



Dave Yost • Auditor of State



CITY OF TALLMADGE  
SUMMIT COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tallmadge, Summit County, (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 14, 2013.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***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, opining 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*.

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***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 14, 2013

**CITY OF TALLMADGE, OHIO**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2012

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, 2012**

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**STEPHEN P. SHANAFELT**  
**Director of Finance – City of Tallmadge**

June 14, 2013

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, 2012, 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, 2012. The Independent Auditor's 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, 2012 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 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 Auditor's Report.

**THE REPORTING ENTITY**

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

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

The City participates in the Akron Metropolitan Area Transportation Study (AMATS), and the Brimfield Township-City of Tallmadge Joint Economic Development District 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 2012 population of 17,473 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.

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, also 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 provide the opportunity and interests that keep Tallmadge a vital part of the market place.

The City operates a Community Reinvestment Area Tax Abatement Program. This program is available for commercial and industrial expansions and new construction. The abatement is for property taxes on the increased values of real estate attributable to the improvements or new construction. This program will abate real estate taxes on the building from four up to ten years and from 50% up to 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 last amended in 2012. This program is aimed at new business attraction and existing business growth. New businesses that locate in the City having a payroll exceeding \$500,000 per year and existing businesses that increase the annual payroll by \$250,000 per year through the creation of new jobs are eligible for a grant equal to the amount of 50% of payroll taxes paid in the previous calendar year for five (5) years. Each of the City's top five for profit businesses applied for this incentive in 2012 substantiating the fact that our local economy is improving.

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 2012 experienced an increase of 7.17% 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 10 single family dwellings and 2 commercial buildings were built in 2012. There were 21 new business permits issued in 2012.

The City is meeting the demands of a changing population with several developments. New single family home construction is picking up in the Shadyside Farm Estates, Stonegate Reserve, and the Green Valley Estates allotments. Also the Bakers Acres allotment which was dormant for several years after the completion of phase 1 was recently approved for 41 additional residential building lots. However, the driving force in the City's housing market in 2012 was in the area of senior housing rentals. The City presently has one senior housing project nearing completion with 50 rental units, two potential projects waiting for the awarding of funding from the Ohio Housing Finance Agency, and one in being considered by the City's Planning and Zoning Commission in 2013.

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 the other 50 percent of the annual collections, with 10 percent of the total collected set aside by the Township in a 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. The shared collection rate is presently 1%, with .25% increase scheduled every three years to a maximum rate of 2% or the current rate in effect in the City in 2025.

The Cascades is a major development 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 a Wal-Mart, Applebee's Restaurant, Lowe's Home Center, 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. 2012 saw continued growth and development in the Cascades with several retail stores, commercial businesses, and restaurants opening. Presently there are 18 different businesses employing over 640 people at the Cascades with more slated for 2013.

The JEDD area was also home to one of the largest collaborative efforts ever to take place in our region in 2012. Tallmadge, Brimfield Township, Portage and Summit Counties, the Development Finance Authority, the Greater Akron Chamber, and Team NEO all came together and landed the Insight Rubbermaid project. This 815,000 Sq Ft distribution facility which was completed in only 8 months, created 140 new fulltime jobs in our area, and infused over \$25 million of investment into the JEDD.

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.

## **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 and cuts in local government funding by the State of Ohio, this policy served a significant purpose for the City's annual 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. Adhering to this policy has allowed the City to experience growth in its general fund balance despite the downturn in the economy and local government funding cuts being implemented by the State of Ohio.

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 2013, 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 which was updated in 2012, a zoning district map and future land use map.

## **MAJOR INITIATIVES**

### **Current**

The City, in efforts to embrace regionalism and operate cost effectively, has participated in many different initiatives which included, outsourcing our dispatch services to the City of Stow in 2009, moving to participation in the Regional Income Tax Agency in 2009 for the collection of City income tax and the outsourcing of the Building Department to Summit County in 2011. This collaboration of services continues to be very successful for the City during 2012. The City has served as a model across the State of Ohio for its efforts in the area of collaboration. The City continues to look for ways to collaborate with other governmental entities through its participation in Efficient Government Now, a collaborative 17 county group investigating what makes collaborations successful, and the Portage-Summit Mayors, Managers & Service Directors, a group working to collaborate through equipment sharing and creating public service mutual aid agreements among governmental entities.

In addition to the City's normal street paving program, the City was able to do significant paving on three additional streets with funding from the Ohio Department of Transportation. The City resurfaced Northwest Avenue, South Thomas Road and Newton Street. The total cost of this project was approximately \$834,000 with the Ohio Department of Transportation providing approximately \$650,000.

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 2013 the City has planned to complete the East Avenue Waterline Looping Project. This waterline project will help the City ensure that water service in the entire annexed area of the City and the JEDD can be continued in the case of a water main break in that area.

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. The West Avenue corridor continues to transform itself from being primarily a retail hub to one of mixed uses. Many businesses on West Avenue received City approval in 2012 for major additions and renovations. In addition, a major parcel of property on West Avenue is being considered for development into senior housing. There are still significant areas for development in the Joint Economic Development District including the Karg Industrial Park, the Sunnybrook/Old 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, 2011. 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 twenty consecutive years (1992 - 2011). 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,

A handwritten signature in black ink, reading "Stephen P. Shanafelt". The signature is written in a cursive style with a light blue rectangular background behind it.

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, 2011

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.



*Christopher P. Moirill*

President

*Jeffrey R. Emer*

Executive Director

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**CITY OF TALLMADGE, OHIO  
LISTING OF PRINCIPAL CITY OFFICIALS  
AS OF DECEMBER 31, 2012**

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**ELECTED OFFICIALS**

Mayor	David Kline
Director of Finance	Stephen Shanafelt
Director of Law	Megan Raber
President of Council	Linda Poinar
Council Member	James Donovan
Council Member	Carol Kilway
Council Member	Robert Maguire
Council Member	Kim Ray
Council Member	Jack Sarver
Council Member	Gene Stalnaker

**APPOINTED OFFICIALS**

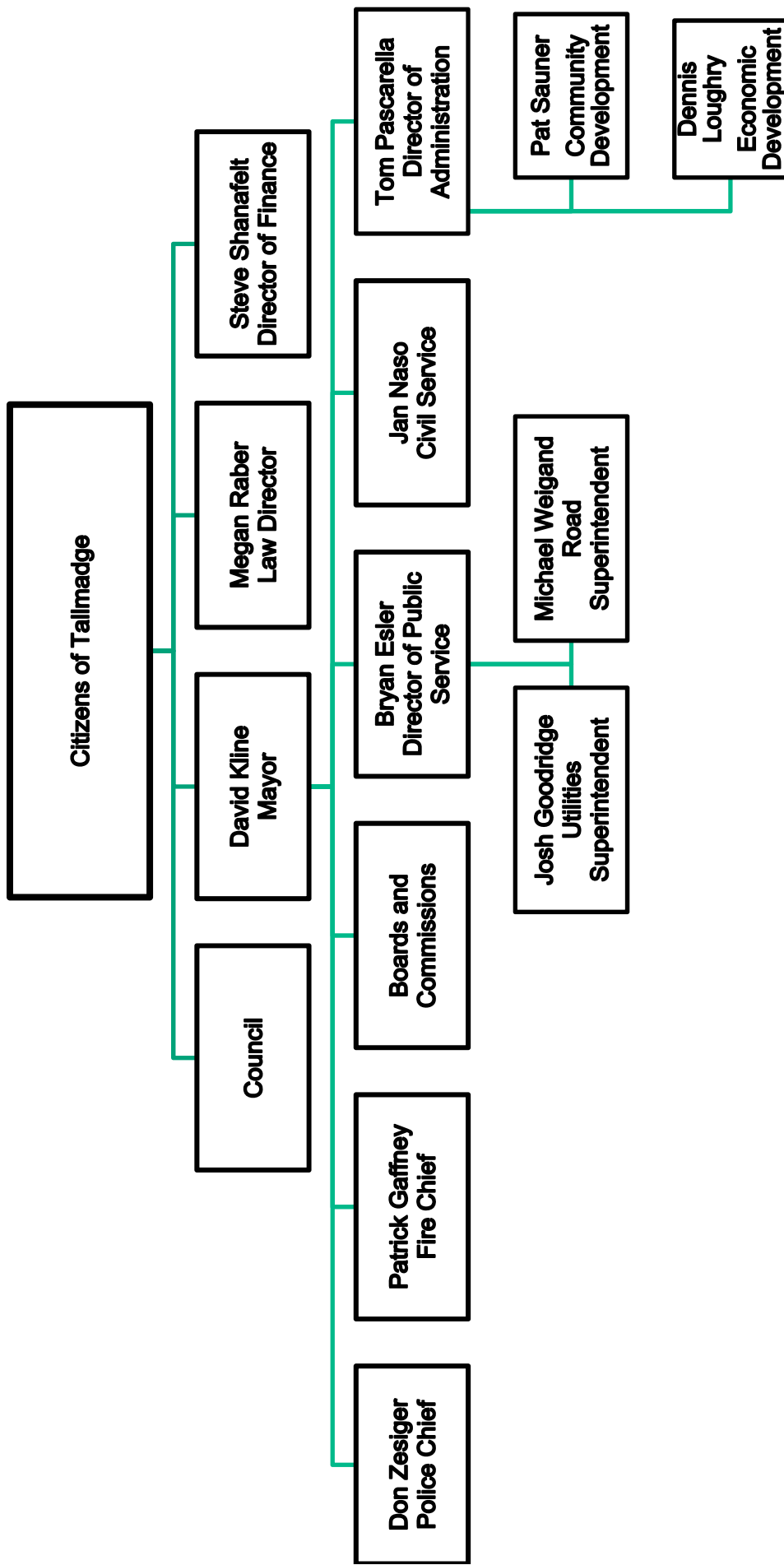
Director of Public Service	Bryan Esler
Director of Administration	Thomas Pascarella
Community Development Manager	Pat Sauner
Economic Development Manager	Dennis Loughry
Assistant Director of Law	John Scavelli
Assistant Director of Finance	Mollie Gilbride
Clerk of Council	Susan Burton
Deputy Clerk of Council	Regina Conti

**DEPARTMENT OFFICIALS**

Police Chief	Donald Zesiger
Fire Chief	Patrick Gaffney
Road Superintendent	Michael Weigand
Utilities Superintendent	Josh Goodridge
Civil Service Chairman	Jan Naso
Manager of Parks and Recreation	David Cooper

# CITY OF TALLMADGE – 2012

## ORGANIZATIONAL CHART



# **FINANCIAL SECTION**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

### ***Report on the Financial Statements***

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### **Opinion**

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, 2012, 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 accordance with the accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on 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 present 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. We subjected these statements and schedules 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, and other additional procedures 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2013 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 14, 2013

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## CITY OF TALLMADGE, OHIO

### *MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2012 UNAUDITED*

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The management's discussion and analysis of the City of Tallmadge's (the "City") financial statements provides an overall review of the City's financial activities for the year ended December 31, 2012. 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 2012 are as follows:

- The City restated net position at the beginning of the year as described in Note 3.A. The total net position of the City decreased \$491,569 or 1.06% from 2011. Net position of governmental activities increased \$838,300 or 3.23% from 2011 and net position of business-type activities decreased \$1,329,869 or 6.56% from 2011.
- Total assets and deferred outflows of resources of the City decreased \$619,856, a decrease of 0.98% from 2011.
- Total current liabilities and deferred inflows of resources increased \$630,106 from 2011.
- Total long-term liabilities decreased \$758,393 during 2012.

#### **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 position presents information about the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent year. All changes in net position 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 15-17 of this report.

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## CITY OF TALLMADGE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2012 UNAUDITED

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#### ***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 18-32 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 position and the statement of activities) and the governmental funds is reconciled in the financial statements.

The City has sixteen 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 28-30 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 31-32 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 33-67 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 69 of this report.

**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED*

**Government-Wide Financial Analysis**

The statement of net position serves as a useful indicator of a government's financial position. The table below provides a summary of the City's net position for 2012 and restated net position for 2011 as shown in Note 3.A.:

	<b>Net Position</b>					
	Governmental	Business-type	Restated	Business-type	Total	Restated
	Activities	Activities	Governmental	Activities		Total
	2012	2012	Activities	2011	2012	2011
<b>Assets</b>						
Current and other assets	\$ 14,080,941	\$ 7,417,872	\$ 12,467,397	\$ 8,241,169	\$ 21,498,813	\$ 20,708,566
Nondepreciable capital assets	3,057,643	392,352	3,047,077	676,419	3,449,995	3,723,496
Depreciable capital assets, net	<u>23,932,013</u>	<u>14,005,759</u>	<u>25,139,294</u>	<u>13,924,781</u>	<u>37,937,772</u>	<u>39,064,075</u>
Capital assets, net	<u>26,989,656</u>	<u>14,398,111</u>	<u>28,186,371</u>	<u>14,601,200</u>	<u>41,387,767</u>	<u>42,787,571</u>
Total assets	<u>41,070,597</u>	<u>21,815,983</u>	<u>40,653,768</u>	<u>22,842,369</u>	<u>62,886,580</u>	<u>63,496,137</u>
<b>Deferred outflows of resources</b>	<u>47,626</u>	<u>-</u>	<u>57,925</u>	<u>-</u>	<u>47,626</u>	<u>57,925</u>
Total assets and deferred outflows of resources	<u>41,118,223</u>	<u>21,815,983</u>	<u>40,711,693</u>	<u>22,842,369</u>	<u>62,934,206</u>	<u>63,554,062</u>
<b>Liabilities</b>						
Current and other liabilities	1,304,812	1,384,357	1,100,715	966,382	2,689,169	2,067,097
Long-term liabilities:						
Due within one year	823,396	95,611	854,881	115,695	919,007	970,576
Due in more than one year	<u>10,057,514</u>	<u>1,380,061</u>	<u>10,669,930</u>	<u>1,474,469</u>	<u>11,437,575</u>	<u>12,144,399</u>
Total liabilities	<u>12,185,722</u>	<u>2,860,029</u>	<u>12,625,526</u>	<u>2,556,546</u>	<u>15,045,751</u>	<u>15,182,072</u>
<b>Deferred inflows of resources</b>	<u>2,172,357</u>	<u>-</u>	<u>2,164,323</u>	<u>-</u>	<u>2,172,357</u>	<u>2,164,323</u>
Total liabilities and deferred inflows of resources	<u>14,358,079</u>	<u>2,860,029</u>	<u>14,789,849</u>	<u>2,556,546</u>	<u>17,218,108</u>	<u>17,346,395</u>
<b>Net Position</b>						
Net investment in capital assets (See Note 2.U.)	17,813,396	12,947,885	18,529,391	13,039,068	30,761,281	30,355,980
Restricted:						
Capital projects	691,274	-	248,897	-	691,274	248,897
Fire/EMS levy	220,612	-	218,670	-	220,612	218,670
Street maintenance	1,231,369	-	945,681	-	1,231,369	945,681
State highway	73,213	-	57,679	-	73,213	57,679
Community environment	7,027	-	7,027	-	7,027	7,027
Law enforcement	34,407	-	36,321	-	34,407	36,321
Unrestricted (See Note 2.U.)	<u>6,688,846</u>	<u>6,008,069</u>	<u>5,878,178</u>	<u>7,246,755</u>	<u>12,696,915</u>	<u>14,337,412</u>
Total net position (restated)	<u>\$ 26,760,144</u>	<u>\$ 18,955,954</u>	<u>\$ 25,921,844</u>	<u>\$ 20,285,823</u>	<u>\$ 45,716,098</u>	<u>\$ 46,207,667</u>

**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED*

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources in 2012 by \$45,716,098, compared to \$46,207,667 in 2011 as restated, a decrease of 1.06%. During 2012, the City's total assets and deferred outflows of resources decreased by \$619,856 or 0.98% and total liabilities and deferred inflows of resources decreased by \$128,287 or 0.74%.

The following table shows the changes in net position for 2012 and 2011 as restated.

	<b>Change in Net Position</b>					
	Governmental	Business-type	Governmental	Business-type	2012	2011
	Activities	Activities	Activities	Activities		
2012	2012	2011	2011	Total	Total	
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,628,318	\$ 5,146,365	\$ 2,670,282	\$ 5,278,819	\$ 7,774,683	\$ 7,949,101
Operating grants and contributions	1,510,826	-	954,482	-	1,510,826	954,482
Capital grants and contributions	10,000	28,660	426,352	-	38,660	426,352
Total program revenues	<u>4,149,144</u>	<u>5,175,025</u>	<u>4,051,116</u>	<u>5,278,819</u>	<u>9,324,169</u>	<u>9,329,935</u>
General revenues:						
Property and other local taxes	2,030,192	-	2,264,267	-	2,030,192	2,264,267
Municipal income taxes	8,685,855	-	7,957,003	-	8,685,855	7,957,003
Grants and entitlements	1,854,900	-	2,317,116	-	1,854,900	2,317,116
Interest	39,407	-	32,582	-	39,407	32,582
Miscellaneous	94,128	15,119	96,496	6,026	109,247	102,522
Total general revenues	<u>12,704,482</u>	<u>15,119</u>	<u>12,667,464</u>	<u>6,026</u>	<u>12,719,601</u>	<u>12,673,490</u>
Total revenues	<u>16,853,626</u>	<u>5,190,144</u>	<u>16,718,580</u>	<u>5,284,845</u>	<u>22,043,770</u>	<u>22,003,425</u>
Program Expenses:						
General government	3,266,514	-	3,182,528	-	3,266,514	3,182,528
Security of persons and property						
Police	3,537,529	-	3,814,646	-	3,537,529	3,814,646
Street lighting	148,496	-	38,378	-	148,496	38,378
Fire	2,511,315	-	2,619,214	-	2,511,315	2,619,214
Public health and welfare	59,265	-	65,616	-	59,265	65,616
Transportation	3,763,869	-	2,496,576	-	3,763,869	2,496,576
Community environment	148,111	-	235,743	-	148,111	235,743
Leisure time activity	2,141,666	-	2,046,925	-	2,141,666	2,046,925
Interest and fiscal charges	438,561	-	482,500	-	438,561	482,500
Sewer operating	-	4,110,699	-	3,408,512	4,110,699	3,408,512
Water operating	-	2,044,350	-	1,880,466	2,044,350	1,880,466
Storm water operating	-	364,964	-	507,385	364,964	507,385
Total expenses	<u>16,015,326</u>	<u>6,520,013</u>	<u>14,982,126</u>	<u>5,796,363</u>	<u>22,535,339</u>	<u>20,778,489</u>
Increase (decrease) in net position	838,300	(1,329,869)	1,736,454	(511,518)	(491,569)	1,224,936
Net position beginning of year (restated)	<u>25,921,844</u>	<u>20,285,823</u>	<u>24,185,390</u>	<u>20,797,341</u>	<u>46,207,667</u>	<u>44,982,731</u>
Net position end of year	<u>\$ 26,760,144</u>	<u>\$ 18,955,954</u>	<u>\$ 25,921,844</u>	<u>\$ 20,285,823</u>	<u>\$ 45,716,098</u>	<u>\$ 46,207,667</u>



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**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED*

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**Governmental Activities**

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

Program revenues increased in total by 2.42 percent from 2011. Operating grants and contributions increased 58.29 percent from 2011 due to the City's Northeast Avenue Roundabout project. 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 2011. General revenues increased from 2011 by 0.30 percent, which is primarily the result of increased 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 one of the largest expenses of the governmental activities, representing 22.09 percent and 25.49 percent of the total governmental activities expenses during 2012 and 2011, respectively. During 2012, the City's police department consisted of 1 Chief, 1 lieutenant, 5 sergeants, 15 patrol officers and 3 full-time office staff. The police department also employs on a part-time basis 7 records clerks, 2 school crossing guard, and 4 auxiliary police. 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 decreased 7.27 percent during 2012.

