</u>
Net change in fund balance.	(30,513)	(30,513)	(28,031)	2,482
Fund balance at beginning of year	<u>42,966</u>	<u>42,966</u>	<u>42,966</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 12,453</u>	<u>\$ 12,453</u>	<u>\$ 14,935</u>	<u>\$ 2,482</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, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments.	\$ 90,000	\$ 90,000	\$ 91,529	\$ 1,529
Total revenues.	<u>90,000</u>	<u>90,000</u>	<u>91,529</u>	<u>1,529</u>
Expenditures:				
Current:				
Principal retirement.	717,000	672,000	672,000	-
Interest and fiscal charges.	<u>428,200</u>	<u>473,200</u>	<u>462,048</u>	<u>11,152</u>
Total expenditures.	<u>1,145,200</u>	<u>1,145,200</u>	<u>1,134,048</u>	<u>11,152</u>
Excess of expenditures over revenues	<u>(1,055,200)</u>	<u>(1,055,200)</u>	<u>(1,042,519)</u>	<u>12,681</u>
Other financing sources:				
Transfers in.	<u>1,060,000</u>	<u>1,060,000</u>	<u>1,060,000</u>	<u>-</u>
Total other financing sources.	<u>1,060,000</u>	<u>1,060,000</u>	<u>1,060,000</u>	<u>-</u>
Net change in fund balance.	4,800	4,800	17,481	12,681
Fund balance at beginning of year	<u>50,880</u>	<u>50,880</u>	<u>50,880</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 55,680</u>	<u>\$ 55,680</u>	<u>\$ 68,361</u>	<u>\$ 12,681</u>

CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2011*

	Tallmadge Shooting Range	General Infrastructure	Northeast Avenue Roundabout	Totals
Assets:				
Equity in pooled cash and cash equivalents.	\$ 116,595	\$ 161,795	\$ 154,454	\$ 432,844
Receivables:				
Intergovernmental.	-	-	175,689	175,689
Total assets	<u>\$ 116,595</u>	<u>\$ 161,795</u>	<u>\$ 330,143</u>	<u>\$ 608,533</u>
Liabilities:				
Contracts payable.	\$ 24,148	\$ 5,345	\$ 231,624	\$ 261,117
Interfund loan payable	-	-	200,000	200,000
Total liabilities	<u>24,148</u>	<u>5,345</u>	<u>431,624</u>	<u>461,117</u>
Fund Balances:				
Restricted for:				
Capital outlay.	92,447	156,450	-	248,897
Unassigned (deficit)	-	-	(101,481)	(101,481)
Total fund balances.	<u>92,447</u>	<u>156,450</u>	<u>(101,481)</u>	<u>147,416</u>
Total liabilities and fund balances	<u>\$ 116,595</u>	<u>\$ 161,795</u>	<u>\$ 330,143</u>	<u>\$ 608,533</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, 2011*

	Tallmadge Shooting Range	General Infrastructure	Northeast Avenue Roundabout	Totals
Revenues:				
Intergovernmental	\$ -	\$ 90,000	\$ 336,352	\$ 426,352
Miscellaneous.	450	-	-	450
Total revenues	450	90,000	336,352	426,802
Expenditures:				
Capital outlay.	124,029	230,566	308,138	662,733
Total expenditures	124,029	230,566	308,138	662,733
Excess of expenditures over revenues.	(123,579)	(140,566)	28,214	(235,931)
Other financing sources:				
Transfers in	-	100,000	61,000	161,000
Total other financing sources	-	100,000	61,000	161,000
Net change in fund balances	(123,579)	(40,566)	89,214	(74,931)
Fund balances (deficit) at beginning of year	216,026	197,016	(190,695)	222,347
Fund balances (deficit) at end of year	\$ 92,447	\$ 156,450	\$ (101,481)	\$ 147,416

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TALLMADGE SHOOTING RANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous.	\$ -	\$ -	\$ 450	\$ 450
Total revenues.	-	-	450	450
Expenditures:				
Capital outlay	27,780	221,425	121,425	100,000
Total expenditures	27,780	221,425	121,425	100,000
Net change in fund balance	(27,780)	(221,425)	(120,975)	100,450
Fund balance at beginning of year	193,645	193,645	193,645	-
Prior year encumbrances appropriated. . .	27,780	27,780	27,780	-
Fund balance at end of year	<u>\$ 193,645</u>	<u>\$ -</u>	<u>\$ 100,450</u>	<u>\$ 100,450</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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 90,000	\$ -
Total revenues.	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Expenditures:				
Capital outlay	<u>244,053</u>	<u>362,901</u>	<u>267,678</u>	<u>95,223</u>
Total expenditures	<u>244,053</u>	<u>362,901</u>	<u>267,678</u>	<u>95,223</u>
Excess of expenditures over revenues	<u>(154,053)</u>	<u>(272,901)</u>	<u>(177,678)</u>	<u>95,223</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	(154,053)	(172,901)	(77,678)	95,223
Fund balance at beginning of year	68,774	68,774	68,774	-
Prior year encumbrances appropriated.	<u>144,054</u>	<u>144,054</u>	<u>144,054</u>	<u>-</u>
Fund balance at end of year	<u>\$ 58,775</u>	<u>\$ 39,927</u>	<u>\$ 135,150</u>	<u>\$ 95,223</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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental.	\$ 450,994	\$ 450,994	\$ 373,445	\$ (77,549)
Total revenues.	<u>450,994</u>	<u>450,994</u>	<u>373,445</u>	<u>(77,549)</u>
Expenditures:				
Current:				
Transportation				
Operating	1,037	1,037	1,037	-
Capital outlay.	<u>535,338</u>	<u>596,338</u>	<u>590,684</u>	<u>5,654</u>
Total expenditures.	<u>536,375</u>	<u>597,375</u>	<u>591,721</u>	<u>5,654</u>
Excess of expenditures over revenues.	<u>(85,381)</u>	<u>(146,381)</u>	<u>(218,276)</u>	<u>(71,895)</u>
Other financing sources:				
Transfers in	-	61,000	61,000	-
Total other financing sources	<u>-</u>	<u>61,000</u>	<u>61,000</u>	<u>-</u>
Net change in fund balance	(85,381)	(85,381)	(157,276)	(71,895)
Fund balance (deficit) at beginning of year .	(450,994)	(450,994)	(450,994)	-
Prior year encumbrances appropriated . . .	<u>536,375</u>	<u>536,375</u>	<u>536,375</u>	<u>-</u>
Fund balance (deficit) at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (71,895)</u></u>	<u><u>\$ (71,895)</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, water, and storm water operations. These operations are financed and operated in a manner similar to that of a private business enterprise. The intent of the City is that the costs (expenses including depreciation) of providing goods and services on a continuing basis be recovered primarily through user charges. Following is a description of the City's major enterprise funds:

Sewer Operating Fund

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

Water Operating Fund

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

Storm Water Fund

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

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2011*

	<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	\$ 3,283,400	\$ 3,283,400	\$ 2,616,457	\$ (666,943)
Special assessments	44,960	44,960	43,743	(1,217)
Miscellaneous	2,260	2,260	2,177	(83)
Total revenues.	<u>3,330,620</u>	<u>3,330,620</u>	<u>2,662,377</u>	<u>(668,243)</u>
Expenses:				
Personal services.	440,761	440,761	343,606	97,155
Materials and supplies	58,102	58,100	42,388	15,712
Contractual services	3,192,015	3,182,322	2,603,479	578,843
Other	54,726	54,387	58,927	(4,540)
Capital outlay				
Bierce allotment	-	40,000	206,327	(166,327)
Sewer rehabilitation	64,500	53,400	13,400	40,000
Sewer cleaning & televising	40,000	40,000	-	40,000
Water meter replacement	25,000	25,000	22,500	2,500
Debt service:				
Principal retirement	40,000	40,000	40,000	-
Interest and fiscal charges.	18,000	18,000	13,410	4,590
Total expenses	<u>3,933,104</u>	<u>3,951,970</u>	<u>3,344,037</u>	<u>607,933</u>
Net change in fund equity	(602,484)	(621,350)	(681,660)	(60,310)
Fund equity at beginning of year.	3,427,560	3,427,560	3,427,560	-
Prior year encumbrances appropriated	<u>91,496</u>	<u>91,496</u>	<u>91,496</u>	<u>-</u>
Fund equity at end of year	<u>\$ 2,916,572</u>	<u>\$ 2,897,706</u>	<u>\$ 2,837,396</u>	<u>\$ (60,310)</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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,738,000	\$ 1,738,000	\$ 1,799,386	\$ 61,386
Special assessments	93,000	93,000	88,971	(4,029)
Miscellaneous	2,200	2,200	3,849	1,649
Total revenues.	<u>1,833,200</u>	<u>1,833,200</u>	<u>1,892,206</u>	<u>59,006</u>
Expenses:				
Personal services.	440,760	440,760	338,637	102,123
Materials and supplies	59,652	59,649	51,551	8,098
Contractual services	1,465,666	1,422,064	1,179,136	242,928
Other	67,343	67,000	82,080	(15,080)
Capital outlay				
Water meter replacement	12,500	12,500	-	12,500
Booster station	15,000	15,000	11,625	3,375
Debt service:				
Principal retirement.	132,434	132,434	132,434	-
Interest and fiscal charges.	78,848	78,848	65,150	13,698
Total expenses	<u>2,272,203</u>	<u>2,228,255</u>	<u>1,860,613</u>	<u>367,642</u>
Net change in fund equity	(439,003)	(395,055)	31,593	426,648
Fund equity at beginning of year.	2,415,637	2,415,637	2,415,637	-
Prior year encumbrances appropriated . . .	<u>162,486</u>	<u>162,486</u>	<u>162,486</u>	<u>-</u>
Fund equity at end of year	<u>\$ 2,139,120</u>	<u>\$ 2,183,068</u>	<u>\$ 2,609,716</u>	<u>\$ 426,648</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, 2011*

	<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	\$ 325,000	\$ 325,000	\$ 310,219	\$ (14,781)
Total revenues.	<u>325,000</u>	<u>325,000</u>	<u>310,219</u>	<u>(14,781)</u>
Expenses:				
Personal services.	323,752	323,752	285,905	37,847
Materials and supplies	5,000	5,000	-	5,000
Contractual services	75,735	74,000	65,606	8,394
Other	-	-	323	(323)
Capital outlay				
Mapping projects	4,375	4,043	7,543	(3,500)
Total expenses	<u>408,862</u>	<u>406,795</u>	<u>359,377</u>	<u>47,418</u>
Net change in fund equity	(83,862)	(81,795)	(49,158)	32,637
Fund equity at beginning of year.	108,142	108,142	108,142	-
Prior year encumbrances appropriated . . .	<u>30,110</u>	<u>30,110</u>	<u>30,110</u>	<u>-</u>
Fund equity at end of year	<u>\$ 54,390</u>	<u>\$ 56,457</u>	<u>\$ 89,094</u>	<u>\$ 32,637</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, 2011*

	Beginning Balance 12/31/2010	Additions	Reductions	Ending Balance 12/31/2011
Revolving Trust				
Assets:				
Equity in pooled cash and cash equivalents	\$ 34,681	\$ 42,701	\$ 37,704	\$ 39,678
Total assets.	<u>\$ 34,681</u>	<u>\$ 42,701</u>	<u>\$ 37,704</u>	<u>\$ 39,678</u>
Liabilities:				
Deposits held and due to others	\$ 34,681	\$ 42,701	\$ 37,704	\$ 39,678
Total liabilities	<u>\$ 34,681</u>	<u>\$ 42,701</u>	<u>\$ 37,704</u>	<u>\$ 39,678</u>
Joint Economic Development District				
Assets:				
Equity in pooled cash and cash equivalents	\$ 137,118	\$ 249,602	\$ 258,408	\$ 128,312
Income taxes receivable	35,244	50,727	35,244	50,727
Total assets.	<u>\$ 172,362</u>	<u>\$ 300,329</u>	<u>\$ 293,652</u>	<u>\$ 179,039</u>
Liabilities:				
Deposits held and due to others	\$ 172,362	\$ 300,329	\$ 293,652	\$ 179,039
Total liabilities	<u>\$ 172,362</u>	<u>\$ 300,329</u>	<u>\$ 293,652</u>	<u>\$ 179,039</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 171,799	\$ 292,303	\$ 296,112	\$ 167,990
Income taxes receivable	35,244	50,727	35,244	50,727
Total assets.	<u>\$ 207,043</u>	<u>\$ 343,030</u>	<u>\$ 331,356</u>	<u>\$ 218,717</u>
Liabilities:				
Deposits held and due to others	\$ 207,043	\$ 343,030	\$ 331,356	\$ 218,717
Total liabilities	<u>\$ 207,043</u>	<u>\$ 343,030</u>	<u>\$ 331,356</u>	<u>\$ 218,717</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.	102
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.	113
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.	120
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.	124
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.	126

