



**CITY OF TALLMADGE
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**

CITY OF TALLMADGE
SUMMIT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1

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Auditor of State Betty Montgomery

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

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

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tallmadge, Summit County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated May 26, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

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

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

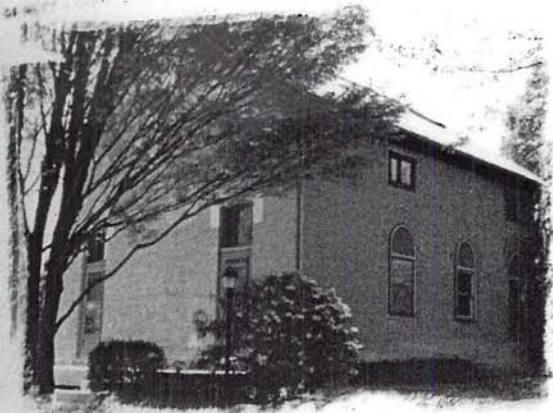
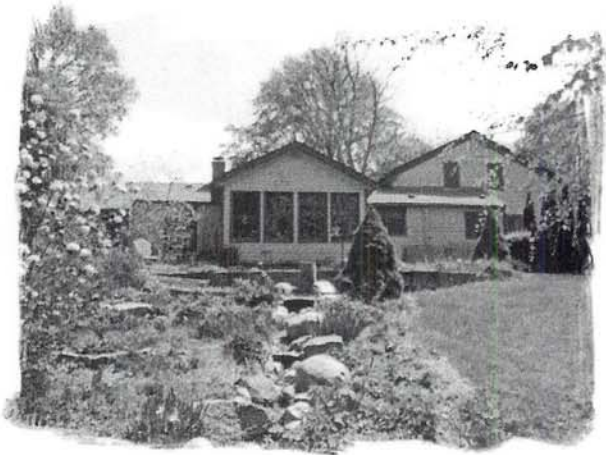
We intend this report solely for the information and use of management and City Council. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

May 26, 2006

Talmadge, Ohio



Comprehensive Annual Financial Report
for the year ended December 31, 2005

CITY OF TALLMADGE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

PREPARED BY THE OFFICE OF:

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

*46 NORTH AVENUE
TALLMADGE, OH 44278*

INTRODUCTORY SECTION

CITY OF TALLMADGE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Title Page	
Table of Contents	i-iii
Letter of Transmittal	v-ix
Certificate of Achievement for Excellence in Financial Reporting.....	x
Listing of Principal City Officials	xi
Organizational Chart.....	xii

II. FINANCIAL SECTION

INDEPENDENT ACCOUNTANTS' REPORT.....	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3-10
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12-13
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	14-15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18-19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
General Fund.....	21
Fire/EMS Levy Fund	22
Street Maintenance and Repair Fund.....	23
Statement of Fund Net Assets - Proprietary Funds.....	24
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds	26-27
Statement of Fiduciary Net Assets - Fiduciary Funds	28

BASIC FINANCIAL STATEMENTS (CONTINUED)

Statement of Changes in Fiduciary Net Assets - Private Purpose Trust Fund.....	29
Notes to the Basic Financial Statements.....	31-59

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

Combining Statements - Governmental Funds:

Fund Descriptions - Governmental Funds	62-63
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	64-65
Combining Balance Sheet - Nonmajor Governmental Funds.....	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	67
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	68-69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	70-71

Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis):

Fire/EMS Levy Fund.....	72
Street Maintenance and Repair Fund	73
Fire/EMS Capital Fund	74
State Highway Fund	75
Community Development Fund	76
Alcohol Enforcement and Education Fund.....	77
Law Enforcement Trust Fund.....	78
Drug Law Enforcement Fund.....	79
Emergency Medical Service Donation Fund.....	80
Police Pension Fund	81
Bond Retirement Fund	82

Combining Balance Sheet - Nonmajor Capital Projects Funds	83
---	----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	84
--	----

Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis):

Recreation Center Fund.....	85
General Infrastructure Fund	86
Northeast Avenue Road Improvement Project Fund.....	87
Northwest Avenue Road Improvement Project Fund.....	88

Individual Fund Schedules - Proprietary Funds:

Fund Descriptions - Proprietary Funds	89
---	----

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES (CONTINUED)

Individual Fund Schedules of Revenues, Expenses and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis):