The City has operated a fire department since 1945. During 2012, the fire department employed 1 full time Chief, 3 full-time Battalion Chiefs, 1 full-time fire marshal, 7 full-time firefighter paramedics, 45 part-time paramedics/firefighters, and 1 full-time clerk. The Fire/EMS department is accounted for in a separate fund which receives tax proceeds from a 3.75 mill property tax levy. The fire expenses account for 15.68 percent and 17.50 percent of the total governmental activities expenses during 2012 and 2011, respectively. Security of persons and property expenses related to the fire department decreased 4.12 percent during 2012, 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 23.51 and 16.66 percent of the total governmental activities expenses during 2012 and 2011, respectively. Transportation expenses increased 50.77 percent during 2012, due primarily to increased road maintenance expenses.

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## CITY OF TALLMADGE, OHIO

### *MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2012 UNAUDITED*

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#### **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 7,126 water customers, 7,991 sewer customers, and 5,948 storm water customers. The City owns and maintains all water lines within the City. In July of 2012 water rates increased by 8%. The majority of sewer lines within the City are owned and maintained by the City. The remaining sewer lines are owned and maintained by Summit County. In 2011 the City took over the billing for sewer customers being serviced 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 2012, charges for services in the amount of \$5,146,365 accounted for 99.16 percent of the total business-type revenues compared to 99.89 percent in 2011. The total expenses for the utilities were \$6,520,013, resulting in a decrease in net position of \$1,329,869.

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

Information about the City's governmental funds begins on page 18. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$16,863,703 and expenditures of \$15,599,194. The excess of revenues over expenditures is augmented \$162,907 by proceeds from a capital lease transaction during 2012.

The City's chief operating fund is the general fund. During 2012, the City's general fund had total revenues of \$13,240,128 and expenditures and other financing uses of \$12,636,071, resulting in an increase in fund balance of \$604,057. 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 \$5,753. Total combined revenues and other financing sources were \$2,779,718 and expenditures were \$2,785,471. 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 \$280,903. Total combined revenues and other financing sources were \$3,203,552 and expenditures were \$2,922,649. Revenues and other financing sources exceeded expenditures due to transfers of income tax collections.

The City's major bond retirement fund had a decrease in fund balance of \$21,137. During 2012, the bond retirement fund received \$80,255 in special assessments and \$1,030,000 in transfers in to help provide for \$1,131,392 in principal and interest payments on general obligation and special assessment bonds.

Information regarding the proprietary funds begins on page 28. These funds are accounted for on an accrual basis. All proprietary funds had operating revenues of \$5,157,716, which were less than operating expenses of \$6,445,040. The total depreciation expense for these business-type funds was \$670,397. The cash and cash equivalents at year end for the proprietary funds total \$5,679,463. Net position of the sewer operating fund decreased \$1,185,778 or 13.91 percent from 2011. During 2012, net position of the water operating fund decreased 1.27 percent or \$106,557 to \$8,303,890. In the storm water fund, net position decreased \$37,534, from \$3,352,715 at December 31, 2011 to \$3,315,181 at December 31, 2012. The overall decrease in net position for all proprietary funds in 2012 was \$1,329,869 or 6.56 percent from 2011.

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**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED*

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***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 2012. In total the increase in appropriations accounted for an increase of 6.59 percent over the total general fund budget. The total actual expenditures at year end were \$12,969,804, which was \$276,713 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 \$276,713 or 2.09 percent. None of this variance was due to the City transferring money out of the general fund. The major variances were in the general government, security of persons and property and transportation functions, which had positive variances of \$125,879, \$77,419 and \$46,647, respectively. In addition, positive variances also existed in the community environment, leisure time activities, and capital outlay functions. These positive variances in all departments were an effort to contain the budget and control expenditures. 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 \$1,285,492 or 10.67%. The variance was primarily the result of income tax collections, which were \$674,567 more than anticipated.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of 2012, the City had \$41,387,767 (net of accumulated depreciation) invested in land, buildings and improvements, equipment, infrastructure, right of ways and construction in progress. Of this total, \$26,989,656 was reported in governmental activities and \$14,398,111 was reported in business-type activities.

**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED*

The following table shows 2012 balances compared to 2011:

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 2,889,359	\$ 2,889,359	\$ 375,519	\$ 375,519	\$ 3,264,878	\$ 3,264,878
Right of ways	80,218	80,218	-	-	80,218	80,218
Construction in progress	88,066	77,500	16,833	300,900	104,899	378,400
Buildings and improvements	11,953,533	12,446,567	1,101,518	1,163,275	13,055,051	13,609,842
Equipment	1,515,791	1,463,020	281,883	323,559	1,797,674	1,786,579
Infrastructure						
Street subsystem	10,462,689	11,229,707	-	-	10,462,689	11,229,707
Storm sewer subsystem	-	-	3,027,276	3,029,088	3,027,276	3,029,088
Sewer lines	-	-	4,306,744	4,321,373	4,306,744	4,321,373
Water lines	-	-	5,288,338	5,087,486	5,288,338	5,087,486
<b>Totals</b>	<b>\$ 26,989,656</b>	<b>\$ 28,186,371</b>	<b>\$ 14,398,111</b>	<b>\$ 14,601,200</b>	<b>\$ 41,387,767</b>	<b>\$ 42,787,571</b>

The overall decrease of \$1,399,804 is a result of depreciation expense of \$2,376,840 and disposals of \$7,000 (net of accumulated depreciation) exceeding capital outlays of \$984,036. 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, 2012 and 2011:

	Governmental Activities		Business-type Activities	
	2012	2011	2012	2011
Special assessment bonds	\$ 585,000	\$ 640,000	\$ 135,000	\$ 188,000
General obligation bonds	9,320,000	9,957,000	-	-
OWDA loans	-	-	1,267,148	1,315,204
Capital leases	213,810	134,754	48,078	58,928
<b>Total long-term obligations</b>	<b>\$ 10,118,810</b>	<b>\$ 10,731,754</b>	<b>\$ 1,450,226</b>	<b>\$ 1,562,132</b>

The long-term outstanding debt for the City of Tallmadge as of December 31, 2012 was \$11,569,036. This balance reflects \$720,000 in special assessment bonds, \$9,320,000 in general obligation bonds, \$1,267,148 in OWDA loans, and \$261,888 in capital lease obligations. This is a decrease in long-term debt of 5.90 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 \$29,892,942, and the total unvoted net debt limit at the 5.50 percent margin is \$20,515,376.

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**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED*

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

- The City prepared the annual budget using zero based budgeting for 2013. Most departments experienced slight growth in their departmental budgets.
- Employees received a 2% pay increase for 2013. Employees will continue to participate in paying a portion of hospitalization.
- On January 1, 2013, the City increased sewer rates to all City residents. Residents on sewer lines owned by the City received a 25% increase while residents serviced on sewer lines owned by Summit County received a 10% increase.

**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](mailto:sshanafelt@tallmadge-ohio.org).

BASIC  
FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF NET POSITION  
DECEMBER 31, 2012*

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 7,295,615	\$ 5,679,463	\$ 12,975,078
Receivables:			
Income taxes . . . . .	2,104,053	-	2,104,053
Real and other taxes . . . . .	2,308,508	-	2,308,508
Accounts . . . . .	105,151	1,468,075	1,573,226
Accrued interest . . . . .	19,250	-	19,250
Special assessments . . . . .	654,529	170,898	825,427
Intergovernmental . . . . .	1,430,650	-	1,430,650
Materials and supplies inventory . . . . .	163,185	99,436	262,621
Capital assets:			
Land and construction in progress . . . . .	3,057,643	392,352	3,449,995
Depreciable capital assets, net . . . . .	23,932,013	14,005,759	37,937,772
Total capital assets, net . . . . .	26,989,656	14,398,111	41,387,767
Total assets . . . . .	41,070,597	21,815,983	62,886,580
<b>Deferred outflows of resources:</b>			
Unamortized deferred charges on debt refunding	47,626	-	47,626
Total assets and deferred outflows of resources . .	41,118,223	21,815,983	62,934,206
<b>Liabilities:</b>			
Accounts payable . . . . .	246,505	28,484	274,989
Contracts payable . . . . .	441,530	119,881	561,411
Accrued wages and benefits payable . . . . .	153,034	11,707	164,741
Intergovernmental payable . . . . .	429,317	1,194,149	1,623,466
Accrued interest payable . . . . .	34,426	30,136	64,562
Long-term liabilities:			
Due within one year . . . . .	823,396	95,611	919,007
Due in more than one year . . . . .	10,057,514	1,380,061	11,437,575
Total liabilities . . . . .	12,185,722	2,860,029	15,045,751
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . .	2,172,357	-	2,172,357
Total liabilities and deferred inflows of resources.	14,358,079	2,860,029	17,218,108
<b>Net position:</b>			
Net investment in capital assets (see Note 2.U) .	17,813,396	12,947,885	29,828,740
Restricted for:			
Capital projects . . . . .	691,274	-	691,274
Other purposes:			
Fire/EMS levy . . . . .	220,612	-	220,612
Street maintenance . . . . .	1,231,369	-	1,231,369
State highway . . . . .	73,213	-	73,213
Community environment . . . . .	7,027	-	7,027
Law enforcement . . . . .	34,407	-	34,407
Unrestricted (see Note 2.U) . . . . .	6,688,846	6,008,069	13,629,456
Total net position . . . . .	\$ 26,760,144	\$ 18,955,954	\$ 45,716,098

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012*

	<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>
<b>Governmental activities:</b>				
General government . . . . .	\$ 3,266,514	\$ 407,030	\$ -	\$ -
Security of persons and property:				
Police . . . . .	3,537,529	11,083	5,472	-
Street lights . . . . .	148,496	-	-	-
Fire . . . . .	2,511,315	371,784	80,949	-
Public health and welfare . . . . .	59,265	1,824	36,279	-
Transportation . . . . .	3,763,869	57,466	1,230,631	-
Community environment . . . . .	148,111	35,799	-	10,000
Leisure time activity . . . . .	2,141,666	1,743,332	157,495	-
Interest and fiscal charges . . . . .	438,561	-	-	-
Total governmental activities . . . . .	<u>16,015,326</u>	<u>2,628,318</u>	<u>1,510,826</u>	<u>10,000</u>
<b>Business-type activities:</b>				
Sewer operating fund . . . . .	4,110,699	2,920,769	-	-
Water operating fund . . . . .	2,044,350	1,926,826	-	-
Storm water fund . . . . .	364,964	298,770	-	28,660
Total business-type activities . . . . .	<u>6,520,013</u>	<u>5,146,365</u>	<u>-</u>	<u>28,660</u>
Total primary government . . . . .	<u>\$ 22,535,339</u>	<u>\$ 7,774,683</u>	<u>\$ 1,510,826</u>	<u>\$ 38,660</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 position . . . . .	
<b>Net position at beginning of year (restated) . .</b>	
<b>Net position at end of year . . . . .</b>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,859,484)	\$ -	\$ (2,859,484)
(3,520,974)	-	(3,520,974)
(148,496)	-	(148,496)
(2,058,582)	-	(2,058,582)
(21,162)	-	(21,162)
(2,475,772)	-	(2,475,772)
(102,312)	-	(102,312)
(240,839)	-	(240,839)
(438,561)	-	(438,561)
<u>(11,866,182)</u>	<u>-</u>	<u>(11,866,182)</u>
-	(1,189,930)	(1,189,930)
-	(117,524)	(117,524)
-	(37,534)	(37,534)
<u>-</u>	<u>(1,344,988)</u>	<u>(1,344,988)</u>
<u>(11,866,182)</u>	<u>(1,344,988)</u>	<u>(13,211,170)</u>
681,542	-	681,542
1,251,523	-	1,251,523
97,127	-	97,127
8,685,855	-	8,685,855
1,854,900	-	1,854,900
39,407	-	39,407
94,128	15,119	109,247
<u>12,704,482</u>	<u>15,119</u>	<u>12,719,601</u>
838,300	(1,329,869)	(491,569)
<u>25,921,844</u>	<u>20,285,823</u>	<u>46,207,667</u>
<u>\$ 26,760,144</u>	<u>\$ 18,955,954</u>	<u>\$ 45,716,098</u>

**CITY OF TALLMADGE, OHIO**

*BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012*

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>	<u>Bond Retirement</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 5,062,056	\$ 320,590	\$ 1,038,551	\$ 47,224
Receivables:				
Income taxes . . . . .	2,104,053	-	-	-
Real and other taxes . . . . .	787,703	1,408,126	-	-
Accounts . . . . .	61,719	43,432	-	-
Accrued interest . . . . .	19,156	-	87	-
Special assessments . . . . .	13,609	-	55,920	585,000
Intergovernmental . . . . .	474,830	96,814	821,326	-
Materials and supplies inventory . . . . .	103,426	-	59,759	-
Total assets . . . . .	<u>\$ 8,626,552</u>	<u>\$ 1,868,962</u>	<u>\$ 1,975,643</u>	<u>\$ 632,224</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 74,410	\$ 12,445	\$ 159,650	\$ -
Contracts payable . . . . .	-	-	441,530	-
Accrued wages and benefits payable . . . . .	75,605	61,633	15,131	-
Compensated absences payable . . . . .	18,296	4,765	-	-
Intergovernmental payable . . . . .	246,767	93,281	12,896	-
Total liabilities . . . . .	<u>415,078</u>	<u>172,124</u>	<u>629,207</u>	<u>-</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . .	741,212	1,325,107	-	-
Delinquent property tax revenue not available . . .	46,491	83,019	-	-
Accrued interest not available . . . . .	16,226	-	74	-
Special assessments revenue not available . . . . .	13,609	-	55,920	585,000
Miscellaneous revenue not available . . . . .	6,032	-	-	-
Income tax revenue not available . . . . .	719,843	-	-	-
Intergovernmental nonexchange transactions . . .	373,199	96,814	258,895	-
Total deferred inflows of resources . . . . .	<u>1,916,612</u>	<u>1,504,940</u>	<u>314,889</u>	<u>585,000</u>
Total liabilities and deferred inflows of resources.	<u>2,331,690</u>	<u>1,677,064</u>	<u>944,096</u>	<u>585,000</u>
<b>Fund balances (see Note 18):</b>				
Nonspendable . . . . .	103,426	-	59,759	-
Restricted . . . . .	-	191,898	971,788	-
Assigned . . . . .	206,371	-	-	47,224
Unassigned (deficit) . . . . .	5,985,065	-	-	-
Total fund balances . . . . .	<u>6,294,862</u>	<u>191,898</u>	<u>1,031,547</u>	<u>47,224</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 8,626,552</u>	<u>\$ 1,868,962</u>	<u>\$ 1,975,643</u>	<u>\$ 632,224</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 827,194	\$ 7,295,615
-	2,104,053
112,679	2,308,508
-	105,151
7	19,250
-	654,529
37,680	1,430,650
-	163,185
<u>\$ 977,560</u>	<u>\$ 14,080,941</u>
\$ -	\$ 246,505
-	441,530
665	153,034
-	23,061
76,373	429,317
<u>77,038</u>	<u>1,293,447</u>
106,038	2,172,357
6,641	136,151
6	16,306
-	654,529
-	6,032
-	719,843
27,877	756,785
<u>140,562</u>	<u>4,462,003</u>
217,600	5,755,450
-	163,185
789,778	1,953,464
-	253,595
(29,818)	5,955,247
<u>759,960</u>	<u>8,325,491</u>
<u>\$ 977,560</u>	<u>\$ 14,080,941</u>