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 NINE 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.

Note: Restricted and unrestricted net assets have been restated in the governmental activities for 2010 to conform to 2011 presentation in accordance with GASB Statement No. 54.

2007	2008	2009	2010	2011
\$ 19,397,236	\$ 18,719,874	\$ 17,647,995	\$ 18,369,056	\$ 18,529,391
1,643,839	1,902,468	2,973,347	1,683,821	1,514,275
1,495,354	1,694,536	2,226,868	4,290,037	6,035,702
<u>\$ 22,536,429</u>	<u>\$ 22,316,878</u>	<u>\$ 22,848,210</u>	<u>\$ 24,342,914</u>	<u>\$ 26,079,368</u>
\$ 13,900,274	\$ 13,978,571	\$ 13,666,756	\$ 13,520,720	\$ 13,039,068
8,000,737	7,662,014	7,383,084	7,276,621	7,246,755
<u>\$ 21,901,011</u>	<u>\$ 21,640,585</u>	<u>\$ 21,049,840</u>	<u>\$ 20,797,341</u>	<u>\$ 20,285,823</u>
\$ 31,702,510	\$ 31,213,445	\$ 29,944,751	\$ 30,677,297	\$ 30,495,949
1,643,839	1,902,468	2,973,347	1,683,821	1,514,275
11,091,091	10,841,550	10,979,952	12,779,137	14,354,967
<u>\$ 44,437,440</u>	<u>\$ 43,957,463</u>	<u>\$ 43,898,050</u>	<u>\$ 45,140,255</u>	<u>\$ 46,365,191</u>

TABLE 2

CITY OF TALLMADGE, OHIO

CHANGES IN NET ASSETS
LAST NINE 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 operating	2,329,878	2,485,670	2,185,614	1,631,888
Water operating	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>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	3,477,962	\$ 3,253,790	\$ 3,254,377	\$ 3,075,749	\$ 3,182,528
	3,859,300	3,816,522	3,822,765	3,707,305	3,814,646
	15,210	39,208	28,469	33,874	38,378
	2,339,952	2,585,492	2,901,712	2,633,358	2,619,214
	73,136	72,170	49,994	67,526	65,616
	3,284,385	3,778,324	2,655,392	3,132,926	2,496,576
	396,525	657,143	355,154	313,757	235,743
	1,878,053	1,817,187	2,003,019	2,066,476	2,046,925
	462,321	482,825	479,892	455,252	482,500
	<u>15,786,844</u>	<u>16,502,661</u>	<u>15,550,774</u>	<u>15,486,223</u>	<u>14,982,126</u>
	1,666,463	1,785,418	1,805,970	1,822,095	3,408,512
	1,634,790	1,890,821	1,700,746	1,808,067	1,880,466
	239,807	243,329	466,800	508,817	507,385
	<u>3,541,060</u>	<u>3,919,568</u>	<u>3,973,516</u>	<u>4,138,979</u>	<u>5,796,363</u>
\$	<u>19,327,904</u>	<u>20,422,229</u>	<u>19,524,290</u>	<u>19,625,202</u>	<u>20,778,489</u>
\$	174,923	\$ 193,794	\$ 310,336	\$ 441,489	\$ 407,928
	82,646	3,067	17,732	9,438	19,112
	351,813	321,641	405,050	358,781	396,854
	78,865	1,346	7,935	2,790	2,538
	210,545	30,254	239,805	50,195	46,256
	205,682	251,070	127,858	151,381	47,321
	1,572,305	1,457,708	1,562,356	1,614,573	1,750,273
	949,361	854,695	828,557	932,825	954,482
	786,581	151,646	500,000	1,465,130	426,352
	<u>4,412,721</u>	<u>3,265,221</u>	<u>3,999,629</u>	<u>5,026,602</u>	<u>4,051,116</u>
	1,493,098	1,518,955	1,481,699	1,739,256	3,032,289
	1,816,538	1,721,534	1,577,632	1,726,179	1,922,162
	451,756	317,288	312,841	309,293	324,368
	251,858	-	-	100,000	-
	<u>4,013,250</u>	<u>3,557,777</u>	<u>3,372,172</u>	<u>3,874,728</u>	<u>5,278,819</u>
\$	<u>8,425,971</u>	<u>6,822,998</u>	<u>7,371,801</u>	<u>8,901,330</u>	<u>9,329,935</u>
\$	(11,374,123)	\$ (13,237,440)	\$ (11,551,145)	\$ (10,459,621)	\$ (10,931,010)
	472,190	(361,791)	(601,344)	(264,251)	(517,544)
\$	<u>(10,901,933)</u>	<u>(13,599,231)</u>	<u>(12,152,489)</u>	<u>(10,723,872)</u>	<u>(11,448,554)</u>