Sewer Operating Fund.....	90
Water Operating Fund.....	91
Storm Water Fund.....	92
Self-Insurance Fund	93

Individual Fund Schedules - Agency Fund:

Fund Description.....	94
Statement of Changes in Assets and Liabilities - Agency Fund	95

III. STATISTICAL SECTION

Governmental Fund Revenues by Source and Expenditures by Function – Last Ten Years.....	S 2-3
Real and Public Utility Property Tax Levies and Collections – Last Ten Years	S 4
Tangible Personal Property Tax Levies and Collections – Last Ten Years	S 4
City-Wide Property Tax Rates (Per \$1,000 of Assessed Valuation) Last Ten Years	S 5
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years	S 5
Property Tax Rates - Direct and Overlapping Governments (Per \$1,000 of Assessed Valuation) - Last Ten Years.....	S 6
Computation of Legal Debt Margin	S 7
Special Assessment Tax Levies and Collections – Last Ten Years	S 8
Ratio of Net General Bonded Debt to Assessed Value And Net Bonded Debt Per Capita - Last Ten Years.....	S 8
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures - Last Ten Years.....	S 9
Computation of Direct and Overlapping General Obligation Bonded Debt	S 9
Demographic Statistics	S 10
Bank Deposits, Property Values and Construction Activity - Last Ten Years.....	S 11
New Housing Starts - Last Ten Years.....	S 11
Principal Taxpayers	S 12
Miscellaneous Statistics	S 13

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46 NORTH AVENUE

CITY OF TALLMADGE, OHIO
44278

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

JIMELLE COLLINS
ASSISTANT FINANCE DIRECTOR
330-633-0858

May 26, 2006

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, 2005, and has been developed to accurately detail the status of City finances to Tallmadge residents and elected officials, investment banks, underwriters and all other interested parties. This report is being presented in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments."

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

The Comprehensive Annual Financial Report consists of three sections.

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

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, 2005. The Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

As a part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's independent audit for the year ended December 31, 2005 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

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

THE REPORTING ENTITY

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

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

The City participates in the Ohio Association of Rural Water and Wastewater Systems Workers' Compensation Group Rating Plan, the Akron Metropolitan Area Transportation Study (AMATS), the Brimfield Township-City of Tallmadge Joint Economic Development District, and the Summit Suburban Council of Governments. These organizations are described in more detail in Notes 12 and 17 of the Basic Financial Statements.

THE CITY OF TALLMADGE

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

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

The City is located in Summit and Portage Counties, with over 97% of the property located in Summit County and the remainder in Portage County. The City is approximately 13.5 square miles in size, is located approximately 35 miles south of Cleveland, Ohio and is contiguous to Akron, Ohio. The City's 2005 population of 17,500 makes it the eighth largest City in Summit County.

CITY GOVERNMENT

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The City offers an attractive opportunity for business growth. Tallmadge's 455 business establishments, from its largest employer, Summit Racing, Inc., to small family businesses constitute the opportunity and interests that keep Tallmadge a vital part of the market place.

The City operates a Community Reinvestment Area Tax Abatement Program. This program is available for commercial and industrial expansions and new construction. The abatement is for property taxes on the increased values of real estate attributable to the improvements. A 100% real estate tax exemption of seven years. To date 65 companies have taken advantage of the tax abatement program. In addition, the City is part of both the Summit County Enterprise Program and the Portage County Enterprise Program. These Programs abate tangible personal property taxes on items such as machinery, equipment and inventory up to a maximum of ten years with an average of 50% over the life of the abatement.

Beginning in 1987, the City experienced significant economic growth, which continues today. New investment in industrial, commercial and residential development exceeded \$10 million in 1987 and has averaged \$21.5 million a year for the past five fiscal years.

Virtually all the major employers in the City have expanded or built new facilities during this time period. While the national and local economy has been in a downturn since 2001, there were still a significant number of expansions and relocations in the City. The latest expansions include Waltco Truck Equipment, Marik Spring, J. Bowers Construction, P and P Mold and Machine, Reduction Engineering, Waterjet Inc., Tri-Star International and Steel Strategies. The renovations made to West Avenue continue to benefit the City, with business expansions resulting in approximately 125 positions annually.

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 rather than a 5 year renewal. The income tax collections at the end of fiscal year 2005 experienced an increase of 7.81% over the prior fiscal year.