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**CITY OF TALLMADGE, OHIO**

*RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2012*

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<b>Total governmental fund balances</b>		\$	8,325,491
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			26,989,656
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	719,843	
Delinquent property taxes receivable		136,151	
Accounts receivable		6,032	
Intergovernmental receivable		756,785	
Special assessments receivable		654,529	
Accrued interest receivable		16,306	
Total		<u>2,289,646</u>	2,289,646
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(34,426)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.			47,626
Unamortized premiums (discounts) on bond issuances are not recognized in the funds.			(37,617)
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		(701,422)	
General obligation bonds payable		(9,320,000)	
Special assessment bonds payable		(585,000)	
Capital lease payable		(213,810)	
Total		<u>(10,820,232)</u>	(10,820,232)
<b>Net position of governmental activities</b>		\$	<u><u>26,760,144</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>	<u>Bond Retirement</u>
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 679,328	\$ 1,247,565	\$ -	\$ -
Municipal income taxes . . . . .	8,359,821	-	-	-
Intergovernmental . . . . .	1,918,447	196,128	1,330,161	-
Investment income . . . . .	29,313	-	131	-
Fines, licenses and permits . . . . .	403,752	-	-	-
Special assessments . . . . .	13,727	-	14,063	80,255
Charges for services . . . . .	1,750,240	371,784	62,985	-
Miscellaneous . . . . .	85,500	76,934	26,212	-
Total revenues . . . . .	<u>13,240,128</u>	<u>1,892,411</u>	<u>1,433,552</u>	<u>80,255</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	3,054,651	-	-	-
Security of persons and property:				
Police . . . . .	3,092,203	-	-	-
Street lights . . . . .	32,020	-	-	-
Fire . . . . .	-	2,519,721	-	-
Public health and welfare . . . . .	-	-	58,149	-
Transportation . . . . .	227,215	-	1,832,243	-
Community environment . . . . .	141,516	-	-	-
Leisure time activity . . . . .	1,547,470	-	252,437	-
Capital outlay . . . . .	186,403	192,373	779,820	-
Debt service:				
Principal retirement . . . . .	13,865	69,986	-	692,000
Interest and fiscal charges . . . . .	5,523	3,391	-	439,392
Total expenditures . . . . .	<u>8,300,866</u>	<u>2,785,471</u>	<u>2,922,649</u>	<u>1,131,392</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>4,939,262</u>	<u>(893,060)</u>	<u>(1,489,097)</u>	<u>(1,051,137)</u>
<b>Other financing sources (uses):</b>				
Capital lease transaction . . . . .	-	162,907	-	-
Transfers in . . . . .	-	724,400	1,770,000	1,030,000
Transfers (out) . . . . .	(4,335,205)	-	-	-
Total other financing sources (uses) . . . . .	<u>(4,335,205)</u>	<u>887,307</u>	<u>1,770,000</u>	<u>1,030,000</u>
Net change in fund balances . . . . .	604,057	(5,753)	280,903	(21,137)
<b>Fund balances at beginning of year . . . . .</b>	<u>5,690,805</u>	<u>197,651</u>	<u>750,644</u>	<u>68,361</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 6,294,862</u>	<u>\$ 191,898</u>	<u>\$ 1,031,547</u>	<u>\$ 47,224</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 96,811	\$ 2,023,704
-	8,359,821
92,817	3,537,553
11	29,455
9,503	413,255
-	108,045
-	2,185,009
18,215	206,861
<u>217,357</u>	<u>16,863,703</u>
-	3,054,651
332,397	3,424,600
-	32,020
1,797	2,521,518
-	58,149
45,770	2,105,228
-	141,516
-	1,799,907
78,852	1,237,448
-	775,851
-	448,306
<u>458,816</u>	<u>15,599,194</u>
<u>(241,459)</u>	<u>1,264,509</u>
-	162,907
810,805	4,335,205
-	(4,335,205)
<u>810,805</u>	<u>162,907</u>
569,346	1,427,416
190,614	6,898,075
<u>\$ 759,960</u>	<u>\$ 8,325,491</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, 2012*

<b>Net change in fund balances - total governmental funds</b>		\$ 1,427,416
<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	\$ 393,428	
Current year depreciation	<u>(1,583,143)</u>	
Total		(1,189,715)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales disposals, trade-ins, and donations) is to decrease net assets.		(7,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	326,034	
Real and other taxes	6,488	
Intergovernmental revenues	(271,960)	
Special assessments	(77,991)	
Investment income	9,952	
Other	<u>(2,600)</u>	
Total		(10,077)
Issuances of capital leases are reported as other financing sources in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		(162,907)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		775,851
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
Accrued interest payable	2,000	
Amortization of deferred amounts on refunding	(10,299)	
Amortization of bond premium	19,322	
Amortization of bond discount	<u>(1,278)</u>	
Total		9,745
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>(5,013)</u>
<b>Change in net position of governmental activities</b>		<u><u>\$ 838,300</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 699,148	\$ 696,543	\$ 679,328	\$ (17,215)
Municipal income taxes . . . . .	7,625,000	7,625,000	8,299,567	674,567
Intergovernmental. . . . .	1,465,076	1,465,076	1,975,180	510,104
Investment income. . . . .	38,500	38,500	27,375	(11,125)
Fines, licenses and permits . . . . .	370,000	370,000	403,882	33,882
Special assessments . . . . .	11,000	11,000	13,727	2,727
Charges for services. . . . .	1,774,300	1,774,300	1,750,834	(23,466)
Miscellaneous. . . . .	68,000	68,000	85,500	17,500
<b>Total revenues . . . . .</b>	<b>12,051,024</b>	<b>12,048,419</b>	<b>13,235,393</b>	<b>1,186,974</b>
<b>Expenditures:</b>				
Current:				
General government . . . . .	3,457,362	3,381,064	3,255,185	125,879
Security of persons and property . . . . .	3,321,303	3,282,354	3,204,935	77,419
Transportation . . . . .	281,868	279,126	232,479	46,647
Community environment . . . . .	136,346	171,161	169,298	1,863
Leisure time activity . . . . .	1,578,810	1,650,854	1,627,781	23,073
Capital outlay . . . . .	218,235	248,235	246,403	1,832
<b>Total expenditures . . . . .</b>	<b>8,993,924</b>	<b>9,012,794</b>	<b>8,736,081</b>	<b>276,713</b>
Excess of revenues over expenditures . . . . .	3,057,100	3,035,625	4,499,312	1,463,687
<b>Other financing sources (uses):</b>				
Advances in . . . . .	-	-	98,518	98,518
Transfers (out). . . . .	(3,433,723)	(4,233,723)	(4,233,723)	-
<b>Total other financing sources (uses) . . . . .</b>	<b>(3,433,723)</b>	<b>(4,233,723)</b>	<b>(4,135,205)</b>	<b>98,518</b>
Net change in fund balances . . . . .	(376,623)	(1,198,098)	364,107	1,562,205
<b>Fund balance at beginning of year . . . . .</b>	<b>3,991,418</b>	<b>3,991,418</b>	<b>3,991,418</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>377,912</b>	<b>377,912</b>	<b>377,912</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 3,992,707</b>	<b>\$ 3,171,232</b>	<b>\$ 4,733,437</b>	<b>\$ 1,562,205</b>

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 1,226,927	\$ 1,222,396	\$ 1,247,565	\$ 25,169
Intergovernmental . . . . .	201,000	201,000	196,128	(4,872)
Charges for services . . . . .	420,000	420,000	361,885	(58,115)
Miscellaneous . . . . .	16,000	16,000	21,834	5,834
Total revenues . . . . .	1,863,927	1,859,396	1,827,412	(31,984)
<b>Expenditures:</b>				
Current:				
Security of persons and property . . . . .	2,620,900	2,617,717	2,554,048	63,669
Capital outlay . . . . .	70,000	125,000	121,289	3,711
Total expenditures . . . . .	2,690,900	2,742,717	2,675,337	67,380
Excess of expenditures over revenues . . . . .	(826,973)	(883,321)	(847,925)	35,396
<b>Other financing sources:</b>				
Sale of capital assets . . . . .	-	-	55,100	55,100
Transfers in . . . . .	724,400	724,400	724,400	-
Total other financing sources . . . . .	724,400	724,400	779,500	55,100
Net change in fund balances . . . . .	(102,573)	(158,921)	(68,425)	90,496
<b>Fund balance at beginning of year . . . . .</b>	279,439	279,439	279,439	-
<b>Prior year encumbrances appropriated . . . . .</b>	50,622	50,622	50,622	-
<b>Fund balance at end of year . . . . .</b>	\$ 227,488	\$ 171,140	\$ 261,636	\$ 90,496

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental. . . . .	\$ 903,000	\$ 1,503,000	\$ 898,703	\$ (604,297)
Investment income . . . . .	900	900	125	(775)
Special assessments . . . . .	12,000	12,000	14,063	2,063
Charges for services. . . . .	55,000	55,000	62,985	7,985
Miscellaneous. . . . .	16,000	16,000	26,212	10,212
Total revenues . . . . .	<u>986,900</u>	<u>1,586,900</u>	<u>1,002,088</u>	<u>(584,812)</u>
<b>Expenditures:</b>				
Current:				
Public health and welfare. . . . .	76,988	76,894	61,423	15,471
Transportation . . . . .	1,575,026	1,569,153	1,323,583	245,570
Leisure time activity . . . . .	297,922	296,115	253,984	42,131
Capital outlay . . . . .	752,241	1,722,241	1,641,078	81,163
Total expenditures . . . . .	<u>2,702,177</u>	<u>3,664,403</u>	<u>3,280,068</u>	<u>384,335</u>
Excess of expenditures over revenues . . . . .	<u>(1,715,277)</u>	<u>(2,077,503)</u>	<u>(2,277,980)</u>	<u>(200,477)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	1,470,000	1,770,000	1,770,000	-
Total other financing sources. . . . .	<u>1,470,000</u>	<u>1,770,000</u>	<u>1,770,000</u>	<u>-</u>
Net change in fund balances . . . . .	(245,277)	(307,503)	(507,980)	(200,477)
<b>Fund balance at beginning of year. . . . .</b>	419,984	419,984	419,984	-
<b>Prior year encumbrances appropriated . . .</b>	180,950	180,950	180,950	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 355,657</u>	<u>\$ 293,431</u>	<u>\$ 92,954</u>	<u>\$ (200,477)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2012*

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer Operating</b>	<b>Water Operating</b>	<b>Storm Water</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 2,693,349	\$ 2,801,544	\$ 184,570	\$ 5,679,463
Receivables:				
Accounts . . . . .	851,263	522,505	94,307	1,468,075
Special assessments . . . . .	146,562	24,336	-	170,898
Materials and supplies inventory . . . . .	49,718	49,718	-	99,436
Total current assets . . . . .	<u>3,740,892</u>	<u>3,398,103</u>	<u>278,877</u>	<u>7,417,872</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress . . . . .	94,403	169,472	128,477	392,352
Depreciable capital assets, net . . . . .	4,623,636	6,350,511	3,031,612	14,005,759
Total capital assets, net . . . . .	<u>4,718,039</u>	<u>6,519,983</u>	<u>3,160,089</u>	<u>14,398,111</u>
Total assets . . . . .	<u>8,458,931</u>	<u>9,918,086</u>	<u>3,438,966</u>	<u>21,815,983</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable . . . . .	2,295	26,189	-	28,484
Contracts payable . . . . .	-	-	119,881	119,881
Accrued wages and benefits payable . . . . .	5,080	5,302	1,325	11,707
Intergovernmental payable . . . . .	942,236	249,334	2,579	1,194,149
Compensated absences payable . . . . .	1,771	1,771	-	3,542
Current portion of special assessment bonds payable . . . . .	30,000	-	-	30,000
Current portion of OWDA loans payable . . . . .	-	50,317	-	50,317
Current portion of capital lease obligations payable . . . . .	5,876	5,876	-	11,752
Accrued interest payable . . . . .	675	29,461	-	30,136
Total current liabilities . . . . .	<u>987,933</u>	<u>368,250</u>	<u>123,785</u>	<u>1,479,968</u>
Long-term liabilities:				
Compensated absences payable . . . . .	10,952	10,952	-	21,904
Special assessment bonds payable . . . . .	105,000	-	-	105,000
OWDA loans payable . . . . .	-	1,216,831	-	1,216,831
Capital lease obligations payable . . . . .	18,163	18,163	-	36,326
Total long-term liabilities . . . . .	<u>134,115</u>	<u>1,245,946</u>	<u>-</u>	<u>1,380,061</u>
Total liabilities . . . . .	<u>1,122,048</u>	<u>1,614,196</u>	<u>123,785</u>	<u>2,860,029</u>
<b>Net position:</b>				
Net investment in capital assets . . . . .	4,559,000	5,228,796	3,160,089	12,947,885
Unrestricted . . . . .	2,777,883	3,075,094	155,092	6,008,069
Total net position . . . . .	<u>\$ 7,336,883</u>	<u>\$ 8,303,890</u>	<u>\$ 3,315,181</u>	<u>\$ 18,955,954</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer Operating</b>	<b>Water Operating</b>	<b>Storm Water</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 2,920,769	\$ 1,926,826	\$ 298,770	\$ 5,146,365
Other operating revenues . . . . .	4,152	7,199	-	11,351
Total operating revenues. . . . .	<u>2,924,921</u>	<u>1,934,025</u>	<u>298,770</u>	<u>5,157,716</u>
<b>Operating expenses:</b>				
Personal services . . . . .	371,929	365,772	183,172	920,873
Contract services. . . . .	3,438,796	1,215,572	27,709	4,682,077
Materials and supplies. . . . .	12,755	21,534	-	34,289
Depreciation. . . . .	220,438	297,495	152,464	670,397
Other . . . . .	53,286	82,499	1,619	137,404
Total operating expenses. . . . .	<u>4,097,204</u>	<u>1,982,872</u>	<u>364,964</u>	<u>6,445,040</u>
Operating loss . . . . .	<u>(1,172,283)</u>	<u>(48,847)</u>	<u>(66,194)</u>	<u>(1,287,324)</u>
<b>Nonoperating revenues (expenses):</b>				
Interest and fiscal charges . . . . .	(13,495)	(61,478)	-	(74,973)
Special assessments . . . . .	-	3,768	-	3,768
Total nonoperating revenues (expenses). . . . .	<u>(13,495)</u>	<u>(57,710)</u>	<u>-</u>	<u>(71,205)</u>
Loss before contributions . . . . .	(1,185,778)	(106,557)	(66,194)	(1,358,529)
Capital contributions . . . . .	-	-	28,660	28,660
Change in net position . . . . .	(1,185,778)	(106,557)	(37,534)	(1,329,869)
<b>Net position at beginning of year. . . . .</b>	<u>8,522,661</u>	<u>8,410,447</u>	<u>3,352,715</u>	<u>20,285,823</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 7,336,883</u>	<u>\$ 8,303,890</u>	<u>\$ 3,315,181</u>	<u>\$ 18,955,954</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, 2012*

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer Operating</b>	<b>Water Operating</b>	<b>Storm Water</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers . . . . .	\$ 3,036,540	\$ 2,002,131	\$ 318,369	\$ 5,357,040
Cash received from other operations . . . . .	4,152	7,199	-	11,351
Cash payments for personal services . . . . .	(680,358)	(389,678)	(189,129)	(1,259,165)
Cash payments for contractual services . . . . .	(2,860,691)	(1,158,481)	(27,709)	(4,046,881)
Cash payments for materials and supplies . . . . .	(29,509)	(38,289)	-	(67,798)
Cash payments for other expenses . . . . .	(53,286)	(82,499)	(1,619)	(137,404)
Net cash provided by (used in) operating activities . . . . .	<u>(583,152)</u>	<u>340,383</u>	<u>99,912</u>	<u>(142,857)</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets . . . . .	(178,221)	(134,099)	(6,447)	(318,767)
Special assessments . . . . .	42,980	37,028	-	80,008
Principal retirement on special assessment bonds . . . . .	(44,338)	(8,662)	-	(53,000)
Principal retirement on OWDA loans . . . . .	-	(48,056)	-	(48,056)
Principal retirement on capital lease obligations . . . . .	(5,425)	(5,425)	-	(10,850)
Interest and fiscal charges . . . . .	(13,729)	(62,640)	-	(76,369)
Net cash used in capital and related financing activities . . . . .	<u>(198,733)</u>	<u>(221,854)</u>	<u>(6,447)</u>	<u>(427,034)</u>
Net increase (decrease) in cash and cash equivalents . . . . .	(781,885)	118,529	93,465	(569,891)
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>3,475,234</b>	<b>2,683,015</b>	<b>91,105</b>	<b>6,249,354</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b><u>\$ 2,693,349</u></b>	<b><u>\$ 2,801,544</u></b>	<b><u>\$ 184,570</u></b>	<b><u>\$ 5,679,463</u></b>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>				
Operating loss . . . . .	\$ (1,172,283)	\$ (48,847)	\$ (66,194)	\$ (1,287,324)
Adjustments:				
Depreciation . . . . .	220,438	297,495	152,464	670,397
Changes in assets and liabilities:				
(Increase) in materials and supplies inventory . . . . .	(16,754)	(16,755)	-	(33,509)
Decrease in accounts receivable . . . . .	115,771	75,305	19,599	210,675
Increase (decrease) in accounts payable . . . . .	(38,813)	9,033	-	(29,780)
Increase (decrease) in accrued wages and benefits . . . . .	1,324	1,415	(1,468)	1,271
Increase (decrease) in intergovernmental payable . . . . .	308,459	24,029	(4,489)	327,999
(Decrease) in compensated absences payable . . . . .	(1,294)	(1,292)	-	(2,586)
Net cash provided by (used in) operating activities . . . . .	<u>\$ (583,152)</u>	<u>\$ 340,383</u>	<u>\$ 99,912</u>	<u>\$ (142,857)</u>

**Non-Cash Transactions:**

The sewer operating fund received transfers in of capital assets from governmental activities with a cost and accumulated depreciation of \$123,300.

The storm water fund received capital contributions of \$28,660 from governmental activities during 2012.