- Continued

TABLE 2

CITY OF TALLMADGE, OHIO

CHANGES IN NET ASSETS (CONTINUED)
 LAST NINE 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>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	2,129,530	\$ 2,447,935	\$ 2,225,056	\$ 2,258,920	\$ 2,264,267
	7,864,634	8,118,368	7,226,715	7,455,553	7,957,003
	1,789,961	1,968,428	2,223,903	2,148,650	2,317,116
	286,805	210,924	141,630	43,871	32,582
	136,321	223,833	265,173	47,331	96,496
	(171,573)	48,401	-	-	-
	<u>12,035,678</u>	<u>13,017,889</u>	<u>12,082,477</u>	<u>11,954,325</u>	<u>12,667,464</u>
	218,346	139,449	-	-	-
	6,454	10,317	10,599	11,752	6,026
	171,573	(48,401)	-	-	-
	<u>396,373</u>	<u>101,365</u>	<u>10,599</u>	<u>11,752</u>	<u>6,026</u>
\$	<u>12,432,051</u>	<u>\$ 13,119,254</u>	<u>\$ 12,093,076</u>	<u>\$ 11,966,077</u>	<u>\$ 12,673,490</u>
\$	661,555	\$ (219,551)	\$ 531,332	\$ 1,494,704	\$ 1,736,454
	868,563	(260,426)	(590,745)	(252,499)	(511,518)
\$	<u>1,530,118</u>	<u>\$ (479,977)</u>	<u>\$ (59,413)</u>	<u>\$ 1,242,205</u>	<u>\$ 1,224,936</u>

TABLE 3

CITY OF TALLMADGE, OHIO

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	181,078	65,682	141,361	119,505
Unreserved	2,622,779	2,647,039	1,924,934	2,275,772
Total general fund	<u>\$ 2,803,857</u>	<u>\$ 2,712,721</u>	<u>\$ 2,066,295</u>	<u>\$ 2,395,277</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Reserved	600,930	1,222,263	105,120	255,652
Unreserved (deficit), reported in:				
Special revenue funds	825,375	355,423	426,887	411,964
Debt service funds	-	24,123	36,601	19,751
Capital projects funds	160,882	(504,608)	(140,627)	(32,187)
Total all other governmental funds	<u>\$ 1,587,187</u>	<u>\$ 1,097,201</u>	<u>\$ 427,981</u>	<u>\$ 655,180</u>

Note: The City implemented GASB Statement No. 54 in 2011.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,421
-	-	-	-	-	-
-	-	-	-	-	235,992
-	-	-	-	-	5,359,392
215,920	346,588	318,914	374,719	166,229	-
2,550,408	2,514,736	2,671,181	3,104,686	4,629,330	-
<u>\$ 2,766,328</u>	<u>\$ 2,861,324</u>	<u>\$ 2,990,095</u>	<u>\$ 3,479,405</u>	<u>\$ 4,795,559</u>	<u>\$ 5,690,805</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,573
-	-	-	-	-	1,199,294
-	-	-	-	-	68,361
-	-	-	-	-	(142,958)
1,252,535	218,875	887,039	192,535	444,792	-
170,674	190,731	629,334	840,684	910,367	-
21,558	14,757	14,778	37,899	50,880	-
(989,740)	63,474	212,208	834,219	(175,793)	-
<u>\$ 455,027</u>	<u>\$ 487,837</u>	<u>\$ 1,743,359</u>	<u>\$ 1,905,337</u>	<u>\$ 1,230,246</u>	<u>\$ 1,207,270</u>

TABLE 4

CITY OF TALLMADGE, OHIO

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

	2002	2003	2004
Revenues			
Property and other taxes	\$ 1,944,979	\$ 1,708,242	\$ 1,980,804
Municipal income taxes	6,617,777	6,914,659	6,860,554
Intergovernmental	2,223,887	2,256,760	2,259,133
Investment income	145,717	160,018	61,788
Fines, licenses, and permits	414,832	351,338	339,752
Special assessments	105,829	35,606	103,835
Charges for services	700,941	706,530	1,270,980
Miscellaneous	124,480	103,835	145,496
Total revenues	<u>12,278,442</u>	<u>12,236,988</u>	<u>13,022,342</u>
Expenditures			
Current:			
General government	\$ 2,580,493	\$ 2,667,992	\$ 2,573,741
Security of persons and property (2)	4,554,729	N/A	N/A
Police	N/A	3,204,202	3,296,195
Street lighting	N/A	20,798	18,986
Fire	N/A	1,929,459	1,932,466
Public health and welfare	178,764	164,022	208,182
Transportation	1,410,876	1,988,834	1,767,576
Community environment	382,185	408,898	382,994
Leisure time activities	695,650	649,449	1,211,521
Capital outlay	1,512,013	5,270,018	1,797,036
Debt service			
Principal retirement	255,000	363,906	4,513,067
Interest and fiscal charges	401,197	367,969	422,365
Bond issue costs	-	-	-
Total expenditures	<u>11,970,907</u>	<u>17,035,547</u>	<u>18,124,129</u>
Excess of revenues over (under) expenditures	<u>307,535</u>	<u>(4,798,559)</u>	<u>(5,101,787)</u>
Other Financing Sources (Uses)			
Capital lease transaction	-	-	-
Sale of bonds	-	-	-
Sale of notes	-	4,200,000	3,900,000
Premium on bond/note issuances	-	17,437	25,074
Discount on bond issuance	-	-	-
Refunding of notes	-	-	-
Payment to refunded bond escrow agent	-	-	-
Sale of assets	-	-	-
Transfers in	3,706,381	3,066,651	3,458,795
Transfers out	(3,697,688)	(3,066,651)	(3,472,537)
Total other financing sources (uses)	<u>8,693</u>	<u>4,217,437</u>	<u>3,911,332</u>
Change in reserve for inventory	<u>56,158</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 372,386</u>	<u>\$ (581,122)</u>	<u>\$ (1,190,455)</u>
Capital expenditures	1,512,013	5,349,174	2,207,738
Debt service as a percentage of noncapital expenditures (3)	6.27%	6.26%	31.01%

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

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

(3) The calculation of debt service as a percentage of noncapital expenditures excludes bond issuance costs.