The City created a Joint Economic Development District (JEDD) effective January 1, 2004 that encompasses 70% of the township of Brimfield. This JEDD will result in additional income tax collections for the City in the future. This income tax is distributed to both the City and the Township with the City receiving 55 percent of the tax and the Township receiving 45 percent of the tax. There are significant areas for development in the JEDD. In addition to already established industrial parks the land is located along side the Interstate 76/Route 18 interchange.

Residential development has closely paralleled industrial and commercial development during the same period. A total of 54 residential units were built in 2005, which consists of 40 single-family dwellings and 14 condominiums. Interestingly, 538 units have been built in the City during the last five years.

Not only has the City experienced an increase in new housing starts over the past ten years, it is also meeting the demands of a changing population with the development of condominiums. The most recent condominiums which have been completed are the following: Ridgewood consisting of 78 units, Villas at Chapel Hill consisting of 80 units, Crossings at Northwest consisting of 136 units, Eastwood Village consisting of 63 units, and Hilltop Terrace consisting of 38 units. There are also more condominiums under construction and single family units and allotments. Increased residential development is a strong indicator of future economic growth of the City.

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

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

MAJOR INITIATIVES

Current

In February of 2004 the City opened the 91,000 square foot recreation center that is designed for indoor recreational activities such as basketball, volleyball, tennis, running, walking, indoor soccer, aerobics, weight training, batting cages, game rooms, and children's play area. The facility had its first full year of operation in 2005 and it proves to be very successful with already approximately 3,200 members at the facility, far exceeding our anticipated enrollment projections.

The City acquired an indoor aquatic center in 2005 from the YWCA. This is an older facility that needs some upgrading. The City is attempting to run the pool for the citizens on a trial basis to determine if it meets the needs of the community and is economically feasible.

Major construction projects in 2005 included the Northwest Avenue Road Improvement project, commenced engineering on the Northeast Road Improvement Project, updated the radio communications with 800 MHz radios at the police department with a grant from Summit County, purchased 25 self contained breathing apparatus units (SCBA'S) for the fire department with a grant covering 90% of the costs, ordered a new ambulance, and undertook many storm water projects.

The City instituted a storm water utility fee effective May 1, 2005. In the first year of collection the fee generated \$316,990. The user fee applies to all residential, commercial and industrial customers in the City. The rate is \$3.00 per month for residential. The rate for industrial and commercial customers is based on equivalent rate units measured on impervious surfaces. There is also a credit applied up to 50% if the customer retains 100% of their storm water on their premise.

The City established a minimum fund balance policy in 1998 by legislation. That policy was amended and expanded upon by Ordinance 33-2005 adopted by council. The new minimum fund balance policy provides a more extensive financial management plan with specific guidelines.

Future

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

Major construction projects for 2006 consist of the East Avenue / Munroe Road Widening Project which will upgrade this area in anticipation of the completion of the new Tallmadge High School and the Northwest Avenue Widening Project to complement expanded commercial development in this area of the City. Also, continued work on Northeast Avenue Road improvement project which is being partially funded by ODOT Funds. The Northeast Avenue Project will widen Northeast Avenue from Tallmadge Circle to Linda Drive and will include a middle turn lane as well as storm drainage, curbs and sidewalks. This project is designed to complement the commercial and industrial development along Northeast Avenue.

In 2006, work will begin on the repair of Potomac/Swank Phase 3 Project which is being partially funded by Issue II funds. This involves the lining of approximately 9,100 feet of sewers and the repair of forty manholes. These are major trunk lines which flow into the City of Akron. The lining of sewers eliminates infiltration of ground water into the sanitary sewer system and reduces treatment costs. The City will also complete the storm water mapping which is mandated by EPA for the entire City.

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

There is currently under construction 600,000 square feet of retail development that will include a strip mall, theatre complex, restaurants, a Wal-Mart , and other businesses in the JEDD area. These are expected in be completed in 2007.

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, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

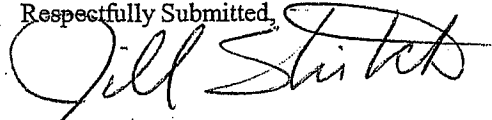
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable 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 thirteen consecutive years (1992 - 2004). We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it to the GFOA.