At December 31, 2012, the City had contracts payable related to the acquisition of capital assets of \$119,881 in the storm water fund.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF TALLMADGE, OHIO

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2012

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	<u>Private-Purpose Trust</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 39,058	\$ 232,205
Receivables:		
Income taxes. . . . .	-	76,908
Accrued interest . . . . .	<u>57</u>	<u>-</u>
Total assets . . . . .	<u>39,115</u>	<u>309,113</u>
<b>Liabilities:</b>		
Deposits held and due to others . . . . .	<u>-</u>	<u>\$ 309,113</u>
Total liabilities. . . . .	<u>-</u>	<u>\$ 309,113</u>
<b>Net position:</b>		
Held in trust . . . . .	<u>39,115</u>	
Total net position . . . . .	<u>\$ 39,115</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF TALLMADGE, OHIO**

*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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	<u>Private-Purpose Trust</u>
<b>Additions:</b>	
Investment income . . . . .	\$ 114
Gifts and contributions . . . . .	1,500
Total additions . . . . .	<u>1,614</u>
<b>Deductions:</b>	
Expense per trust agreement . . . . .	<u>1,315</u>
Total deductions . . . . .	<u>1,315</u>
Change in net position . . . . .	299
<b>Net position at beginning of year . . . . .</b>	<u>38,816</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 39,115</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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## CITY OF TALLMADGE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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#### NOTE 1 - DESCRIPTION OF THE CITY

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

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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

The statement of net position 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.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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**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 position, 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 position and changes in net position. 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.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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

**D. Measurement Focus**

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

*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 position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. 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 inflows and outflows, 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.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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

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

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

***Deferred Inflows of Resources and Deferred Outflows of Resources*** - A deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance year 2013 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows. 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, 2012, are recorded as deferred inflows in governmental funds.

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

***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.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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**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 2012, 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, 2012.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2012 amounted to \$29,313, which includes \$18,445 assigned from other City funds.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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**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 position, 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 position 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.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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**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, 2012, 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, 2012.

**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 and capital leases are recognized as a liability on the governmental fund financial statements when due.

**M. Unamortized Bond Premiums and Discounts/Accounting Gain or Loss**

Bond premiums and discounts are amortized 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 a deferred outflow.

On the governmental fund financial statements, bond premiums, bond discounts, and deferred charges from refunding are recognized in the current period.

**N. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The City had no interfund balances outstanding at December 31, 2012.



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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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

**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 2012.

**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.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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

*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.

**T. Net Position**

Net position represents the difference between assets plus deferred outflows less liabilities less deferred inflows. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on the use of resources 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 position are available.

**U. Total Column**

A total column is presented on the entity-wide statement of net position and statement of activities. The storm water improvement refunding bonds, net of unamortized deferred charges and bond issue premium of \$37,769 and \$10,310, respectively, have been included in net investment in capital assets in the total column on the statement of net position. The storm water improvement refunding bonds have been excluded from net investment in capital assets in the governmental activities and the business-type activities on the statement of net position.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For 2012, the City has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the City.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the City.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows or resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the City's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 had the following effect on the financial statements of the City:

	<u>Governmental Activities</u>
Net assets as previously reported	\$ 26,079,368
Removal of unamortized bond issuance costs	<u>(157,524)</u>
Net position at January 1, 2012	<u>\$ 25,921,844</u>

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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

**B. Deficit Fund Balance**

Fund balances at December 31, 2012 included the following individual fund deficit:

<u>Nonmajor governmental fund</u>	<u>Deficit</u>
Police pension	\$ 29,818

The general fund is liable for the deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance 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;

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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**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, 2012, the carrying amount of all City deposits was \$13,208,366. As of December 31, 2012, \$6,060,885 of the City's bank balance of \$13,300,447 was exposed to custodial risk as discussed below, while \$7,239,562 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.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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

**B. Investments**

As of December 31, 2012, 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	\$ 37,975	\$ 37,975

*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, 2012:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 37,975	100.00%

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

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 position as of December 31, 2012:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 13,208,366
Investments	<u>37,975</u>
Total	<u>\$ 13,246,341</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 7,295,615
Business type activities	5,679,463
Private-purpose trust fund	39,058
Agency funds	<u>232,205</u>
Total	<u>\$ 13,246,341</u>

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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**NOTE 5 - INTERFUND TRANSACTIONS**

Transfers consist of \$724,400 to the fire/EMS levy special revenue fund, \$1,770,000 to the street maintenance and repair special revenue fund, \$1,030,000 to the bond retirement fund, \$500,000 to the general infrastructure reserve fund and \$209,323 to the police pension special revenue fund.

During 2012, the general fund transferred funds in the amount of \$101,482, to the Northeast Avenue Roundabout capital projects fund to close out the project and the fund.

<u>Major funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 4,335,205
Fire/EMS levy	724,400	-
Street maintenance and repair	1,770,000	-
Bond retirement	1,030,000	-
Total major funds	<u>3,524,400</u>	<u>4,335,205</u>
<u>Nonmajor governmental funds</u>		
Northeast Avenue roundabout	101,482	-
General infrastructure reserve	500,000	-
Police pension	209,323	-
Total nonmajor governmental funds	<u>810,805</u>	<u>-</u>
Total	<u>\$ 4,335,205</u>	<u>\$ 4,335,205</u>

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2012, 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 \$525,000 in the bond retirement fund. The City had no material outstanding delinquencies at December 31, 2012.

**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.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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

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. 2012 public utility property taxes became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 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, 2012 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 2012 operations and the collection of delinquent taxes has been offset by a deferred inflow 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 reported as a deferred inflow.

The full tax rate for all City operations for the year ended December 31, 2012 was \$6.15 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2012 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 304,053,480
Commercial/industrial/mineral	64,589,370
Public utility	
Real	10,880
Personal	<u>4,353,110</u>
Total assessed value	<u>\$ 373,006,840</u>

**B. Municipal Income Taxes**

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

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



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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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

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 1.00% 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	\$ 221,991
Homestead and rollback	159,593
Inheritance tax	186,450
Miscellaneous	11,325
Permissive tax	10,228
Auto license tax	77,977
Gas tax and municipal cents per gallon tax	321,556
Ohio Department of Transportation	441,530
Total	<u>\$ 1,430,650</u>

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance			Balance
<b><u>Governmental activities:</u></b>	<u>12/31/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/12</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>77,500</u>	<u>10,566</u>	<u>-</u>	<u>88,066</u>
Total capital assets, not being depreciated	<u>3,047,077</u>	<u>10,566</u>	<u>-</u>	<u>3,057,643</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	17,668,329	-	-	17,668,329
Equipment	8,039,060	382,862	(369,187)	8,052,735
Infrastructure - streets subsystem	<u>20,874,817</u>	<u>-</u>	<u>-</u>	<u>20,874,817</u>
Total capital assets, being depreciated	<u>46,582,206</u>	<u>382,862</u>	<u>(369,187)</u>	<u>46,595,881</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(5,221,762)	(493,034)	-	(5,714,796)
Equipment	(6,576,040)	(323,091)	362,187	(6,536,944)
Infrastructure - streets subsystem	<u>(9,645,110)</u>	<u>(767,018)</u>	<u>-</u>	<u>(10,412,128)</u>
Total accumulated depreciation	<u>(21,442,912)</u>	<u>(1,583,143)</u>	<u>362,187</u>	<u>(22,663,868)</u>
Total capital assets, being depreciated, net	<u>25,139,294</u>	<u>(1,200,281)</u>	<u>(7,000)</u>	<u>23,932,013</u>
Governmental activities capital assets, net	<u>\$ 28,186,371</u>	<u>\$(1,189,715)</u>	<u>\$ (7,000)</u>	<u>\$ 26,989,656</u>

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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

Depreciation expense was charged to governmental activities as follows:

General government	\$ 184,904
Security of persons and property - police	113,393
Security of persons and property - fire	116,476
Public health and welfare	1,116
Transportation	828,388
Community environment	5,021
Leisure time activity	<u>333,845</u>
Total depreciation expense	<u>\$ 1,583,143</u>

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance			Balance
<b><u>Business-type activities:</u></b>	<u>12/31/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/12</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 375,519	\$ -	\$ -	\$ 375,519
Construction in progress	<u>300,900</u>	<u>16,833</u>	<u>(300,900)</u>	<u>16,833</u>
Total capital assets, not being depreciated	<u>676,419</u>	<u>16,833</u>	<u>(300,900)</u>	<u>392,352</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	2,163,058	-	-	2,163,058
Equipment	1,148,668	153,031	(13,394)	1,288,305
Infrastructure				
Water lines	9,527,758	405,524	-	9,933,282
Sewer lines	8,824,383	165,579	-	8,989,962
Storm sewer subsystem	<u>4,495,246</u>	<u>150,541</u>	<u>-</u>	<u>4,645,787</u>
Total capital assets, being depreciated	<u>26,159,113</u>	<u>874,675</u>	<u>(13,394)</u>	<u>27,020,394</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(999,783)	(61,757)	-	(1,061,540)
Equipment	(825,109)	(194,707)	13,394	(1,006,422)
Infrastructure				
Water lines	(4,440,272)	(204,672)	-	(4,644,944)
Sewer lines	(4,503,010)	(180,208)	-	(4,683,218)
Storm sewer subsystem	<u>(1,466,158)</u>	<u>(152,353)</u>	<u>-</u>	<u>(1,618,511)</u>
Total accumulated depreciation	<u>(12,234,332)</u>	<u>(793,697)</u>	<u>13,394</u>	<u>(13,014,635)</u>
Total capital assets, being depreciated, net	<u>13,924,781</u>	<u>80,978</u>	<u>-</u>	<u>14,005,759</u>
Business-type activities capital assets, net	<u>\$ 14,601,200</u>	<u>\$ 97,811</u>	<u>\$ (300,900)</u>	<u>\$ 14,398,111</u>

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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

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

Sewer operating	\$ 220,438
Water operating	297,495
Storm water	<u>152,464</u>
Total depreciation expense	<u>\$ 670,397</u>

**NOTE 8 - CAPITAL LEASES**

In 2012 and in prior years, the City entered into capital leases for two ambulances and telephone equipment. The capital leases for the ambulances 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 2012, the capital lease for one ambulance was paid in full. 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	\$ 273,766	\$ 62,358
Less: accumulated depreciation	<u>(40,045)</u>	<u>(18,707)</u>
Total	<u>\$ 233,721</u>	<u>\$ 43,651</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, 2012:

<u>Year Ended</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2013	\$ 61,545	\$ 15,173	\$ 76,718
2014	61,545	15,173	76,718
2015	61,545	15,173	76,718
2016	<u>53,555</u>	<u>10,114</u>	<u>63,669</u>
Total	238,190	55,633	293,823
Less: amount representing interest	<u>(24,380)</u>	<u>(7,555)</u>	<u>(31,935)</u>
Present value of net minimum lease payments	<u>\$ 213,810</u>	<u>\$ 48,078</u>	<u>\$ 261,888</u>

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

**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, 2012 are as follows:

	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity Date</u>
<u>Special assessment bonds</u>			
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>			
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 12/31/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/12</u>	<u>Amounts Due in One Year</u>
<b>Business-type activities:</b>					
<u>Special assessment bonds</u>					
1992 Southwest sanitary sewer and water	\$ 23,000	\$ -	\$ (23,000)	\$ -	
1996 Northwest quad sanitary sewer	165,000	-	(30,000)	135,000	30,000
Total special assessment bonds	188,000	-	(53,000)	135,000	30,000
OWDA loan - Northeast water system	1,315,204	-	(48,056)	1,267,148	50,317
Capital lease	58,928	-	(10,850)	48,078	11,752
Compensated absences	28,032	3,542	(6,128)	25,446	3,542
Total business-type activities					
Long-term obligations	<u>\$ 1,590,164</u>	<u>\$ 3,542</u>	<u>\$ (118,034)</u>	<u>\$ 1,475,672</u>	<u>\$ 95,611</u>

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/12</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<b>Governmental activities:</b>					
<u>General obligation bonds</u>					
1992 Tallmadge woods	\$ 42,000	\$ -	\$ (42,000)	\$ -	
2001 City building improvement	1,330,000	-	(105,000)	1,225,000	110,000
2006 Various purpose refunding	385,000	-	(90,000)	295,000	95,000
2006 Recreation center	3,325,000	-	(105,000)	3,220,000	110,000
2010 Storm water improvement refunding	1,105,000	-	(145,000)	960,000	150,000
2010 Recreation various improvement	<u>3,770,000</u>	<u>-</u>	<u>(150,000)</u>	<u>3,620,000</u>	<u>155,000</u>
 Total general obligation bonds	 <u>9,957,000</u>	 <u>-</u>	 <u>(637,000)</u>	 <u>9,320,000</u>	 <u>620,000</u>
 <u>Special assessment bonds</u>					
2000 West avenue street improvement	<u>640,000</u>	<u>-</u>	<u>(55,000)</u>	<u>585,000</u>	<u>60,000</u>
 <u>Other long-term obligations</u>					
Capital lease	134,754	162,907	(83,851)	213,810	51,542
Compensated absences	<u>737,396</u>	<u>100,688</u>	<u>(113,601)</u>	<u>724,483</u>	<u>91,854</u>
 Total governmental activities Long-term obligations	 <u>\$ 11,469,150</u>	 <u>\$ 263,595</u>	 <u>\$ (889,452)</u>	 <u>\$ 10,843,293</u>	 <u>\$ 823,396</u>
 Add: Unamortized premium on bond issue				61,157	
Less: Unamortized discount on bond issue				<u>(23,540)</u>	
 Total reported on statement of net position				 <u>\$ 10,880,910</u>	

Special Assessment Bonds Payable:

Southwest sanitary sewer and water is a petitioned sewer and water project which was assessed over a twenty year period. This was paid from the water and sewer operating funds and the final principal and interest payments were made during 2012.

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

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

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

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

*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 \$1,847,238. Principal and interest paid for the current year was \$108,661, total net revenues were \$248,648 and total revenues were \$1,934,025.

*1992 Tallmadge Woods Bonds Payable:*

On June 25, 1992, the City issued \$852,000 in general obligation Tallmadge woods bonds. These bonds bore an interest rate of 6.930% and matured on 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. The unamortized deferred charges are reported as a deferred outflow on the statement of net position.

*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.

*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.



**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

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. The unamortized deferred charges are reported as a deferred outflow on the statement of net position.

*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 consist of the purchase of two ambulances and telephone equipment 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.

As of December 31, 2012, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$29,892,942 and the unvoted legal debt margin was \$20,515,376. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2012 are as follows:

Year Ended	Governmental Activities					
	General Obligation Bonds			West Avenue Special Assessment		
	Principal	Interest	Total	Principal	Interest	Total
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	600,000	294,675	894,675	75,000	19,800	94,800
2018 - 2022	2,465,000	1,122,974	3,587,974	255,000	32,100	287,100
2023 - 2027	2,055,000	645,514	2,700,514	-	-	-
2028 - 2031	1,710,000	171,275	1,881,275	-	-	-
Total	<u>\$ 9,320,000</u>	<u>\$ 3,628,826</u>	<u>\$ 12,948,826</u>	<u>\$ 585,000</u>	<u>\$ 170,400</u>	<u>\$ 755,400</u>

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

Year Ended	Special Assessment Debt			Business-type Activities OWDA Loan		
	Principal	Interest	Total	Principal	Interest	Total
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	-	-	-	60,474	48,187	108,661
2018 - 2022	-	-	-	347,813	195,492	543,305
2023 - 2027	-	-	-	437,687	105,619	543,306
2028 - 2029	-	-	-	205,254	12,068	217,322
Total	<u>\$ 135,000</u>	<u>\$ 20,700</u>	<u>\$ 155,700</u>	<u>\$ 1,267,148</u>	<u>\$ 580,090</u>	<u>\$ 1,847,238</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 2012, the City contracted with Selective Insurance of South Carolina for general liability, automobile, firefighters, errors and omissions, and law enforcement and public officials for the policy period covering January 1, 2012 through December 31, 2012. Travelers Insurance Company 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 America 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 employee dishonesty limit with \$50,000 faithful performance of duty.

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.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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**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.

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 2012, member and contribution rates were consistent across all three plans. The 2012 member contribution rates were 10.00% for members. The City's contribution rate for 2012 was 14.00% of covered payroll.

The City's contribution rate for pension benefits for members in the Traditional Plan for 2012 was 10.00%. The City's contribution rate for pension benefits for members in the Combined Plan for 2012 was 7.95%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$377,604, \$375,078, and \$336,497, respectively; 97.89% has been contributed for 2012 and 100% has been contributed for 2011 and 2010. The remaining 2012 pension liability has been reported as intergovernmental payable on the basic financial statements. Contributions to the member-directed plan for 2012 were \$9,700 made by the City and \$6,929 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 or by visiting the website at [www.op-f.org](http://www.op-f.org).

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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**NOTE 11 - PENSION PLANS - (Continued)**

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 2012, 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 \$205,395 and \$166,385 for the year ended December 31, 2012, \$213,092 and \$161,837 for the year ended December 31, 2011, and \$214,275 and \$162,917 for the year ended December 31, 2010. The full amount has been contributed for 2011 and 2010. 75.88% has been contributed for police and 75.29% has been contributed for firefighters for 2012. The remaining 2012 pension liability has been reported as due to other governments/pension obligation payable on the basic financial statements.

**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.

Funding Policy - The post-employment healthcare plan was established under, and is administered 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 2012, local government employers contributed 14.00% of covered payroll. 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 2012 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2012 was 6.05%.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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**NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

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, 2012, 2011, and 2010 were \$152,359, \$151,178, and \$191,655, respectively; 97.89% has been contributed for 2012 and 100% has been contributed for 2011 and 2010. The remaining 2012 post-employment health care benefits liability has been reported as due to other governments/pension obligation payable on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**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 or by visiting the website at [www.op-f.org](http://www.op-f.org).

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.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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**NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is 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, 2012, 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 \$108,665 and \$65,026 for the year ended December 31, 2012, \$112,737 and \$63,249 for the year ended December 31, 2011, and \$113,362 and \$63,672 for the year ended December 31, 2010. The full amount has been contributed for 2011 and 2010. 75.88% has been contributed for police and 75.29% has been contributed for firefighters for 2012. The remaining 2012 post-employment health care benefits liability has been reported as intergovernmental payable on the basic financial statements.

**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.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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

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.

**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, 2012*

**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	\$ 364,107	\$ (68,425)	\$ (507,980)
Net adjustment for revenue accruals	4,735	64,999	431,464
Net adjustment for expenditure accruals	108,608	(169,088)	(588,169)
Net adjustment for other sources/uses	(200,000)	107,807	-
Adjustment for encumbrances	<u>326,607</u>	<u>58,954</u>	<u>945,588</u>
GAAP basis	<u>\$ 604,057</u>	<u>\$ (5,753)</u>	<u>\$ 280,903</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.