	2005	2006	2007	2008	2009	2010	2011
\$	2,058,105	\$ 2,158,881	\$ 2,141,540	\$ 2,453,020	\$ 2,241,114	\$ 2,228,915	\$ 2,252,159
	7,191,712	7,582,166	7,753,824	7,873,334	7,156,634	7,657,243	7,893,880
	2,970,383	3,789,555	3,199,101	3,132,224	3,589,375	4,563,381	3,385,703
	162,809	279,309	291,716	209,745	141,559	49,542	33,536
	316,559	382,257	434,971	372,776	438,045	548,635	425,414
	96,587	110,518	206,524	115,781	109,413	115,095	115,692
	1,709,942	1,934,540	1,982,851	1,837,708	2,188,832	2,036,244	2,201,320
	109,857	156,581	167,176	149,833	322,541	49,131	99,492
	<u>14,615,954</u>	<u>16,393,807</u>	<u>16,177,703</u>	<u>16,144,421</u>	<u>16,187,513</u>	<u>17,248,186</u>	<u>16,407,196</u>
\$	2,738,094	\$ 2,909,319	\$ 2,876,213	\$ 3,092,863	\$ 3,062,640	\$ 2,995,338	\$ 3,051,404
	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	3,446,848	3,654,771	3,744,689	3,835,309	3,808,963	3,647,373	3,675,245
	12,834	6,989	15,210	39,208	28,469	33,874	38,378
	1,892,249	2,061,974	2,187,089	2,304,753	2,644,911	2,490,438	2,474,408
	65,978	61,006	72,133	69,512	48,878	66,410	64,500
	2,092,159	1,934,062	1,941,612	1,943,729	1,847,529	1,534,582	1,480,892
	394,293	413,599	391,535	744,291	355,637	307,770	277,805
	1,536,463	1,634,509	1,577,690	1,234,503	1,726,060	1,732,010	1,691,805
	1,053,137	2,961,006	2,390,010	4,334,123	1,068,156	2,658,464	1,639,318
	4,210,000	4,224,245	516,201	534,792	4,396,214	619,374	781,055
	416,172	534,116	464,858	439,747	515,389	485,365	470,975
	-	126,892	-	-	-	118,828	-
	<u>17,858,227</u>	<u>20,522,488</u>	<u>16,177,240</u>	<u>18,572,830</u>	<u>19,502,846</u>	<u>16,689,826</u>	<u>15,645,785</u>
	<u>(3,242,273)</u>	<u>(4,128,681)</u>	<u>463</u>	<u>(2,428,409)</u>	<u>(3,315,333)</u>	<u>558,360</u>	<u>761,411</u>
	41,684	397,815	-	-	144,277	-	110,859
	-	4,670,000	-	-	-	5,320,000	-
	3,800,000	-	-	3,800,000	3,800,000	-	-
	16,770	168,521	-	8,702	22,344	15,190	-
	-	-	-	-	-	(26,842)	-
	-	-	-	-	-	(3,800,000)	-
	-	(837,667)	-	-	-	(1,425,645)	-
	-	910	3,631	4,000	-	-	-
	3,111,900	3,525,813	4,005,034	3,751,926	2,618,165	2,877,000	3,196,000
	<u>(3,171,900)</u>	<u>(3,625,813)</u>	<u>(3,881,322)</u>	<u>(3,751,926)</u>	<u>(2,618,165)</u>	<u>(2,877,000)</u>	<u>(3,196,000)</u>
	<u>3,798,454</u>	<u>4,299,579</u>	<u>127,343</u>	<u>3,812,702</u>	<u>3,966,621</u>	<u>82,703</u>	<u>110,859</u>
	-	-	-	-	-	-	-
\$	<u>556,181</u>	<u>170,898</u>	<u>127,806</u>	<u>1,384,293</u>	<u>651,288</u>	<u>641,063</u>	<u>872,270</u>
	1,124,509	1,818,506	2,010,525	3,348,476	964,180	1,880,986	1,219,682
	27.65%	25.44%	6.93%	6.40%	26.49%	7.46%	8.68%

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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
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
2009	2,510,557	2,428,896	96.75%	69,123	2,498,019	99.50%	81,661
2010	2,523,496	2,443,297	96.82%	55,510	2,498,807	99.02%	80,199
2011	2,542,622	2,435,036	95.77%	81,141	2,516,177	98.96%	107,585

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
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
2009	4,580	4,567	99.72%	9,963	14,530	317.25%	12
2010	2,036	2,036	100.00%	1,052	3,088	151.67%	-
2011 (1)	-	-	N/A	318	318	N/A	-

Source: Summit County, Ohio; County Fiscal Officer

Note: Delinquent collections include penalties and interest since Ohio law requires them to become part of taxes. Delinquent taxes are presented by collection year rather than by levy year since the County does not maintain information on delinquencies by levy year.

(1) Tangible personal property tax levies and collections were phased out from 2008 through 2011.

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 (A)	Assessed Value	Estimated Actual Value (B)	Assessed Value
2002	\$ 886,031,029	\$ 310,110,860	\$ 8,241,420	\$ 7,252,450
2003	999,731,057	349,905,870	8,540,216	7,515,390
2004*	994,362,914	348,027,020	8,414,250	7,404,540
2005*	1,187,532,747	360,024,610	8,574,636	7,545,680
2006*	1,113,123,171	389,593,110	7,577,057	6,667,810
2007*	1,223,779,088	398,010,000	6,915,443	6,085,590
2008*	1,200,996,389	405,268,120	4,155,205	3,656,580
2009*	1,162,772,988	404,401,940	4,337,841	3,817,300
2010*	1,166,894,558	406,296,800	4,557,318	4,010,440
2011*	1,174,132,314	409,291,820	4,727,114	4,159,860

Note:

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

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

(C) For 2005 and prior, tangible personal is assessed at 25% of true value for capital assets and 23% of true value for inventory included in tangible personal property.

For 2006, tangible personal is assessed at 18.75% of property value, including inventory.

For 2007, tangible personal is assessed at 12.50% of property value, including inventory.

For 2008, tangible personal is assessed at 6.25% of property value, including inventory.

For 2009 through 2011, tangible personal property tax is assessed at 0.00% of property value, including inventory except for telephone tangible personal property which is assessed at 10% of property value, including inventory.