ACKNOWLEDGMENTS

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

Respectfully Submitted,

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

Jill Stritch, Director of Finance, CPFA

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tallmadge,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

CITY OF TALLMADGE, OHIO

*LISTING OF PRINCIPAL CITY OFFICIALS
AS OF DECEMBER 31, 2005*

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

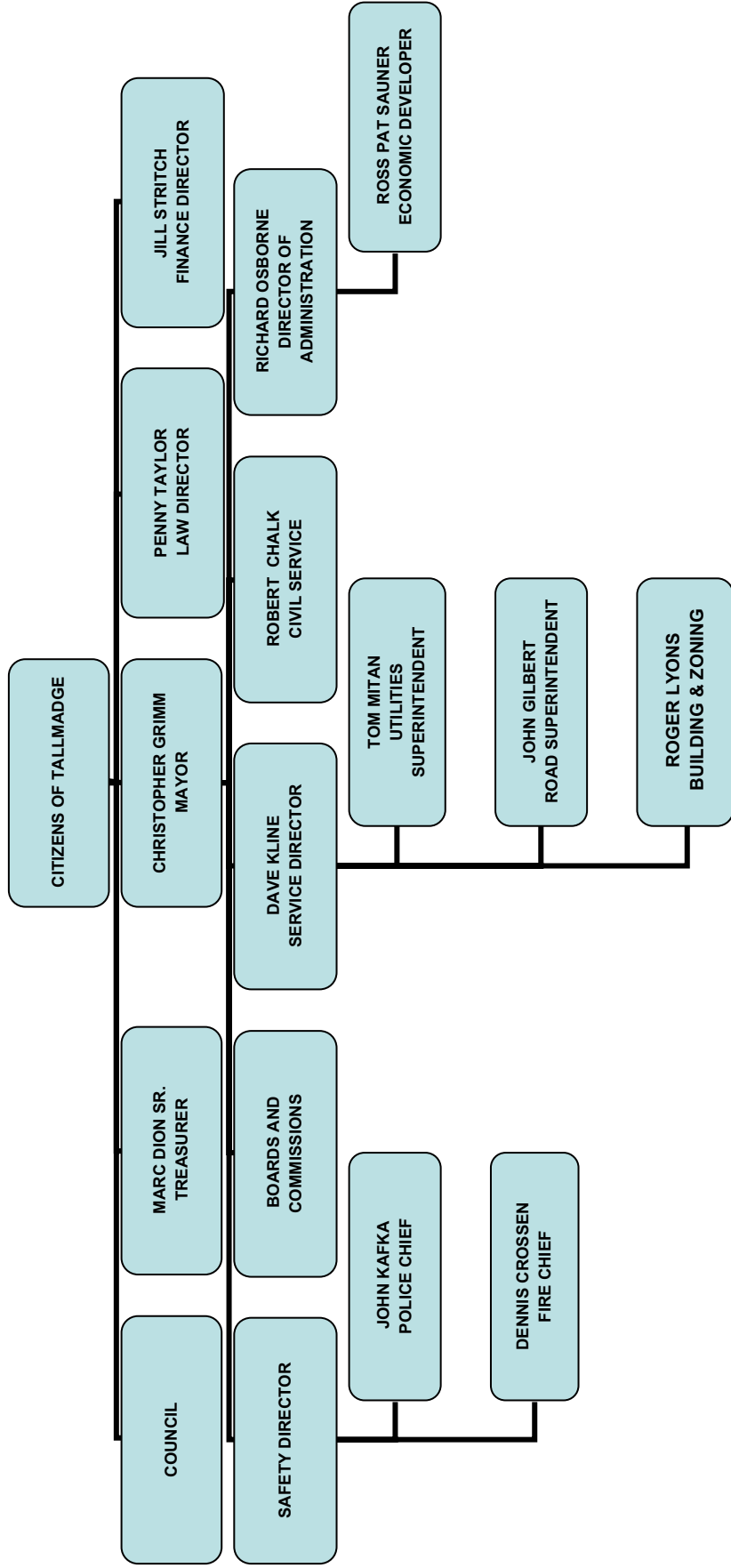
Service Director	David Kline
Director of Administration	Richard Osborne
Economic Developer	Ross Pat Sauner
Assistant Director of Law	Megan Pierce-Raber
Assistant Director of Finance	Jimelle Collins
Deputy Treasurer	Angela Myers
Chief Deputy Tax Administrator	Rosemary Berdy
Clerk of Council	Susan Wilson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