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 208 municipalities throughout the State of Ohio. The City began using RITA for its income tax collection services in December 2009.



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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)**

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 2012, the City contributed \$3,124 to the Akron Metropolitan Area Transportation Study, which represents the City's formula share.

**NOTE 16 - CONTRACTUAL COMMITMENTS**

On December 31, 2012, the City had a total of \$942,771 in contractual commitments. These included \$194,445 to Perrin Asphalt for Newton Street Paving Project, \$239,770 to Perrin Asphalt for the Northwest Avenue Paving Project, \$117,695 to Perrin Asphalt for South Thomas Road Paving Project, \$270,000 to URS for the North Avenue Improvement Project and \$120,859 to Kenmore Construction of the Southeast Avenue Improvements 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, 2012.

**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, 2012*

**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	\$ 103,426	\$ -	\$ 59,759	\$ -	\$ -	\$ 163,185
Total nonspendable	<u>103,426</u>	<u>-</u>	<u>59,759</u>	<u>-</u>	<u>-</u>	<u>163,185</u>
Restricted:						
Security of persons and property	-	-	-	-	-	-
Police	-	-	-	-	34,407	34,407
Fire	-	191,898	-	-	4,025	195,923
Transportation	-	-	971,788	-	53,045	1,024,833
Community environment	-	-	-	-	7,027	7,027
Capital outlay	-	-	-	-	691,274	691,274
Total restricted	<u>-</u>	<u>191,898</u>	<u>971,788</u>	<u>-</u>	<u>789,778</u>	<u>1,953,464</u>
Assigned:						
General government	123,488	-	-	-	-	123,488
Security of persons and property	-	-	-	-	-	-
Police	20,947	-	-	-	-	20,947
Leisure time activities	58,946	-	-	-	-	58,946
Transportation	2,314	-	-	-	-	2,314
Community environment	676	-	-	-	-	676
Debt service	-	-	-	47,224	-	47,224
Total assigned	<u>206,371</u>	<u>-</u>	<u>-</u>	<u>47,224</u>	<u>-</u>	<u>253,595</u>
Unassigned (deficit)	<u>5,985,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,818)</u>	<u>5,955,247</u>
Total fund balances	<u>\$ 6,294,862</u>	<u>\$ 191,898</u>	<u>\$ 1,031,547</u>	<u>\$ 47,224</u>	<u>\$ 759,960</u>	<u>\$ 8,325,491</u>

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

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**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>	Year-End <u>Encumbrances</u>
General fund	\$ 206,369
Fire/EMS levy fund	50,278
Street maintenance and repair fund	325,614
Other governmental	<u>11,498</u>
Total	<u>\$ 593,759</u>

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COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

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**CITY OF TALLMADGE, OHIO**

*INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS*

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**GENERAL FUND**

The general fund 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.

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**CITY OF TALLMADGE, OHIO**

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

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**Nonmajor Special Revenue Funds (Continued)**

***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.

***K-9 Unit Donation Fund***

To account for donations received for the City's K-9 unit.

***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 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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes				
Personal property . . . . .	\$ -	\$ -	\$ 49	\$ 49
Real estate (public utility) . . . . .	699,148	696,543	679,279	(17,264)
Municipal income taxes . . . . .	7,625,000	7,625,000	8,299,567	674,567
Intergovernmental				
Local government . . . . .	652,576	652,576	652,576	-
Rollback . . . . .	100,000	100,000	110,129	10,129
Inheritance . . . . .	300,000	300,000	704,060	404,060
JEDD income taxes . . . . .	375,000	375,000	468,173	93,173
Miscellaneous . . . . .	37,500	37,500	40,242	2,742
Investment income . . . . .	38,500	38,500	27,375	(11,125)
Fines, licenses and permits . . . . .	370,000	370,000	403,882	33,882
Special assessments. . . . .	11,000	11,000	13,727	2,727
Charges for services . . . . .	1,774,300	1,774,300	1,750,834	(23,466)
Miscellaneous. . . . .	68,000	68,000	85,500	17,500
Total revenues. . . . .	<u>12,051,024</u>	<u>12,048,419</u>	<u>13,235,393</u>	<u>1,186,974</u>
<b>Expenditures:</b>				
Current:				
General government				
Mayor/Administration				
Personnel . . . . .	497,898	497,898	474,243	23,655
Operating . . . . .	87,750	84,522	82,696	1,826
Total Mayor/Administration. . . . .	<u>585,648</u>	<u>582,420</u>	<u>556,939</u>	<u>25,481</u>
Finance Director				
Personnel . . . . .	490,387	490,387	477,204	13,183
Operating . . . . .	218,331	218,288	215,216	3,072
Total Finance Director. . . . .	<u>708,718</u>	<u>708,675</u>	<u>692,420</u>	<u>16,255</u>
Law Director				
Personnel . . . . .	300,220	300,220	258,306	41,914
Operating . . . . .	152,657	117,805	116,601	1,204
Total Law Director. . . . .	<u>452,877</u>	<u>418,025</u>	<u>374,907</u>	<u>43,118</u>
Service Director				
Personnel . . . . .	140,668	140,668	134,519	6,149
Operating . . . . .	77,121	74,810	74,706	104
Total Service Director . . . . .	<u>217,789</u>	<u>215,478</u>	<u>209,225</u>	<u>6,253</u>
Manager of Information Service				
Personnel . . . . .	79,446	81,446	80,950	496
Operating . . . . .	201,159	199,393	198,456	937
Total Manager of Information Service. . . . .	<u>280,605</u>	<u>280,839</u>	<u>279,406</u>	<u>1,433</u>
Council				
Personnel . . . . .	181,065	181,065	177,389	3,676
Operating . . . . .	12,112	12,112	11,119	993
Total Council . . . . .	<u>193,177</u>	<u>193,177</u>	<u>188,508</u>	<u>4,669</u>

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**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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civil Service				
Personnel . . . . .	\$ 25,018	\$ 25,018	\$ 24,739	\$ 279
Operating . . . . .	2,000	2,000	1,125	875
Total Civil Service . . . . .	27,018	27,018	25,864	1,154
Custodian				
Personnel . . . . .	65,768	68,768	67,981	787
Operating . . . . .	165,903	160,631	143,862	16,769
Total Custodian . . . . .	231,671	229,399	211,843	17,556
General Administration				
Operating . . . . .	730,050	697,526	696,730	796
Total General Administration . . . . .	730,050	697,526	696,730	796
Boards and Commissions				
Personnel . . . . .	5,000	5,000	2,788	2,212
Operating . . . . .	1,000	1,000	17	983
Total Boards and Commissions . . . . .	6,000	6,000	2,805	3,195
Historical Church				
Personnel . . . . .	9,800	9,800	9,502	298
Operating . . . . .	14,009	12,707	7,036	5,671
Total Historical Church . . . . .	23,809	22,507	16,538	5,969
Total general government . . . . .	3,457,362	3,381,064	3,255,185	125,879
Security of persons and property				
Police				
Personnel . . . . .	2,485,705	2,464,763	2,398,737	66,026
Operating . . . . .	799,306	781,299	773,648	7,651
Total Police . . . . .	3,285,011	3,246,062	3,172,385	73,677
Street lighting				
Operating . . . . .	36,292	36,292	32,550	3,742
Total Street lighting . . . . .	36,292	36,292	32,550	3,742
Total security of persons and property . . . . .	3,321,303	3,282,354	3,204,935	77,419
Transportation				
Garage				
Personnel . . . . .	183,149	183,143	163,674	19,469
Operating . . . . .	98,719	95,983	68,805	27,178
Total transportation . . . . .	281,868	279,126	232,479	46,647
Community environment				
Zoning				
Personnel . . . . .	117,058	152,058	150,277	1,781
Operating . . . . .	19,288	19,103	19,021	82
Total Zoning . . . . .	136,346	171,161	169,298	1,863
Total community environment . . . . .	136,346	171,161	169,298	1,863

- 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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Leisure time activity				
Community Center				
Personnel . . . . .	\$ 13,255	\$ 13,255	\$ 11,667	\$ 1,588
Operating . . . . .	54,160	58,298	54,357	3,941
Total Community Center . . . . .	<u>67,415</u>	<u>71,553</u>	<u>66,024</u>	<u>5,529</u>
Recreation Center				
Personnel . . . . .	729,402	805,402	793,738	11,664
Operating . . . . .	583,388	579,313	578,608	705
Total Recreation Center . . . . .	<u>1,312,790</u>	<u>1,384,715</u>	<u>1,372,346</u>	<u>12,369</u>
Maca Pool				
Personnel . . . . .	119,212	119,212	115,876	3,336
Operating . . . . .	79,393	75,374	73,535	1,839
Total Maca Pool . . . . .	<u>198,605</u>	<u>194,586</u>	<u>189,411</u>	<u>5,175</u>
Total leisure time activity . . . . .	<u>1,578,810</u>	<u>1,650,854</u>	<u>1,627,781</u>	<u>23,073</u>
Capital outlay				
Police equipment . . . . .	98,235	128,235	126,403	1,832
Recreation equipment . . . . .	120,000	120,000	120,000	-
Total capital outlay . . . . .	<u>218,235</u>	<u>248,235</u>	<u>246,403</u>	<u>1,832</u>
Total expenditures . . . . .	<u>8,993,924</u>	<u>9,012,794</u>	<u>8,736,081</u>	<u>276,713</u>
Excess of revenues over expenditures . . . . .	<u>3,057,100</u>	<u>3,035,625</u>	<u>4,499,312</u>	<u>1,463,687</u>
<b>Other financing sources (uses):</b>				
Advances in - Northeast Avenue Roundabout	-	-	98,518	98,518
Transfers out				
Police pension . . . . .	(209,323)	(209,323)	(209,323)	-
Fire/EMS levy . . . . .	(724,400)	(724,400)	(724,400)	-
General infrastructure reserve . . . . .	-	(500,000)	(500,000)	-
Street maintenance and repair . . . . .	(1,470,000)	(1,770,000)	(1,770,000)	-
Bond retirement . . . . .	(1,030,000)	(1,030,000)	(1,030,000)	-
Total other financing sources (uses) . . . . .	<u>(3,433,723)</u>	<u>(4,233,723)</u>	<u>(4,135,205)</u>	<u>98,518</u>
Net change in fund balance . . . . .	(376,623)	(1,198,098)	364,107	1,562,205
<b>Fund balance at beginning of year . . . . .</b>	3,991,418	3,991,418	3,991,418	-
<b>Prior year encumbrances appropriated. . . . .</b>	377,912	377,912	377,912	-
<b>Fund balance at end of year. . . . .</b>	<u>\$ 3,992,707</u>	<u>\$ 3,171,232</u>	<u>\$ 4,733,437</u>	<u>\$ 1,562,205</u>

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**CITY OF TALLMADGE, OHIO**

*COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2012*

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 135,920	\$ 691,274	\$ 827,194
Receivables:			
Real and other taxes . . . . .	112,679	-	112,679
Accrued interest. . . . .	7	-	7
Intergovernmental . . . . .	37,680	-	37,680
Total assets . . . . .	<u>\$ 286,286</u>	<u>\$ 691,274</u>	<u>\$ 977,560</u>
<b>Liabilities:</b>			
Accrued wages and benefits payable . . . . .	\$ 665	\$ -	\$ 665
Intergovernmental payable . . . . .	76,373	-	76,373
Total liabilities . . . . .	<u>77,038</u>	<u>-</u>	<u>77,038</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . . . .	106,038	-	106,038
Delinquent property tax revenue not available. . . . .	6,641	-	6,641
Accrued interest not available . . . . .	6	-	6
Intergovernmental nonexchange transactions . . . . .	27,877	-	27,877
Total deferred inflows of resources. . . . .	<u>140,562</u>	<u>-</u>	<u>140,562</u>
Total liabilities and deferred inflows of resources. . . . .	<u>217,600</u>	<u>-</u>	<u>217,600</u>
<b>Fund Balances:</b>			
Restricted for:			
Security of persons and property. . . . .	38,432	-	38,432
Transportation . . . . .	53,045	-	53,045
Community environment . . . . .	7,027	-	7,027
Capital outlay. . . . .	-	691,274	691,274
Unassigned (deficit). . . . .	<u>(29,818)</u>	<u>-</u>	<u>(29,818)</u>
Total fund balances . . . . .	<u>68,686</u>	<u>691,274</u>	<u>759,960</u>
Total liabilities and fund balances. . . . .	<u>\$ 286,286</u>	<u>\$ 691,274</u>	<u>\$ 977,560</u>

**CITY OF TALLMADGE, OHIO**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012*

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
Property and other taxes . . . . .	\$ 96,811	\$ -	\$ 96,811
Intergovernmental . . . . .	82,817	10,000	92,817
Investment income . . . . .	11	-	11
Fines, licenses and permits . . . . .	9,503	-	9,503
Miscellaneous . . . . .	6,987	11,228	18,215
	<hr/>	<hr/>	<hr/>
Total revenues . . . . .	196,129	21,228	217,357
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
Current:			
Security of persons and property:			
Police . . . . .	332,397	-	332,397
Fire . . . . .	1,797	-	1,797
Transportation . . . . .	45,770	-	45,770
Capital outlay . . . . .	-	78,852	78,852
	<hr/>	<hr/>	<hr/>
Total expenditures. . . . .	379,964	78,852	458,816
	<hr/>	<hr/>	<hr/>
Excess of expenditures over revenues. . . . .	(183,835)	(57,624)	(241,459)
	<hr/>	<hr/>	<hr/>
<b>Other financing sources:</b>			
Transfers in . . . . .	209,323	601,482	810,805
	<hr/>	<hr/>	<hr/>
Total other financing sources . . . . .	209,323	601,482	810,805
	<hr/>	<hr/>	<hr/>
Net change in fund balances. . . . .	25,488	543,858	569,346
	<hr/>	<hr/>	<hr/>
<b>Fund balances at beginning of year . . . . .</b>	43,198	147,416	190,614
	<hr/>	<hr/>	<hr/>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 68,686</u>	<u>\$ 691,274</u>	<u>\$ 759,960</u>

**CITY OF TALLMADGE, OHIO**

*COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2012*

	<u>State Highway</u>	<u>Community Development</u>	<u>Alcohol Enforcement and Education</u>	<u>Law Enforcement Trust</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 44,537	\$ 7,027	\$ 4,035	\$ 17,464
Receivables:				
Real and other taxes. . . . .	-	-	-	-
Accrued interest. . . . .	7	-	-	-
Intergovernmental. . . . .	29,965	-	-	-
Total assets . . . . .	<u>\$ 74,509</u>	<u>\$ 7,027</u>	<u>\$ 4,035</u>	<u>\$ 17,464</u>
<b>Liabilities:</b>				
Accrued wages and benefits payable . . . . .	\$ 665	\$ -	\$ -	\$ -
Intergovernmental payable . . . . .	631	-	-	-
Total liabilities. . . . .	<u>1,296</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . . . .	-	-	-	-
Delinquent property tax revenue not available. . . . .	-	-	-	-
Accrued interest not available . . . . .	6	-	-	-
Intergovernmental nonexchange transactions . . . . .	20,162	-	-	-
Total deferred inflows of resources . . . . .	<u>20,168</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources . . . . .	<u>21,464</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Restricted for:				
Security of persons and property . . . . .	-	-	4,035	17,464
Transportation. . . . .	53,045	-	-	-
Community environment . . . . .	-	7,027	-	-
Unassigned (deficit). . . . .	-	-	-	-
Total fund balances (deficit) . . . . .	<u>53,045</u>	<u>7,027</u>	<u>4,035</u>	<u>17,464</u>
Total liabilities and fund balances . . . . .	<u>\$ 74,509</u>	<u>\$ 7,027</u>	<u>\$ 4,035</u>	<u>\$ 17,464</u>

<b>Drug Law Enforcement</b>	<b>Law Enforcement Assistance</b>	<b>Emergency Medical Service Donation</b>	<b>K-9 Unit Donation</b>	<b>Police Pension</b>	<b>Totals</b>
\$ 3,396	\$ 4,040	\$ 4,025	\$ 5,472	\$ 45,924	\$ 135,920
-	-	-	-	112,679	112,679
-	-	-	-	-	7
-	-	-	-	7,715	37,680
<u>\$ 3,396</u>	<u>\$ 4,040</u>	<u>\$ 4,025</u>	<u>\$ 5,472</u>	<u>\$ 166,318</u>	<u>\$ 286,286</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 665
-	-	-	-	75,742	76,373
-	-	-	-	75,742	77,038
-	-	-	-	106,038	106,038
-	-	-	-	6,641	6,641
-	-	-	-	-	6
-	-	-	-	7,715	27,877
-	-	-	-	120,394	140,562
-	-	-	-	196,136	217,600
3,396	4,040	4,025	5,472	-	38,432
-	-	-	-	-	53,045
-	-	-	-	-	7,027
-	-	-	-	(29,818)	(29,818)
<u>3,396</u>	<u>4,040</u>	<u>4,025</u>	<u>5,472</u>	<u>(29,818)</u>	<u>68,686</u>
<u>\$ 3,396</u>	<u>\$ 4,040</u>	<u>\$ 4,025</u>	<u>\$ 5,472</u>	<u>\$ 166,318</u>	<u>\$ 286,286</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, 2012*