* Summit County valuations only - Portage County not included.

Source: Summit County, Ohio; County Fiscal Officer

Tangible Personal Property		Total		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
Estimated Actual Value (C)	Assessed Value	Estimated Actual Value	Assessed Value		
\$ 184,328,148	\$ 46,082,037	\$ 1,078,600,597	\$ 363,445,347	6.15	33.70%
168,715,748	42,178,937	1,176,987,021	399,600,197	6.15	33.95%
157,341,724	39,335,431	1,160,118,888	394,766,991	6.15	34.03%
150,316,368	37,579,092	1,346,423,751	405,149,382	6.15	30.09%
163,374,843	30,632,783	1,284,075,070	426,893,703	6.15	33.25%
159,384,432	19,923,054	1,390,078,963	424,018,644	6.15	30.50%
155,729,088	9,733,068	1,360,880,682	418,657,768	6.15	30.76%
7,502,580	750,258	1,174,613,409	408,969,498	6.15	34.82%
3,723,100	372,310	1,175,174,976	410,679,550	6.15	34.95%
-	-	1,178,859,428	413,451,680	6.15	35.07%

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TABLE 8**CITY OF TALLMADGE, OHIO**

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

	Collection Year	County Levy	School Levy	Akron/Summit Library	Tallmadge City	Total Levy	Debt Service
1	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
1	2009	14.16	64.63	2.08	6.15	87.02	5.99
2	2009	14.16	45.25	1.00	6.15	66.56	0.41
1	2010	14.16	71.57	2.10	6.15	93.98	5.88
2	2010	14.16	45.15	1.00	6.15	66.46	0.48
1	2011	14.16	71.56	2.10	6.15	93.97	6.09
2	2011	14.16	45.05	2.00	6.15	67.36	0.59

Source: Summit County, Ohio; County Fiscal Officer

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

TABLE 9**CITY OF TALLMADGE, OHIO**

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

	Collection Year	Inside Operating	Outside Operating	Police Pension	Fire/ Ambulance	Total Tax Rate
	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
	2009	2.10	N/A	0.30	3.75	6.15
	2010	2.10	N/A	0.30	3.75	6.15
	2011	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, 2011	
Name of Taxpayer	Nature of Business	Valuation	Percent of Total
Big Zilla Development LLC	Retail Property Management	\$ 4,008,920	0.98%
Eastwood Square Associates LTD	Retail Property Management	2,739,510	0.67%
Tallmadge Oaks LTD	Apartment Complex	2,264,260	0.55%
Saxon Village Limited	Apartment Complex	2,015,290	0.49%
Tallmadge Shopping Center LLC	Retail Property Management	1,889,970	0.46%
Heather Knoll Rental Properties LLC	Apartment Complex	1,669,370	0.41%
Myers Family Limited Partnership	Light Manufacturing	1,554,990	0.38%
Mindale Farms Co.	Agriculture	1,536,440	0.38%
Colonial Gardens LLC	Nursing Home	1,536,210	0.38%
Tallmadge Senior Housing LTD	Apartment Complex	1,378,170	0.34%
Total		<u>\$ 20,593,130</u>	<u>5.04%</u>
Total Assessed Valuation - Real Property		<u>\$ 409,291,820</u>	
		December 31, 2002	
Name of Taxpayer	Nature of Business	Valuation	Percent of Total
Tallmadge Associates	Retail Property Management	\$ 3,130,000	1.04%
Eastwood Square Associates LTD	Retail Property Management	2,759,120	0.91%
Tallmadge Oaks II	Apartment Complex	2,384,990	0.79%
Saxon Village Ltd.	Apartment Complex	1,908,730	0.63%
87 Midway Plaza LLC	Retail Property Management	1,617,050	0.54%
Colonial Gardens	Nursing Home	1,568,590	0.52%
Myers Family Limited Partnership	Light Manufacturing	1,544,060	0.51%
Cooper Equities Co. LTD	Retail Store	1,408,050	0.47%
Tallmadge Acres Apartments, Inc.	Retail Property Management	1,368,730	0.45%
Rocco Family Limited Partnership	Property Management	1,360,890	0.45%
Total		<u>\$ 19,050,210</u>	<u>6.31%</u>
Total Assessed Valuation - Real Property		<u>\$ 301,730,070</u>	

Source: Summit County, Ohio; County Fiscal Officer

TABLE 11**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
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%
2009	2.00%	7,108,195	5,260,829	74.01%	877,343	12.34%
2010	2.00%	7,371,493	5,590,479	75.84%	852,121	11.56%
2011	2.00%	7,812,169	5,690,592	72.84%	1,190,873	15.24%

Sources: City of Tallmadge Income Tax Department (2002-2009)
Regional Income Tax Agency (RITA) (2009-Present)

Note: State law prohibits disclosure of income tax information by individual taxpayer.

	Taxes from Individuals	Percentage of Taxes from Individuals	Tax from Utilities	Percentage of Tax from Utilities
\$	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%
	916,959	12.90%	54,064	0.76%
	888,177	12.05%	40,716	0.55%
	903,595	11.57%	27,109	0.35%

TABLE 12

CITY OF TALLMADGE, OHIO

*RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS*

Year	Governmental Activities				Business-Type Activities			
	General Obligation Bonds	Special Assessment Bonds	Notes	Capital Leases	Special Assessment Bonds	OWDA Loans	Notes	Capital Leases
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	-	-	-
2009	7,100,000	740,000	3,800,000	231,324	445,000	912,749	-	-
2010	10,579,000	690,000	-	132,950	316,000	1,359,638	-	-
2011	9,957,000	640,000	-	134,754	188,000	1,315,204	-	58,928

Sources:

- (a) See notes to the financial statements regarding the City's debt information.
- (b) See Table 17 Demographic and Economic Statistics - Last Ten Years for personal income and population.