DEPARTMENT OFFICIALS

Chief of Police	John Kafka
Chief of Fire	Dennis Crossen
Road Superintendent	John Gilbert
Utilities/Garage Superintendent	Thomas Mitan
Building and Zoning Inspector	Roger Lyons
Civil Service Chairman	Robert Chalk

CITY OF TALLMADGE - 2005

ORGANIZATIONAL CHART



FINANCIAL SECTION



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tallmadge, Summit County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tallmadge, Summit County, Ohio, as of December 31, 2005, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Fire/EMS Levy, and Street Maintenance and Repair funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

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

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

Betty Montgomery
Auditor of State

May 26, 2006

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 UNAUDITED

The management's discussion and analysis of the City of Tallmadge's (the "City") financial statements provides an overall review of the City's financial activities for the year ended December 31, 2005. 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 2005 are as follows:

- The total net assets of the City increased \$1,365,945 or 3.44% from 2004. Net assets of governmental activities decreased \$1,455,803 or 6.36% over 2004 and net assets of business-type activities increased \$2,821,748 or 16.82% from 2004.
- Total assets of the City increased \$526,406, an increase of 0.95% over 2004.
- Total current liabilities decreased \$375,889 over 2004.
- Total long-term liabilities decreased \$463,650 during 2005.
- The City re-issued \$3,800,000 in a bond anticipation note in 2005.

Using this Comprehensive Annual Financial Report

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

Government-Wide Financial Statements

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

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

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

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 UNAUDITED

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

Fund Financial Statements

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

Governmental Funds

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

The City has 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, bond retirement, and the recreation center funds which are all considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the combining statements elsewhere in this report.

Proprietary Funds

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31-59 of this report.

The nonmajor governmental funds are presented immediately following the notes to the basic financial statements and can be found beginning on page 61 of this report.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED*

Government-Wide Financial Analysis

The statement of net assets serves as a useful indicator of a government's financial position. The table below provides a summary of the City's net assets for 2005 and 2004:

	Net Assets					
	Governmental	Business-type	Governmental	Business-type	2005	2004
	Activities	Activities	Activities	Activities	Total	Total
	2005	2005	2004	2004		
<u>Assets</u>						
Current and other assets	\$ 8,834,532	\$ 8,477,628	\$ 8,193,469	\$ 7,971,929	\$ 17,312,160	\$ 16,165,398
Nondepreciable capital assets	2,926,172	378,844	3,031,405	203,495	3,305,016	3,234,900
Depreciable capital assets, net	23,344,011	12,225,074	25,571,698	10,687,859	35,569,085	36,259,557
Capital assets, net	26,270,183	12,603,918	28,603,103	10,891,354	38,874,101	39,494,457
Total assets	35,104,715	21,081,546	36,796,572	18,863,283	56,186,261	55,659,855
<u>Liabilities</u>						
Current and other liabilities	3,277,037	433,580	3,189,959	896,547	3,710,617	4,086,506
Long-term liabilities:						
Due within one year	503,037	143,074	338,027	141,640	646,111	479,667
Due in more than one year	9,902,216	907,458	10,390,358	1,049,410	10,809,674	11,439,768
Total liabilities	13,682,290	1,484,112	13,918,344	2,087,597	15,166,402	16,005,941
<u>Net Assets</u>						
Invested in capital assets, net of related debt	16,676,183	11,597,918	18,399,103	9,745,354	28,274,101	28,144,457
Restricted:						
Debt service	802,069	-	908,055	-	802,069	908,055
Capital projects	68,539	-	-	-	68,539	-
Fire/EMS levy	117,137	-	26,356	-	117,137	26,356
Street maintenance	563,289	-	509,796	-	563,289	509,796
State highway	50,193	-	42,502	-	50,193	42,502
Community environment	9,232	-	10,681	-	9,232	10,681
Law enforcement	39,162	-	32,180	-	39,162	32,180
Unrestricted	3,096,621	7,999,516	2,949,555	7,030,332	11,096,137	9,979,887
Total net assets	\$ 21,422,425	\$ 19,597,434	\$ 22,878,228	\$ 16,775,686	\$ 41,019,859	\$ 39,653,914

Total assets exceeded total liabilities in 2005 by \$41,019,859, compared to \$39,653,914 in 2004, an increase of 3.44% from 2004. During 2005, the City's total assets increased by \$526,406 or 0.95% and total liabilities decreased by \$839,539 or 5.25%. Capital asset additions were less than depreciation and resulted in a reduction in depreciable capital assets. Current liabilities decreased in 2005 due to the retirement of a \$300,000 note payable.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED*

The table below shows the changes in net assets for fiscal years 2005 and 2004.