	<b>State Highway</b>	<b>Community Development</b>	<b>Alcohol Enforcement and Education</b>	<b>Law Enforcement Trust</b>
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Intergovernmental . . . . .	61,809	-	-	-
Investment income . . . . .	11	-	-	-
Fines, licenses and permits . . . . .	-	-	619	7,584
Miscellaneous . . . . .	-	-	-	-
<b>Total revenues . . . . .</b>	<b>61,820</b>	<b>-</b>	<b>619</b>	<b>7,584</b>
<b>Expenditures:</b>				
Current:				
Security of persons and property:				
Police . . . . .	-	-	-	12,150
Fire . . . . .	-	-	-	-
Transportation . . . . .	45,770	-	-	-
<b>Total expenditures . . . . .</b>	<b>45,770</b>	<b>-</b>	<b>-</b>	<b>12,150</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	16,050	-	619	(4,566)
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	-
<b>Total other financing sources . . . . .</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances . . . . .</b>	<b>16,050</b>	<b>-</b>	<b>619</b>	<b>(4,566)</b>
<b>Fund balances (deficit) at beginning of year . . . . .</b>	<b>36,995</b>	<b>7,027</b>	<b>3,416</b>	<b>22,030</b>
<b>Fund balances (deficit) at end of year . . . . .</b>	<b>\$ 53,045</b>	<b>\$ 7,027</b>	<b>\$ 4,035</b>	<b>\$ 17,464</b>



<b>Drug Law Enforcement</b>	<b>Law Enforcement Assistance</b>	<b>Emergency Medical Service Donation</b>	<b>K-9 Unit Donation</b>	<b>Police Pension</b>	<b>Totals</b>
\$ -	\$ -	\$ -	\$ -	\$ 96,811	\$ 96,811
-	-	-	-	21,008	82,817
-	-	-	-	-	11
1,300	-	-	-	-	9,503
-	-	1,515	5,472	-	6,987
<u>1,300</u>	<u>-</u>	<u>1,515</u>	<u>5,472</u>	<u>117,819</u>	<u>196,129</u>
4,764	-	-	-	315,483	332,397
-	-	1,797	-	-	1,797
-	-	-	-	-	45,770
<u>4,764</u>	<u>-</u>	<u>1,797</u>	<u>-</u>	<u>315,483</u>	<u>379,964</u>
<u>(3,464)</u>	<u>-</u>	<u>(282)</u>	<u>5,472</u>	<u>(197,664)</u>	<u>(183,835)</u>
-	-	-	-	209,323	209,323
-	-	-	-	209,323	209,323
(3,464)	-	(282)	5,472	11,659	25,488
<u>6,860</u>	<u>4,040</u>	<u>4,307</u>	<u>-</u>	<u>(41,477)</u>	<u>43,198</u>
<u>\$ 3,396</u>	<u>\$ 4,040</u>	<u>\$ 4,025</u>	<u>\$ 5,472</u>	<u>\$ (29,818)</u>	<u>\$ 68,686</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, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 1,226,927	\$ 1,222,396	\$ 1,247,565	\$ 25,169
Intergovernmental . . . . .	201,000	201,000	196,128	(4,872)
Charges for services . . . . .	420,000	420,000	361,885	(58,115)
Miscellaneous. . . . .	16,000	16,000	21,834	5,834
Total revenues . . . . .	<u>1,863,927</u>	<u>1,859,396</u>	<u>1,827,412</u>	<u>(31,984)</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property				
Fire				
Personnel . . . . .	2,303,956	2,303,956	2,259,208	44,748
Operating . . . . .	316,944	313,761	294,840	18,921
Total fire . . . . .	<u>2,620,900</u>	<u>2,617,717</u>	<u>2,554,048</u>	<u>63,669</u>
Capital outlay				
Equipment. . . . .	70,000	125,000	121,289	3,711
Total expenditures . . . . .	<u>2,690,900</u>	<u>2,742,717</u>	<u>2,675,337</u>	<u>67,380</u>
Excess of expenditures over revenues . . . . .	<u>(826,973)</u>	<u>(883,321)</u>	<u>(847,925)</u>	<u>35,396</u>
<b>Other financing sources:</b>				
Sale of capital assets . . . . .	-	-	55,100	55,100
Transfers in. . . . .	724,400	724,400	724,400	-
Total other financing sources . . . . .	<u>724,400</u>	<u>724,400</u>	<u>779,500</u>	<u>55,100</u>
Net change in fund balance. . . . .	(102,573)	(158,921)	(68,425)	90,496
<b>Fund balance at beginning of year . . . . .</b>	279,439	279,439	279,439	-
<b>Prior year encumbrances appropriated . . . . .</b>	50,622	50,622	50,622	-
<b>Fund balance at end of year. . . . .</b>	<u>\$ 227,488</u>	<u>\$ 171,140</u>	<u>\$ 261,636</u>	<u>\$ 90,496</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 903,000	\$ 1,503,000	\$ 898,703	\$ (604,297)
Investment income . . . . .	900	900	125	(775)
Special assessments . . . . .	12,000	12,000	14,063	2,063
Charges for services . . . . .	55,000	55,000	62,985	7,985
Miscellaneous . . . . .	16,000	16,000	26,212	10,212
Total revenues . . . . .	<u>986,900</u>	<u>1,586,900</u>	<u>1,002,088</u>	<u>(584,812)</u>
<b>Expenditures:</b>				
Current:				
Public health and welfare				
Personnel . . . . .	47,963	47,963	37,295	10,668
Operating . . . . .	<u>29,025</u>	<u>28,931</u>	<u>24,128</u>	<u>4,803</u>
Total public health and welfare . . . . .	<u>76,988</u>	<u>76,894</u>	<u>61,423</u>	<u>15,471</u>
Transportation				
Personnel . . . . .	868,380	867,269	722,255	145,014
Operating . . . . .	<u>706,646</u>	<u>701,884</u>	<u>601,328</u>	<u>100,556</u>
Total transportation . . . . .	<u>1,575,026</u>	<u>1,569,153</u>	<u>1,323,583</u>	<u>245,570</u>
Leisure time activity				
Personnel . . . . .	191,852	191,852	162,094	29,758
Operating . . . . .	<u>106,070</u>	<u>104,263</u>	<u>91,890</u>	<u>12,373</u>
Total leisure time activity . . . . .	<u>297,922</u>	<u>296,115</u>	<u>253,984</u>	<u>42,131</u>
Capital outlay				
Road program . . . . .	<u>752,241</u>	<u>1,722,241</u>	<u>1,641,078</u>	<u>81,163</u>
Capital outlay . . . . .	<u>752,241</u>	<u>1,722,241</u>	<u>1,641,078</u>	<u>81,163</u>
Total expenditures . . . . .	<u>2,702,177</u>	<u>3,664,403</u>	<u>3,280,068</u>	<u>384,335</u>
Excess of expenditures over revenues . . . . .	<u>(1,715,277)</u>	<u>(2,077,503)</u>	<u>(2,277,980)</u>	<u>(200,477)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	<u>1,470,000</u>	<u>1,770,000</u>	<u>1,770,000</u>	<u>-</u>
Total other financing sources . . . . .	<u>1,470,000</u>	<u>1,770,000</u>	<u>1,770,000</u>	<u>-</u>
Net change in fund balance . . . . .	(245,277)	(307,503)	(507,980)	(200,477)
<b>Fund balance at beginning of year . . . . .</b>	419,984	419,984	419,984	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>180,950</u>	<u>180,950</u>	<u>180,950</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 355,657</u>	<u>\$ 293,431</u>	<u>\$ 92,954</u>	<u>\$ (200,477)</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, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental. . . . .	\$ 60,000	\$ 60,000	\$ 61,765	\$ 1,765
Investment income . . . . .	100	100	10	(90)
Miscellaneous. . . . .	200	200	-	(200)
Total revenues. . . . .	<u>60,300</u>	<u>60,300</u>	<u>61,775</u>	<u>1,475</u>
<b>Expenditures:</b>				
Current:				
Transportation				
Personnel . . . . .	56,744	56,744	44,799	11,945
Operating . . . . .	<u>2,000</u>	<u>2,000</u>	<u>1,946</u>	<u>54</u>
Total expenditures. . . . .	<u>58,744</u>	<u>58,744</u>	<u>46,745</u>	<u>11,999</u>
Net change in fund balance . . . . .	1,556	1,556	15,030	13,474
<b>Fund balance at beginning of year. . . . .</b>	<u>29,507</u>	<u>29,507</u>	<u>29,507</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 31,063</u>	<u>\$ 31,063</u>	<u>\$ 44,537</u>	<u>\$ 13,474</u>

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**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, 2012*

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

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALCOHOL ENFORCEMENT AND EDUCATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, licenses and permits . . . . .	\$ -	\$ -	\$ 644	\$ 644
Total revenues . . . . .	-	-	644	644
Net change in fund balance. . . . .	-	-	644	644
<b>Fund balance at beginning of year . . . . .</b>	<u>3,391</u>	<u>3,391</u>	<u>3,391</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 3,391</u>	<u>\$ 3,391</u>	<u>\$ 4,035</u>	<u>\$ 644</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Fines, licenses and permits . . . . .	\$ 2,500	\$ 2,500	\$ 7,584	\$ 5,084
Total revenues . . . . .	<u>2,500</u>	<u>2,500</u>	<u>7,584</u>	<u>5,084</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property				
Operating . . . . .	<u>21,500</u>	<u>21,500</u>	<u>14,305</u>	<u>7,195</u>
Total expenditures . . . . .	<u>21,500</u>	<u>21,500</u>	<u>14,305</u>	<u>7,195</u>
Net change in fund balance. . . . .	(19,000)	(19,000)	(6,721)	12,279
<b>Fund balance at beginning of year . . . . .</b>	15,530	15,530	15,530	-
<b>Prior year encumbrances appropriated . .</b>	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u><u>\$ 3,030</u></u>	<u><u>\$ 3,030</u></u>	<u><u>\$ 15,309</u></u>	<u><u>\$ 12,279</u></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, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, licenses and permits . . . . .	\$ 2,300	\$ 2,300	\$ 1,300	\$ (1,000)
Total revenues . . . . .	<u>2,300</u>	<u>2,300</u>	<u>1,300</u>	<u>(1,000)</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property				
Operating . . . . .	<u>5,350</u>	<u>5,350</u>	<u>5,264</u>	<u>86</u>
Total expenditures . . . . .	<u>5,350</u>	<u>5,350</u>	<u>5,264</u>	<u>86</u>
Net change in fund balance. . . . .	(3,050)	(3,050)	(3,964)	(914)
<b>Fund balance at beginning of year . . . . .</b>	6,510	6,510	6,510	-
<b>Prior year encumbrances appropriated . .</b>	<u>350</u>	<u>350</u>	<u>350</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 3,810</u>	<u>\$ 3,810</u>	<u>\$ 2,896</u>	<u>\$ (914)</u>



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**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, 2012*

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Fund balance at beginning of year . . . . .</b>	\$ 4,040	\$ 4,040	\$ 4,040	\$ -
<b>Fund balance at end of year. . . . .</b>	<u>\$ 4,040</u>	<u>\$ 4,040</u>	<u>\$ 4,040</u>	<u>\$ -</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
EMERGENCY MEDICAL SERVICE DONATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Miscellaneous . . . . .	\$ 500	\$ 500	\$ 1,515	\$ 1,015
Total revenues . . . . .	<u>500</u>	<u>500</u>	<u>1,515</u>	<u>1,015</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property				
Operating . . . . .	<u>3,797</u>	<u>3,797</u>	<u>3,630</u>	<u>167</u>
Total expenditures . . . . .	<u>3,797</u>	<u>3,797</u>	<u>3,630</u>	<u>167</u>
Net change in fund balance. . . . .	(3,297)	(3,297)	(2,115)	1,182
<b>Fund balance at beginning of year . . . . .</b>	2,510	2,510	2,510	-
<b>Prior year encumbrances appropriated . .</b>	<u>1,797</u>	<u>1,797</u>	<u>1,797</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 1,010</u>	<u>\$ 1,010</u>	<u>\$ 2,192</u>	<u>\$ 1,182</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**K-9 UNIT DONATION FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Miscellaneous . . . . .	\$ -	\$ -	\$ 5,472	\$ 5,472
Total revenues . . . . .	-	-	5,472	5,472
Net change in fund balance. . . . .	-	-	5,472	5,472
<b>Fund balance at beginning of year . . . . .</b>	-	-	-	-
<b>Fund balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,472</u>	<u>\$ 5,472</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**POLICE PENSION FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes . . . . .	\$ 99,164	\$ 98,792	\$ 96,811	\$ (1,981)
Intergovernmental . . . . .	15,000	15,000	21,008	6,008
Total revenues . . . . .	<u>114,164</u>	<u>113,792</u>	<u>117,819</u>	<u>4,027</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property				
Personnel . . . . .	368,879	368,879	334,239	34,640
Operating . . . . .	<u>2,600</u>	<u>2,600</u>	<u>1,914</u>	<u>686</u>
Total expenditures . . . . .	<u>371,479</u>	<u>371,479</u>	<u>336,153</u>	<u>35,326</u>
Excess of expenditures over revenues . . . . .	<u>(257,315)</u>	<u>(257,687)</u>	<u>(218,334)</u>	<u>39,353</u>
<b>Other financing sources:</b>				
Transfers in. . . . .	209,323	209,323	209,323	-
Total other financing sources. . . . .	<u>209,323</u>	<u>209,323</u>	<u>209,323</u>	<u>-</u>
Net change in fund balance. . . . .	(47,992)	(48,364)	(9,011)	39,353
<b>Fund balance at beginning of year . . . . .</b>	14,935	14,935	14,935	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 6,943</u>	<u>\$ 6,571</u>	<u>\$ 45,924</u>	<u>\$ 39,353</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, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Special assessments. . . . .	\$ 90,000	\$ 90,000	\$ 80,255	\$ (9,745)
Total revenues. . . . .	<u>90,000</u>	<u>90,000</u>	<u>80,255</u>	<u>(9,745)</u>
<b>Expenditures:</b>				
Current:				
Principal retirement. . . . .	692,000	692,000	692,000	-
Interest and fiscal charges. . . . .	<u>450,000</u>	<u>450,000</u>	<u>439,392</u>	<u>10,608</u>
Total expenditures. . . . .	<u>1,142,000</u>	<u>1,142,000</u>	<u>1,131,392</u>	<u>10,608</u>
Excess of expenditures over revenues . . . . .	<u>(1,052,000)</u>	<u>(1,052,000)</u>	<u>(1,051,137)</u>	<u>863</u>
<b>Other financing sources:</b>				
Transfers in. . . . .	<u>1,030,000</u>	<u>1,030,000</u>	<u>1,030,000</u>	<u>-</u>
Total other financing sources. . . . .	<u>1,030,000</u>	<u>1,030,000</u>	<u>1,030,000</u>	<u>-</u>
Net change in fund balance. . . . .	(22,000)	(22,000)	(21,137)	863
<b>Fund balance at beginning of year . . . . .</b>	<u>68,361</u>	<u>68,361</u>	<u>68,361</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 46,361</u>	<u>\$ 46,361</u>	<u>\$ 47,224</u>	<u>\$ 863</u>

**CITY OF TALLMADGE, OHIO**  
*COMBINING BALANCE SHEET*  
*NONMAJOR CAPITAL PROJECTS FUNDS*  
*DECEMBER 31, 2012*

	<u>Tallmadge Shooting Range</u>	<u>General Infrastructure</u>	<u>Totals</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 88,997	\$ 602,277	\$ 691,274
Total assets . . . . .	<u>\$ 88,997</u>	<u>\$ 602,277</u>	<u>\$ 691,274</u>
<b>Fund Balances:</b>			
Restricted for:			
Capital outlay. . . . .	\$ 88,997	\$ 602,277	\$ 691,274
Total fund balances. . . . .	<u>\$ 88,997</u>	<u>\$ 602,277</u>	<u>\$ 691,274</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, 2012*

	<u>Tallmadge Shooting Range</u>	<u>General Infrastructure</u>	<u>Northeast Avenue Roundabout</u>	<u>Totals</u>
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ 10,000	\$ -	\$ 10,000
Miscellaneous. . . . .	-	11,228	-	11,228
Total revenues . . . . .	<u>-</u>	<u>21,228</u>	<u>-</u>	<u>21,228</u>
<b>Expenditures:</b>				
Capital outlay. . . . .	<u>3,450</u>	<u>75,401</u>	<u>1</u>	<u>78,852</u>
Total expenditures . . . . .	<u>3,450</u>	<u>75,401</u>	<u>1</u>	<u>78,852</u>
Excess of expenditures over revenues. . . . .	<u>(3,450)</u>	<u>(54,173)</u>	<u>(1)</u>	<u>(57,624)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	<u>-</u>	<u>500,000</u>	<u>101,482</u>	<u>601,482</u>
Total other financing sources . . . . .	<u>-</u>	<u>500,000</u>	<u>101,482</u>	<u>601,482</u>
Net change in fund balances. . . . .	(3,450)	445,827	101,481	543,858
<b>Fund balances (deficit) at beginning of year . .</b>	<u>92,447</u>	<u>156,450</u>	<u>(101,481)</u>	<u>147,416</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 88,997</u>	<u>\$ 602,277</u>	<u>\$ -</u>	<u>\$ 691,274</u>