(a) Total Primary Government	(b) Total Personal Income	Percentage of Personal Income	(b) Population	Per Capita
\$ 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	474,704,730	2.06%	17,370	563
12,887,261	472,682,384	2.73%	17,296	745
13,229,073	474,704,730	2.79%	17,390	761
13,077,588	479,268,673	2.73%	17,537	746
12,293,886	483,299,542	2.54%	17,257	712

TABLE 13**CITY OF TALLMADGE, OHIO***RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS*

Year	General Obligation Bonds	(a) Estimated Actual Property Value	Percentage of Actual Taxable Value of Property	(b) Population	Per Capita
2002	\$ 5,579,000	\$ 1,078,600,597	0.52%	16,390	\$ 340
2003	5,324,000	1,176,987,021	0.45%	16,390	325
2004	5,059,000	1,160,118,888	0.44%	16,390	309
2005	4,784,000	1,346,423,751	0.36%	17,408	275
2006	8,338,000	1,284,075,070	0.65%	17,408	479
2007	7,937,000	1,390,078,963	0.57%	17,370	457
2008	7,526,000	1,360,880,682	0.55%	17,296	435
2009	7,100,000	1,174,613,409	0.60%	17,390	408
2010	10,579,000	1,175,174,976	0.90%	17,537	603
2011	9,957,000	1,178,859,428	0.84%	17,257	577

Sources:

(a) Summit County, Ohio; County Fiscal Officer

(b) See Table 17 Demographic and Economic Statistics - Last Ten Years for personal income and population.

TABLE 14**CITY OF TALLMADGE, OHIO***SPECIAL ASSESSMENT TAX LEVIES AND COLLECTIONS
LAST TEN YEARS*

Year	Current Billed	Delinquent Billed	Current % Collected	Total Collected	Total % Collected	Current Delinquent
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
2009	292,208	27,465	91.39%	283,472	97.01%	25,167
2010	277,137	44,477	89.69%	275,412	99.38%	28,576
2011	273,936	53,176	88.13%	262,549	95.84%	32,511

Source: Summit County, Ohio; County Fiscal Officer

TABLE 15

CITY OF TALLMADGE, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING
GENERAL OBLIGATION BONDED DEBT
DECEMBER 31, 2011

Jurisdiction	General Tax Bonded Debt	Percentage Overlapping	Applicable to the City
Direct:			
City of Tallmadge	\$ 9,957,000	100.00%	\$ 9,957,000
Overlapping Debt:			
Summit County	51,525,000	3.26%	1,679,715
Portage County	25,959,930	41.00%	10,643,571
MRTA (Metro Regional Transit Authority)	300,000	3.26%	9,780
Tallmadge City School District	25,605,000	99.83%	25,561,472
Field Local School District	24,650,000	2.00%	493,000
Akron/Summit Library	39,065,000	4.91%	1,918,092
Total Overlapping Debt	167,104,930		40,305,630
Total Direct and Overlapping Debt	\$ 177,061,930		\$ 50,262,630

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 16

CITY OF TALLMADGE, OHIO

COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN YEARS

Year	Debt Limit - Voted	Debt Limit - Unvoted	Net Debt Applicable to Limit	Debt Service Available Balance	Legal Debt Margin - Voted	Legal Debt Margin - Unvoted	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2002	\$ 38,161,761	\$ 19,989,494	\$ 5,579,000	\$ 21,151	\$ 32,603,912	\$ 19,989,494	14.62%
2003	41,958,021	21,978,011	5,324,000	24,123	36,658,144	21,978,011	12.69%
2004	41,450,534	21,712,185	5,059,000	36,601	36,428,135	21,712,185	12.20%
2005	42,540,685	22,283,216	4,784,000	19,751	37,776,436	22,283,216	11.25%
2006	44,823,839	23,479,154	8,338,000	21,558	36,507,397	23,479,154	18.60%
2007	42,173,749	22,091,011	7,937,000	14,757	34,251,506	22,091,011	18.82%
2008	42,954,132	22,499,783	7,526,000	14,778	35,442,910	22,499,783	17.52%
2009	42,885,116	22,463,632	7,100,000	37,899	35,823,015	22,463,632	16.56%
2010	43,082,260	22,566,898	10,579,000	50,880	32,554,140	22,566,898	24.56%
2011	43,412,426	22,739,842	9,957,000	68,361	33,523,787	22,739,842	22.94%

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 17

CITY OF TALLMADGE, OHIO

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year	Population (a)	Personal Income (c)	Per Capita Personal Income (a)	Unemployment Rates (b)		
				Summit County	Ohio	United States
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%
2009	17,390	475,251,310	27,329	9.8%	10.2%	9.3%
2010	17,537	479,268,673	27,329	9.9%	10.1%	9.6%
2011	17,257	483,299,542	28,006	8.5%	8.9%	9.0%

Sources:

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

TABLE 18

CITY OF TALLMADGE, OHIO

NEW HOUSING STARTS
LAST TEN YEARS

Year	New Housing Starts	
	Single Family	Condominium
2002	123	*
2003	104	64
2004	104	54
2005	54	14
2006	78	13
2007	30	25
2008	31	10
2009	6	-
2010	23	-
2011	24	-

* New condominium statistics were not available prior to 2003.

Sources: City of Tallmadge Building Department (2002-2010)
Summit County Department of Building Standards (2011)

TABLE 19

CITY OF TALLMADGE, OHIO

*PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO*

	2011			2002		
	Employees**	Rank	Percentage of Total City Employment	Employees**	Rank	Percentage of Total City Employment
Auto Sales, Inc.	*	1	*	*	1	*
Steere Enterprises Inc	290	2	4.2%	180	5	2.6%
Tallmadge City Schools	285	3	4.1%	220	4	3.2%
S. D. Myers Inc	177	4	2.6%	400	2	5.8%
Waltco Truck Equipment Company	165	5	2.4%	240	3	3.5%
East End Welding	120	6	1.7%	-		0.0%
Giant Eagle	115	7	1.7%	115	6	1.7%
Acme	110	8	1.6%	85	10	1.2%
Owens Corning	101	9	1.5%	110	7	1.6%
The Martin Wheel Co., Inc	95	10	1.4%	90	9	1.3%
City of Tallmadge	-		-	105	8	1.5%
Total	1,458		21.1%	1,545		22.6%

Source: City of Tallmadge Economic Development Department

* Employer would not disclose the total number of employees.