**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, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Capital outlay . . . . .	\$ 116,145	\$ 116,145	\$ 27,998	\$ 88,147
Total expenditures . . . . .	116,145	116,145	27,998	88,147
Net change in fund balance . . . . .	(116,145)	(116,145)	(27,998)	88,147
<b>Fund balance at beginning of year . . . . .</b>	100,450	100,450	100,450	-
<b>Prior year encumbrances appropriated. . .</b>	16,145	16,145	16,145	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 450</u>	<u>\$ 450</u>	<u>\$ 88,597</u>	<u>\$ 88,147</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, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 30,000	\$ 30,000	\$ 10,000	\$ (20,000)
Miscellaneous. . . . .	-	-	11,228	11,228
Total revenues. . . . .	<u>30,000</u>	<u>30,000</u>	<u>21,228</u>	<u>(8,772)</u>
<b>Expenditures:</b>				
Capital outlay . . . . .	<u>106,645</u>	<u>106,645</u>	<u>87,862</u>	<u>18,783</u>
Total expenditures . . . . .	<u>106,645</u>	<u>106,645</u>	<u>87,862</u>	<u>18,783</u>
Excess of expenditures over revenues . . . . .	<u>(76,645)</u>	<u>(76,645)</u>	<u>(66,634)</u>	<u>10,011</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	500,000	500,000	-
Total other financing sources . . . . .	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net change in fund balance . . . . .	(76,645)	423,355	433,366	10,011
<b>Fund balance at beginning of year . . . . .</b>	135,150	135,150	135,150	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>26,645</u>	<u>26,645</u>	<u>26,645</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 85,150</u>	<u>\$ 585,150</u>	<u>\$ 595,161</u>	<u>\$ 10,011</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental. . . . .	\$ 71,895	\$ 175,689	\$ 175,689	\$ -
Total revenues. . . . .	<u>71,895</u>	<u>175,689</u>	<u>175,689</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Transportation				
Capital outlay. . . . .	<u>226,349</u>	<u>231,625</u>	<u>231,625</u>	<u>-</u>
Total expenditures. . . . .	<u>226,349</u>	<u>231,625</u>	<u>231,625</u>	<u>-</u>
Excess of expenditures over revenues. . . . .	<u>(154,454)</u>	<u>(55,936)</u>	<u>(55,936)</u>	<u>-</u>
<b>Other financing (uses):</b>				
Advances out . . . . .	<u>-</u>	<u>(98,518)</u>	<u>(98,518)</u>	<u>-</u>
Total other financing (uses) . . . . .	<u>-</u>	<u>(98,518)</u>	<u>(98,518)</u>	<u>-</u>
Net change in fund balance . . . . .	(154,454)	(154,454)	(154,454)	-
<b>Fund balance (deficit) at beginning of year .</b>	(71,895)	(71,895)	(71,895)	-
<b>Prior year encumbrances appropriated . . .</b>	<u>226,349</u>	<u>226,349</u>	<u>226,349</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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**CITY OF TALLMADGE, OHIO**

*INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - PROPRIETARY FUNDS*

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**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, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services . . . . .	\$ 3,335,000	\$ 3,335,000	\$ 3,036,540	\$ (298,460)
Special assessments . . . . .	33,000	33,000	42,980	9,980
Miscellaneous . . . . .	2,200	2,200	4,152	1,952
Total revenues. . . . .	<u>3,370,200</u>	<u>3,370,200</u>	<u>3,083,672</u>	<u>(286,528)</u>
<b>Expenses:</b>				
Personal services . . . . .	450,700	450,700	375,101	75,599
Materials and supplies . . . . .	52,398	52,397	33,599	18,798
Contractual services . . . . .	3,471,322	3,470,900	3,384,798	86,102
Other . . . . .	57,599	56,676	59,107	(2,431)
Capital outlay				
Bierce allotment . . . . .	202,316	174,446	181,759	(7,313)
Sewer rehabilitation . . . . .	60,000	60,000	-	60,000
Sewer cleaning & televising . . . . .	40,000	40,000	-	40,000
Water meter replacement . . . . .	14,863	14,863	44,465	(29,602)
Pickup truck . . . . .	12,000	12,000	8,196	3,804
Debt service:				
Principal retirement . . . . .	45,000	44,338	44,338	-
Interest and fiscal charges. . . . .	13,000	13,662	11,567	2,095
Total expenses . . . . .	<u>4,419,198</u>	<u>4,389,982</u>	<u>4,142,930</u>	<u>247,052</u>
Net change in fund equity . . . . .	(1,048,998)	(1,019,782)	(1,059,258)	(39,476)
<b>Fund equity at beginning of year. . . . .</b>	2,837,396	2,837,396	2,837,396	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>637,838</u>	<u>637,838</u>	<u>637,838</u>	<u>-</u>
<b>Fund equity at end of year . . . . .</b>	<u>\$ 2,426,236</u>	<u>\$ 2,455,452</u>	<u>\$ 2,415,976</u>	<u>\$ (39,476)</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services . . . . .	\$ 1,836,000	\$ 1,836,000	\$ 2,002,131	\$ 166,131
Special assessments . . . . .	33,000	33,000	37,028	4,028
Miscellaneous . . . . .	4,200	4,200	7,199	2,999
Total revenues. . . . .	<u>1,873,200</u>	<u>1,873,200</u>	<u>2,046,358</u>	<u>173,158</u>
<b>Expenses:</b>				
Personal services. . . . .	450,700	450,700	368,457	82,243
Materials and supplies . . . . .	62,498	62,048	42,322	19,726
Contractual services . . . . .	1,331,954	1,331,532	1,158,793	172,739
Other . . . . .	78,812	77,512	90,359	(12,847)
Capital outlay				
Water line looping. . . . .	120,000	120,000	77,900	42,100
North Thomas Road waterline. . . . .	90,000	90,000	104,624	(14,624)
Water meter replacement . . . . .	12,000	12,000	40,973	(28,973)
Pickup truck . . . . .	12,000	12,000	8,196	3,804
Debt service:				
Principal retirement. . . . .	144,056	56,718	56,718	-
Interest and fiscal charges. . . . .	66,944	66,282	60,479	5,803
Total expenses . . . . .	<u>2,368,964</u>	<u>2,278,792</u>	<u>2,008,821</u>	<u>269,971</u>
Net change in fund equity . . . . .	(495,764)	(405,592)	37,537	443,129
<b>Fund equity at beginning of year. . . . .</b>	2,609,716	2,609,716	2,609,716	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>73,299</u>	<u>73,299</u>	<u>73,299</u>	<u>-</u>
<b>Fund equity at end of year . . . . .</b>	<u>\$ 2,187,251</u>	<u>\$ 2,277,423</u>	<u>\$ 2,720,552</u>	<u>\$ 443,129</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, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services . . . . .	\$ 320,000	\$ 320,000	\$ 318,369	\$ (1,631)
Total revenues. . . . .	<u>320,000</u>	<u>320,000</u>	<u>318,369</u>	<u>(1,631)</u>
<b>Expenses:</b>				
Personal services. . . . .	255,352	195,352	189,129	6,223
Materials and supplies . . . . .	7,500	7,500	4,447	3,053
Contractual services . . . . .	100,445	100,405	27,709	72,696
Other . . . . .	-	60,000	1,619	58,381
Capital outlay				
Southeast Avenue improvements . . . . .	-	-	122,859	(122,859)
Mapping projects . . . . .	1,566	-	-	-
Total expenses . . . . .	<u>364,863</u>	<u>363,257</u>	<u>345,763</u>	<u>17,494</u>
Net change in fund equity . . . . .	(44,863)	(43,257)	(27,394)	15,863
<b>Fund equity at beginning of year. . . . .</b>	89,094	89,094	89,094	-
<b>Prior year encumbrances appropriated . . .</b>	<u>2,011</u>	<u>2,011</u>	<u>2,011</u>	<u>-</u>
<b>Fund equity at end of year . . . . .</b>	<u>\$ 46,242</u>	<u>\$ 47,848</u>	<u>\$ 63,711</u>	<u>\$ 15,863</u>

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**CITY OF TALLMADGE, OHIO**

*INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - AGENCY FUNDS*

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**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, 2012*

	<b>Beginning Balance 12/31/2011</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 12/31/2012</b>
<b>Revolving Trust</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 39,678	\$ 53,709	\$ 49,362	\$ 44,025
Total assets. . . . .	<u>\$ 39,678</u>	<u>\$ 53,709</u>	<u>\$ 49,362</u>	<u>\$ 44,025</u>
<b>Liabilities:</b>				
Deposits held and due to others . . . . .	\$ 39,678	\$ 53,709	\$ 49,362	\$ 44,025
Total liabilities . . . . .	<u>\$ 39,678</u>	<u>\$ 53,709</u>	<u>\$ 49,362</u>	<u>\$ 44,025</u>
<b>Joint Economic Development District</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 128,312	\$ 345,275	\$ 285,407	\$ 188,180
Income taxes receivable . . . . .	50,727	76,908	50,727	76,908
Total assets. . . . .	<u>\$ 179,039</u>	<u>\$ 422,183</u>	<u>\$ 336,134</u>	<u>\$ 265,088</u>
<b>Liabilities:</b>				
Deposits held and due to others . . . . .	\$ 179,039	\$ 422,183	\$ 336,134	\$ 265,088
Total liabilities . . . . .	<u>\$ 179,039</u>	<u>\$ 422,183</u>	<u>\$ 336,134</u>	<u>\$ 265,088</u>
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 167,990	\$ 398,984	\$ 334,769	\$ 232,205
Income taxes receivable . . . . .	50,727	76,908	50,727	76,908
Total assets. . . . .	<u>\$ 218,717</u>	<u>\$ 475,892</u>	<u>\$ 385,496</u>	<u>\$ 309,113</u>
<b>Liabilities:</b>				
Deposits held and due to others . . . . .	\$ 218,717	\$ 475,892	\$ 385,496	\$ 309,113
Total liabilities . . . . .	<u>\$ 218,717</u>	<u>\$ 475,892</u>	<u>\$ 385,496</u>	<u>\$ 309,113</u>



# **STATISTICAL SECTION**



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**CITY OF TALLMADGE, OHIO**

*STATISTICAL SECTION*

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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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>106</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources, the income tax and property tax.	<b>117</b>
<b>Debt Capacity</b> 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.	<b>124</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>128</b>
<b>Operating Information</b> 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.	<b>130</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

TABLE 1

**CITY OF TALLMADGE, OHIO**  
*NET POSITION BY COMPONENT*  
*LAST TEN YEARS*  
*(ACCRUAL BASIS OF ACCOUNTING)*

	Year Ended			
	2003	2004	2005	2006
<b>Governmental activities</b>				
Net investment in capital assets	\$ 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 position	<u>\$ 22,916,411</u>	<u>\$ 22,878,228</u>	<u>\$ 22,399,433</u>	<u>\$ 21,874,874</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 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 position	<u>\$ 17,026,654</u>	<u>\$ 16,775,686</u>	<u>\$ 19,597,434</u>	<u>\$ 21,032,448</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 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 position	<u>\$ 39,943,065</u>	<u>\$ 39,653,914</u>	<u>\$ 41,996,867</u>	<u>\$ 42,907,322</u>

Note: Governmental activities net position for 2011 has been restated in accordance with the implementation of GASB Statement No. 65.

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 19,397,236	\$ 18,719,874	\$ 17,647,995	\$ 18,369,056	\$ 18,529,391	\$ 17,813,396
1,643,839	1,902,468	2,973,347	1,683,821	1,514,275	2,257,902
1,495,354	1,694,536	2,226,868	4,290,037	5,878,178	6,688,846
<u>\$ 22,536,429</u>	<u>\$ 22,316,878</u>	<u>\$ 22,848,210</u>	<u>\$ 24,342,914</u>	<u>\$ 25,921,844</u>	<u>\$ 26,760,144</u>
\$ 13,900,274	\$ 13,978,571	\$ 13,666,756	\$ 13,520,720	\$ 13,039,068	\$ 12,947,885
8,000,737	7,662,014	7,383,084	7,276,621	7,246,755	6,008,069
<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>	<u>\$ 18,955,954</u>
\$ 31,702,510	\$ 31,213,445	\$ 29,944,751	\$ 30,677,297	\$ 30,495,949	\$ 29,828,740
1,643,839	1,902,468	2,973,347	1,683,821	1,514,275	2,257,902
11,091,091	10,841,550	10,979,952	12,779,137	14,197,443	13,629,456
<u>\$ 44,437,440</u>	<u>\$ 43,957,463</u>	<u>\$ 43,898,050</u>	<u>\$ 45,140,255</u>	<u>\$ 46,207,667</u>	<u>\$ 45,716,098</u>

TABLE 2

## CITY OF TALLMADGE, OHIO

CHANGES IN NET POSITION  
LAST TEN YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Year Ended			
	2003	2004	2005	2006
<b>Expenses</b>				
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>
<b>Program Revenues</b>				
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 operating	2,207,559	2,196,419	2,233,693	1,523,778
Water operating	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>
<b>Net (Expense)/Revenue</b>				
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>	<u>2012</u>
\$	3,477,962	\$ 3,253,790	\$ 3,254,377	\$ 3,075,749	\$ 3,182,528	\$ 3,266,514
	3,859,300	3,816,522	3,822,765	3,707,305	3,814,646	3,537,529
	15,210	39,208	28,469	33,874	38,378	148,496
	2,339,952	2,585,492	2,901,712	2,633,358	2,619,214	2,511,315
	73,136	72,170	49,994	67,526	65,616	59,265
	3,284,385	3,778,324	2,655,392	3,132,926	2,496,576	3,763,869
	396,525	657,143	355,154	313,757	235,743	148,111
	1,878,053	1,817,187	2,003,019	2,066,476	2,046,925	2,141,666
	462,321	482,825	479,892	455,252	482,500	438,561
	<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>	<u>16,015,326</u>
	1,666,463	1,785,418	1,805,970	1,822,095	3,408,512	4,110,699
	1,634,790	1,890,821	1,700,746	1,808,067	1,880,466	2,044,350
	239,807	243,329	466,800	508,817	507,385	364,964
	<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>6,520,013</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>	<u>22,535,339</u>
\$	174,923	\$ 193,794	\$ 310,336	\$ 441,489	\$ 407,928	\$ 407,030
	82,646	3,067	17,732	9,438	19,112	11,083
	351,813	321,641	405,050	358,781	396,854	371,784
	78,865	1,346	7,935	2,790	2,538	1,824
	210,545	30,254	239,805	50,195	46,256	57,466
	205,682	251,070	127,858	151,381	47,321	35,799
	1,572,305	1,457,708	1,562,356	1,614,573	1,750,273	1,743,332
	949,361	854,695	828,557	932,825	954,482	1,510,826
	786,581	151,646	500,000	1,465,130	426,352	10,000
	<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>	<u>4,149,144</u>
	1,493,098	1,518,955	1,481,699	1,739,256	3,032,289	2,920,769
	1,816,538	1,721,534	1,577,632	1,726,179	1,922,162	1,926,826
	451,756	317,288	312,841	309,293	324,368	298,770
	251,858	-	-	100,000	-	28,660
	<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>5,175,025</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>	<u>9,324,169</u>
\$	(11,374,123)	\$ (13,237,440)	\$ (11,551,145)	\$ (10,459,621)	\$ (10,931,010)	\$ (11,866,182)
	472,190	(361,791)	(601,344)	(264,251)	(517,544)	(1,344,988)
\$	<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>	<u>(13,211,170)</u>

- Continued

TABLE 2

## CITY OF TALLMADGE, OHIO

CHANGES IN NET POSITION (CONTINUED)  
 LAST TEN YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)

	Year Ended			
	2003	2004	2005	2006
<b>General Revenues and Other Changes in Net Position</b>				
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>
<b>Change in Net Position</b>				
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>



<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 2,129,530	\$ 2,447,935	\$ 2,225,056	\$ 2,258,920	\$ 2,264,267	\$ 2,030,192
7,864,634	8,118,368	7,226,715	7,455,553	7,957,003	8,685,855
1,789,961	1,968,428	2,223,903	2,148,650	2,317,116	1,854,900
286,805	210,924	141,630	43,871	32,582	39,407
136,321	223,833	265,173	47,331	96,496	94,128
(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>	<u>12,704,482</u>
218,346	139,449	-	-	-	-
6,454	10,317	10,599	11,752	6,026	15,119
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>15,119</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>	<u>\$ 12,719,601</u>
\$ 661,555	\$ (219,551)	\$ 531,332	\$ 1,494,704	\$ 1,736,454	\$ 838,300
868,563	(260,426)	(590,745)	(252,499)	(511,518)	(1,329,869)
<u>\$ 1,530,118</u>	<u>\$ (479,977)</u>	<u>\$ (59,413)</u>	<u>\$ 1,242,205</u>	<u>\$ 1,224,936</u>	<u>\$ (491,569)</u>

TABLE 3

## CITY OF TALLMADGE, OHIO

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	65,682	141,361	119,505	215,920
Unreserved	2,647,039	1,924,934	2,275,772	2,550,408
Total general fund	<u>\$ 2,712,721</u>	<u>\$ 2,066,295</u>	<u>\$ 2,395,277</u>	<u>\$ 2,766,328</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Reserved	1,222,263	105,120	255,652	1,252,535
Unreserved (deficit), reported in:				
Special revenue funds	355,423	426,887	411,964	170,674
Debt service funds	24,123	36,601	19,751	21,558
Capital projects funds	(504,608)	(140,627)	(32,187)	(989,740)
Total all other governmental funds	<u>\$ 1,097,201</u>	<u>\$ 427,981</u>	<u>\$ 655,180</u>	<u>\$ 455,027</u>

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ -	\$ 95,421	\$ 103,426
-	-	-	-	-	-
-	-	-	-	235,992	206,371
-	-	-	-	5,359,392	5,985,065
346,588	318,914	374,719	166,229	-	-
2,514,736	2,671,181	3,104,686	4,629,330	-	-
<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>	<u>\$ 6,294,862</u>
\$ -	\$ -	\$ -	\$ -	\$ 82,573	\$ 59,759
-	-	-	-	1,199,294	1,953,464
-	-	-	-	68,361	47,224
-	-	-	-	(142,958)	(29,818)
218,875	887,039	192,535	444,792	-	-
190,731	629,334	840,684	910,367	-	-
14,757	14,778	37,899	50,880	-	-
63,474	212,208	834,219	(175,793)	-	-
<u>\$ 487,837</u>	<u>\$ 1,743,359</u>	<u>\$ 1,905,337</u>	<u>\$ 1,230,246</u>	<u>\$ 1,207,270</u>	<u>\$ 2,030,629</u>

TABLE 4

## CITY OF TALLMADGE, OHIO

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

	2003	2004	2005
<b>Revenues</b>			
Property and other taxes	\$ 1,708,242	\$ 1,980,804	\$ 2,058,105
Municipal income taxes	6,914,659	6,860,554	7,191,712
Intergovernmental	2,256,760	2,259,133	2,970,383
Investment income	160,018	61,788	162,809
Fines, licenses, and permits	351,338	339,752	316,559
Special assessments	35,606	103,835	96,587
Charges for services	706,530	1,270,980	1,709,942
Miscellaneous	103,835	145,496	109,857
Total revenues	<u>12,236,988</u>	<u>13,022,342</u>	<u>14,615,954</u>
<b>Expenditures</b>			
Current:			
General government	\$ 2,667,992	\$ 2,573,741	\$ 2,738,094
Security of persons and property			
Police	3,204,202	3,296,195	3,446,848
Street lighting	20,798	18,986	12,834
Fire	1,929,459	1,932,466	1,892,249
Public health and welfare	164,022	208,182	65,978
Transportation	1,988,834	1,767,576	2,092,159
Community environment	408,898	382,994	394,293
Leisure time activity	649,449	1,211,521	1,536,463
Capital outlay	5,270,018	1,797,036	1,053,137
Debt service			
Principal retirement	363,906	4,513,067	4,210,000
Interest and fiscal charges	367,969	422,365	416,172
Bond issue costs	-	-	-
Total expenditures	<u>17,035,547</u>	<u>18,124,129</u>	<u>17,858,227</u>
Excess of revenues over (under) expenditures	<u>(4,798,559)</u>	<u>(5,101,787)</u>	<u>(3,242,273)</u>
<b>Other financing sources (uses)</b>			
Capital lease transaction	-	-	41,684
Sale of bonds	-	-	-
Sale of notes	4,200,000	3,900,000	3,800,000
Premium on bond/note issuances	17,437	25,074	16,770
Discount on bond issuance	-	-	-
Refunding of notes	-	-	-
Payment to refunded bond escrow agent	-	-	-
Sale of assets	-	-	-
Transfers in	3,066,651	3,458,795	3,111,900
Transfers (out)	<u>(3,066,651)</u>	<u>(3,472,537)</u>	<u>(3,171,900)</u>
Total other financing sources (uses)	<u>4,217,437</u>	<u>3,911,332</u>	<u>3,798,454</u>
Change in reserve for inventory	-	-	-
Net change in fund balances	<u>\$ (581,122)</u>	<u>\$ (1,190,455)</u>	<u>\$ 556,181</u>
Capital expenditures	5,349,174	2,207,738	1,124,509
Debt service as a percentage of noncapital expenditures (2)	6.26%	31.01%	27.65%

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

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

	2006	2007	2008	2009	2010	2011	2012
\$	2,158,881	\$ 2,141,540	\$ 2,453,020	\$ 2,241,114	\$ 2,228,915	\$ 2,252,159	\$ 2,023,704
	7,582,166	7,753,824	7,873,334	7,156,634	7,657,243	7,893,880	8,359,821
	3,789,555	3,199,101	3,132,224	3,589,375	4,563,381	3,385,703	3,537,553
	279,309	291,716	209,745	141,559	49,542	33,536	29,455
	382,257	434,971	372,776	438,045	548,635	425,414	413,255
	110,518	206,524	115,781	109,413	115,095	115,692	108,045
	1,934,540	1,982,851	1,837,708	2,188,832	2,036,244	2,201,320	2,185,009
	156,581	167,176	149,833	322,541	49,131	99,492	206,861
	<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>	<u>16,863,703</u>
\$	2,909,319	\$ 2,876,213	\$ 3,092,863	\$ 3,062,640	\$ 2,995,338	\$ 3,051,404	\$ 3,054,651
	3,654,771	3,744,689	3,835,309	3,808,963	3,647,373	3,675,245	3,424,600
	6,989	15,210	39,208	28,469	33,874	38,378	32,020
	2,061,974	2,187,089	2,304,753	2,644,911	2,490,438	2,474,408	2,521,518
	61,006	72,133	69,512	48,878	66,410	64,500	58,149
	1,934,062	1,941,612	1,943,729	1,847,529	1,534,582	1,480,892	2,105,228
	413,599	391,535	744,291	355,637	307,770	277,805	141,516
	1,634,509	1,577,690	1,234,503	1,726,060	1,732,010	1,691,805	1,799,907
	2,961,006	2,390,010	4,334,123	1,068,156	2,658,464	1,639,318	1,237,448
	4,224,245	516,201	534,792	4,396,214	619,374	781,055	775,851
	534,116	464,858	439,747	515,389	485,365	470,975	448,306
	126,892	-	-	-	118,828	-	-
	<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>15,599,194</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>	<u>1,264,509</u>
	397,815	-	-	144,277	-	110,859	162,907
	4,670,000	-	-	-	5,320,000	-	-
	-	-	3,800,000	3,800,000	-	-	-
	168,521	-	8,702	22,344	15,190	-	-
	-	-	-	-	(26,842)	-	-
	-	-	-	-	(3,800,000)	-	-
	(837,667)	-	-	-	(1,425,645)	-	-
	910	3,631	4,000	-	-	-	-
	3,525,813	4,005,034	3,751,926	2,618,165	2,877,000	3,196,000	4,335,205
	<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>(4,335,205)</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>162,907</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>	<u>1,427,416</u>
	1,818,506	2,010,525	3,348,476	964,180	1,880,986	1,219,682	393,428
	25.44%	6.93%	6.40%	26.49%	7.46%	8.68%	8.05%

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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
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%	60,070
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
2012	2,294,001	2,212,443	96.44%	67,918	2,280,361	99.41%	81,558

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
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	-
2012	-	-	N/A	144	144	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

ASSESSED 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
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
2012*	1,058,243,087	368,653,730	4,946,716	4,353,110

## 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



<b>Tangible Personal Property</b>		<b>Total</b>		<b>Total Direct Tax Rate</b>	<b>Assessed Value as a Percentage of Actual Value</b>
<b>Estimated Actual Value (C)</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value</b>		
\$ 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%
-	-	1,063,189,803	373,006,840	6.15	35.08%

**TABLE 8**

**CITY OF TALLMADGE, OHIO**

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

	<b>Collection Year</b>	<b>County Levy</b>	<b>School Levy</b>	<b>Akron/Summit Library</b>	<b>Tallmadge City</b>	<b>Total Levy</b>	<b>Debt Service</b>
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
1	2012	14.16	72.80	2.10	6.15	95.21	6.59
2	2012	14.16	53.24	2.00	6.15	75.55	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*

<b>Collection Year</b>	<b>Inside Operating</b>	<b>Outside Operating</b>	<b>Police Pension</b>	<b>Fire/Ambulance</b>	<b>Total Tax Rate</b>
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
2012	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

		<b>December 31, 2012</b>	
<b>Name of Taxpayer</b>	<b>Nature of Business</b>	<b>Valuation</b>	<b>Percent of Total</b>
Big Zilla Development LLC	Retail Property Management	\$ 3,290,270	0.89%
Eastwood Square Associates LTD	Retail Property Management	2,221,900	0.60%
Tallmadge Oaks LTD	Apartment Complex	1,900,740	0.52%
Saxon Village Limited	Apartment Complex	1,637,180	0.44%
Tallmadge Shopping Center LLC	Retail Property Management	1,541,710	0.42%
Mindale Farms Co.	Agriculture	1,511,850	0.41%
Tallmadge Associates	Retail Property Management	1,447,080	0.39%
Heather Knoll Rental Properties LLC	Apartment Complex	1,339,160	0.36%
Colonial Gardens LLC	Nursing Home	1,250,740	0.34%
Myers Family Limited Partnership	Light Manufacturing	1,225,010	0.33%
Total		<u>\$ 17,365,640</u>	<u>4.72%</u>
Total Assessed Valuation - Real Property		<u>\$ 368,653,730</u>	
		<b>December 31, 2003</b>	
<b>Name of Taxpayer</b>	<b>Nature of Business</b>	<b>Valuation</b>	<b>Percent of Total</b>
Tallmadge Associates	Retail Property Management	\$ 3,130,000	0.89%
Eastwood Square Associates LTD	Retail Property Management	2,759,120	0.79%
Tallmadge Oaks II	Apartment Complex	2,384,990	0.68%
Saxon Village Ltd.	Apartment Complex	1,908,730	0.55%
87 Midway Plaza LLC	Retail Property Management	1,617,050	0.46%
Colonial Gardens	Nursing Home	1,568,590	0.45%
Myers Family Limited Partnership	Light Manufacturing	1,544,060	0.44%
Cooper Equities Co. LTD	Retail Store	1,408,050	0.40%
Tallmadge Acres Apartments, Inc.	Retail Property Management	1,368,730	0.39%
Rocco Family Limited Partnership	Property Management	1,360,890	0.39%
Total		<u>\$ 19,050,210</u>	<u>5.44%</u>
Total Assessed Valuation - Real Property		<u>\$ 349,905,870</u>	

Source: Summit County, Ohio; County Fiscal Officer

TABLE 11

## CITY OF TALLMADGE, OHIO

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
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%
2012	2.00%	8,299,566	6,041,802	72.80%	1,220,616	14.71%

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.

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<b>Taxes from Individuals</b>	<b>Percentage of Taxes from Individuals</b>	<b>Tax from Utilities</b>	<b>Percentage of Tax from Utilities</b>
\$ 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%
1,031,165	12.42%	5,983	0.07%

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	Capital Leases
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
2012	9,320,000	585,000	-	213,810	135,000	1,267,148	48,078

## 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.

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<b>(a) Total Primary Government</b>	<b>(b) Total Personal Income</b>	<b>Percentage of Personal Income</b>	<b>(b) Population</b>	<b>Per Capita</b>
\$ 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	475,743,232	2.78%	17,390	761
13,077,588	475,251,310	2.75%	17,537	746
12,293,886	479,268,673	2.57%	17,257	712
11,569,036	500,409,247	2.31%	17,473	662

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

<b>Year</b>	<b>General Obligation Bonds</b>	<b>(a) Estimated Actual Property Value</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>(b) Population</b>	<b>Per Capita</b>
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
2012	9,320,000	1,063,189,803	0.88%	17,473	533

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*

<b>Year</b>	<b>Current Billed</b>	<b>Delinquent Billed</b>	<b>Current % Collected</b>	<b>Total Collected</b>	<b>Total % Collected</b>	<b>Current Delinquent</b>
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
2012	238,180	48,252	88.38%	228,895	96.10%	27,667

Source: Summit County, Ohio; County Fiscal Officer



**TABLE 15****CITY OF TALLMADGE, OHIO***COMPUTATION OF DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITIES DEBT  
DECEMBER 31, 2012*

<b>Jurisdiction</b>	<b>Governmental Activities Debt</b>	<b>Percentage Overlapping</b>	<b>Applicable to the City</b>
Direct:			
City of Tallmadge	\$ 10,118,810	100.00%	\$ 10,118,810
Overlapping Debt:			
Summit County	47,300,000	3.27%	1,546,710
Portage County	31,040,995	0.42%	130,372
MRTA (Metro Regional Transit Authority)	205,000	3.27%	6,704
Tallmadge City School District	24,849,489	99.83%	24,807,245
Field Local School District	24,315,000	2.01%	488,732
Akron/Summit Library	35,405,000	4.91%	1,738,386
Total Overlapping Debt	163,115,484		28,718,148
Total Direct and Overlapping Debt	\$ 173,234,294		\$ 38,836,958

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*

<b>Year</b>	<b>Debt Limit - Voted</b>	<b>Debt Limit - Unvoted</b>	<b>Net Debt Applicable to Limit</b>	<b>Debt Service Available Balance</b>	<b>Legal Debt Margin - Voted</b>	<b>Legal Debt Margin - Unvoted</b>	<b>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</b>
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%
2012	39,165,718	20,515,376	9,320,000	47,224	29,892,942	20,515,376	23.80%

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
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%
2012	17,473	500,409,247	28,639	6.8%	7.2%	8.1%

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
2003	104	64
2004	104	54
2005	54	14
2006	78	13
2007	30	25
2008	31	10
2009	6	-
2010	23	-
2011	24	-
2012	12	-

Sources: City of Tallmadge Building Department (2003-2010)  
Summit County Department of Building Standards (2011-2012)

**TABLE 19**

**CITY OF TALLMADGE, OHIO**

*PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO*

	2012			2003		
	Employees**	Rank	Percentage of Total City Employment	Employees**	Rank	Percentage of Total City Employment
Auto Sales, Inc.	*	1	*	*	1	*
Steere Enterprises Inc	302	2	4.4%	200	5	2.9%
Tallmadge City Schools	279	3	4.0%	220	4	3.2%
S. D. Myers Inc	203	4	2.9%	360	2	5.3%
Waltco Truck Equipment Company	161	5	2.3%	240	3	3.5%
East End Welding	115	6	1.7%	-		0.0%
Giant Eagle	112	7	1.6%	114	6	1.7%
Acme	110	8	1.6%	85	10	1.2%
The Martin Wheel Co., Inc	93	9	1.3%	90	9	1.3%
City of Tallmadge	89	10	1.3%	105	8	1.5%
Owens Corning	-		0.0%	110	7	1.6%
<b>Total</b>	<b>1,464</b>		<b>21.2%</b>	<b>1,524</b>		<b>22.2%</b>

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, 2012*

Founded	1806	
Incorporated as Village	1936	
Incorporated as City	1951	
Town Hall erected	1859	
Form of government	Charter	
Population	17,473	
	7,413	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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Government</b>										
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	5.5	5.5	5.5	6.0	6.0	5.5	4.5	5.0
Finance	6.5	6.0	6.0	11.0	9.5	9.5	10.0	6.5	6.5	6.5
Treasurer *	4.5	4.5	5.0	-	-	-	-	-	-	-
Law	3.5	3.5	3.0	3.5	3.0	3.0	3.0	3.0	3.0	3.0
Service	8.5	6.5	5.5	5.0	5.0	5.5	3.0	2.0	3.0	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	2.0	2.5	1.0	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
<b>Security of Persons and Property</b>										
Police	55.5	51.5	52.0	51.5	51.0	42.0	48.5	34.0	34.0	32.0
Fire	35.5	35.5	36.5	36.5	37.0	39.0	38.0	39.0	39.5	38.0
<b>Leisure Time Activities</b>										
MACA Pool	26.5	18.0	18.5	17.5	7.0	-	15.0	15.5	14.5	17.5
Aquatics Center	-	-	9.5	-	-	-	-	-	-	-
Recreation Center	-	24.5	56.0	62.5	67.0	63.0	65.5	61.5	62.5	63.0
<b>Community Environment</b>										
Building & Zoning	7.5	8.0	7.5	9.0	9.5	8.5	9.5	8.5	2.0	2.0
<b>Transportation</b>										
Garage	5.0	6.0	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Street	22.0	21.5	22.0	22.0	25.0	20.5	20.0	17.0	18.0	18.0
<b>Utilities</b>										
Utilities Services	9.0	11.0	9.0	8.5	8.5	8.5	8.5	8.0	6.0	7.0
<b>Total</b>	<b>200.5</b>	<b>213.5</b>	<b>251.5</b>	<b>246.5</b>	<b>242.0</b>	<b>219.5</b>	<b>241.0</b>	<b>214.5</b>	<b>207.5</b>	<b>209.0</b>

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Security of Persons and Property</b>										
<b>Police</b>										
Physical Arrests	654	711	793	718	544	752	850	819	730	671
Parking Violations	94	62	61	23	17	12	26	22	14	7
Traffic Violations	1,799	1,307	1,544	1,082	1,452	1,257	995	1,091	1,526	1,219
<b>Fire</b>										
Emergency Response Calls	2,004	2,073	2,261	2,283	2,165	2,266	2,268	2,260	2,371	2,337
Fires Extinguished	40	27	42	34	28	35	32	26	22	65
Inspections Conducted	256	603	638	605	622	626	1,024	921	822	748
<b>Transportation</b>										
Street resurfacing miles	7.38	4.71	7.03	6.02	9.20	3.12	-	3.14	1.82	6.75
<b>Leisure Time Activities</b>										
Trees Planted	10	-	8	36	68	30	-	-	2	-
Recreation Center Memberships**										
Annual	N/A	N/A	N/A	1,238	1,124	1,319	1,305	1,935	1,579	3,250
Monthly	N/A	N/A	N/A	2,902	2,925	2,866	2,767	2,665	2,590	2,100
Swimming Pool Memberships***										
Family	153	170	145	166	N/A	N/A	N/A	N/A	N/A	N/A
Adult	N/A	N/A	N/A	N/A	352	N/A	833	1,139	1,110	1,081
Child	N/A	N/A	N/A	N/A	297	N/A	433	751	740	792
<b>Water</b>										
Customers Served	6,514	6,629	6,723	7,088	6,913	7,309	7,028	7,207	7,063	7,126
New Connections	150	131	127	150	34	77	13	18	14	20
Water Main Breaks	14	21	16	10	17	17	16	21	12	13
Avg. Daily Consumption (gpd) million gallons per day	1.51	1.42	1.55	1.31	1.35	1.30	1.20	1.30	1.30	1.30
Peek Daily Consumption (gpd) million gallons per day	1.97	1.82	1.95	1.61	1.73	1.70	1.80	1.60	1.60	2.00
<b>Sewer</b>										
Customers Served	7,367	7,519	7,571	5,318	5,464	5,751	5,781	5,779	7,990	7,991
<b>Storm Water</b>										
Customers Served*	N/A	N/A	5,918	6,006	5,906	5,919	5,999	5,866	5,932	5,948

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 participating in the Silver Sneakers Program in 2011 resulting in a significant increase in annual membership in 2012.

\*\*\*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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Security of Persons and Property</b>										
Police:										
Stations	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Patrol Units	15.0	16.0	19.0	22.0	23.0	21.0	23.0	21.0	19.0	21.0
Fire Stations	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Public Health and Welfare</b>										
Cemeteries	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Leisure Time Activities</b>										
Park Acreage	103.0	161.7	161.7	161.7	161.7	161.7	161.7	161.7	161.7	161.7
Parks	8.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Swimming Pools	1.0	1.0	2.0	2.0	1.0	-	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	1.0
<b>Transportation</b>										
Streets (paved miles)	89.0	91.7	91.7	108.5	96.3	96.3	96.3	96.3	96.3	96.3
Traffic Signals	186.0	186.0	186.0	187.0	188.0	188.0	188.0	188.0	187.0	187.0
<b>Water</b>										
Water Mains (miles)	78.1	80.5	80.5	84.5	84.5	84.5	84.5	86.1	86.1	86.1
<b>Sewer</b>										
Sanitary Sewers (miles)	56.1	57.8	57.8	60.7	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 9, 2013**