** Full-time, permanent employees only.

TABLE 20

CITY OF TALLMADGE, OHIO

*MISCELLANEOUS STATISTICS
DECEMBER 31, 2011*

Founded	1806	
Incorporated as Village	1936	
Incorporated as City	1951	
Town Hall erected	1859	
Form of government	Charter	
Population	17,257	
	7,323	Dwelling units
Area	13.5	Square miles
	8,915	Acres
Education:		
Elementary schools	2	K-2, 3-5
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 21

CITY OF TALLMADGE, OHIO

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Council	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Mayor	6.5	6.5	6.5	5.5	5.5	5.5	6.0	6.0	5.5	4.5
Finance	6.0	6.5	6.0	6.0	11.0	9.5	9.5	10.0	6.5	6.0
Treasurer *	5.0	4.5	4.5	5.0	-	-	-	-	-	-
Law	3.5	3.5	3.5	3.0	3.5	3.0	3.0	3.0	3.0	3.0
Service	5.5	8.5	6.5	5.5	5.0	5.0	5.5	3.0	2.0	3.0
Information Systems	1.0	1.0	1.0	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	1.5	1.5	2.0	2.5	1.0	1.0	1.0	1.0	1.0	1.0
Boards and Commissions	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Security of Persons and Property										
Police	52.5	55.5	51.5	52.0	51.5	51.0	42.0	48.5	34.0	34.0
Fire	33.0	35.5	35.5	36.5	36.5	37.0	39.0	38.0	39.0	32.5
Leisure Time Activities										
MACA Pool	24.0	26.5	18.0	18.5	17.5	7.0	-	15.0	15.5	14.5
Aquatics Center	-	-	-	9.5	-	-	-	-	-	-
Recreation Center	-	-	24.5	56.0	62.5	67.0	63.0	65.5	61.5	62.5
Community Environment										
Building & Zoning	9.0	7.5	8.0	7.5	9.0	9.5	8.5	9.5	8.5	2.0
Transportation										
Garage	5.0	5.0	6.0	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Street	22.0	22.0	21.5	22.0	22.0	25.0	20.5	20.0	17.0	18.0
Utilities										
Utilities Services	9.5	9.0	11.0	9.0	8.5	8.5	8.5	8.5	8.0	6.0
Total	191.5	200.5	213.5	251.5	246.5	242.0	219.5	241.0	214.5	200.0

Source: City of Tallmadge Finance Department

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

TABLE 22

CITY OF TALLMADGE, OHIO

OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Security of Persons and Property										
Police										
Physical Arrests	702	654	711	793	718	544	752	850	819	730
Parking Violations	96	94	62	61	23	17	12	26	22	14
Traffic Violations	1,742	1,799	1,307	1,544	1,082	1,452	1,257	995	1,091	1,526
Fire										
Emergency Response Calls	1,878	2,004	2,073	2,261	2,283	2,165	2,266	2,268	2,260	2,371
Fires Extinguished	28	40	27	42	34	28	35	32	26	22
Inspections Conducted	153	256	603	638	605	622	626	1,024	921	822
Transportation										
Street resurfacing miles	6.56	7.38	4.71	7.03	6.02	9.20	3.12	-	3.14	1.82
Leisure Time Activities										
Trees Planted	97	10	-	8	36	68	30	-	-	2
Recreation Center Memberships**										
Annual	N/A	N/A	N/A	N/A	1,238	1,124	1,319	1,305	1,935	1,579
Monthly	N/A	N/A	N/A	N/A	2,902	2,925	2,866	2,767	2,665	2,590
Swimming Pool Memberships***										
Family	200	153	170	145	166	N/A	N/A	N/A	N/A	N/A
Adult	N/A	N/A	N/A	N/A	N/A	352	N/A	833	1,139	1,110
Child	N/A	N/A	N/A	N/A	N/A	297	N/A	433	751	740
Water										
Customers Served	6,342	6,514	6,629	6,723	7,088	6,913	7,309	7,028	7,207	7,063
New Connections	108	150	131	127	150	34	77	13	18	14
Water Main Breaks	18	14	21	16	10	17	17	16	21	12
Avg. Daily Consumption (gpd)										
million gallons per day	1.59	1.51	1.42	1.55	1.31	1.35	1.30	1.20	1.30	1.30
Peak Daily Consumption (gpd)										
million gallons per day	2.05	1.97	1.82	1.95	1.61	1.73	1.70	1.80	1.60	1.60
Sewer										
Customers Served	7,261	7,367	7,519	7,571	5,318	5,464	5,751	5,781	5,779	7,990
Storm Water										
Customers Served*	N/A	N/A	N/A	5,918	6,006	5,906	5,919	5,999	5,866	5,932

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 and re-opened in June 2009.

Source: Various City of Tallmadge Department Records

TABLE 23

CITY OF TALLMADGE, OHIO

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Security of Persons and Property										
Police:										
Stations	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Patrol Units	14.0	15.0	16.0	19.0	22.0	23.0	21.0	23.0	21.0	19.0
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	161.7	161.7	161.7	161.7	161.7	161.7	161.7	161.7
Parks	8.0	8.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Swimming Pools	1.0	1.0	1.0	2.0	2.0	1.0	-	1.0	1.0	1.0
Tennis Courts	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Baseball/Softball Fields	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Soccer Fields	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Recreation Center	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Transportation										
Streets (paved miles)	89.0	89.0	91.7	91.7	108.5	96.3	96.3	96.3	96.3	96.3
Traffic Signals	186.0	186.0	186.0	186.0	187.0	188.0	188.0	188.0	188.0	187.0
Water										
Water Mains (miles)	78.1	78.1	80.5	80.5	84.5	84.5	84.5	84.5	86.1	86.1
Sewer										
Sanitary Sewers (miles)	56.1	56.1	57.8	57.8	60.7	60.7	60.7	60.7	60.7	60.7

Source: City of Tallmadge Records



Dave Yost • 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
JULY 03, 2012**