	Change in Net Assets					
	Governmental	Business-type	Governmental	Business-type	2005	2004
	Activities	Activities	Activities	Activities	Total	Total
	2005	2005	2004	2004		
Revenues						
Program revenues:						
Charges for services	\$ 2,057,585	\$ 4,490,731	\$ 1,688,569	\$ 3,848,472	\$ 6,548,316	\$ 5,537,041
Operating grants and contributions	993,310	-	764,100	-	993,310	764,100
Capital grants and contributions	386,216	-	106,961	-	386,216	106,961
Total program revenues	3,437,111	4,490,731	2,559,630	3,848,472	7,927,842	6,408,102
General revenues:						
Property and other local taxes	2,089,647	-	1,979,761	-	2,089,647	1,979,761
Municipal income taxes	7,291,435	-	6,686,817	-	7,291,435	6,686,817
Grants and entitlements	1,665,173	-	1,445,510	-	1,665,173	1,445,510
Interest	165,066	120,508	61,788	47,643	285,574	109,431
Miscellaneous	40,897	4,230	38,535	33,088	45,127	71,623
Total general revenues	11,252,218	124,738	10,212,411	80,731	11,376,956	10,293,142
Total revenues	14,689,329	4,615,469	12,772,041	3,929,203	19,304,798	16,701,244
Program Expenses:						
General government	2,909,459	-	2,813,020	-	2,909,459	2,813,020
Security of persons and property						
Police	3,602,372	-	3,587,033	-	3,602,372	3,587,033
Street lighting	12,834	-	18,986	-	12,834	18,986
Fire	1,983,204	-	1,885,594	-	1,983,204	1,885,594
Public health and welfare	67,088	-	209,709	-	67,088	209,709
Transportation	2,843,072	-	2,168,223	-	2,843,072	2,168,223
Community environment	390,832	-	387,578	-	390,832	387,578
Leisure time activity	1,723,848	-	1,342,519	-	1,723,848	1,342,519
Interest and fiscal charges	453,538	-	383,820	-	453,538	383,820
Sewer operating	-	2,185,614	-	2,485,670	2,185,614	2,485,670
Water operating	-	1,640,657	-	1,708,243	1,640,657	1,708,243
Storm water operating	-	126,335	-	-	126,335	-
Total expenses	13,986,247	3,952,606	12,796,482	4,193,913	17,938,853	16,990,395
Transfers	(2,158,885)	2,158,885	(13,742)	13,742	-	-
Increase (decrease) in net assets	(1,455,803)	2,821,748	(38,183)	(250,968)	1,365,945	(289,151)
Net assets beginning of year (restated)	22,878,228	16,775,686	22,916,411	17,026,654	39,653,914	39,943,065
Net assets end of year	\$ 21,422,425	\$ 19,597,434	\$ 22,878,228	\$ 16,775,686	\$ 41,019,859	\$ 39,653,914

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 UNAUDITED

Governmental Activities

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

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

The operations of the City's police department account for the largest expenses of the governmental activities, representing 25.8 percent of the total governmental activities expenses. The City's police department consists of 34 officers consisting of 1 Chief, 2 lieutenants, 3 sergeants, 19 patrol and 9 telecommunicators. The department provides a full range of services including patrol, DARE program, bike patrol, juvenile diversionary program, neighborhood crime watch, and residential and commercial security surveys.

The City has operated a fire department since 1945. During 2005, the fire department employed a full time Chief, 1 full time assistant fire chief, 9 full time firefighter paramedics, and 45 part time paramedics/firefighters and 1 full time clerk. The fire expenses account for 14.2 percent of the total governmental activities expenses. The Fire/EMS department is accounted for in a separate fund which receives tax proceeds from a 3.75 mill property tax levy.

The Street Maintenance and Repair department employs 19 full time employees who provide the City and the citizens many services including road maintenance, road salting, ditching, leaf pickup program, cemetery maintenance, and many others. The transportation expenses account for 20.3 percent of the total governmental activities expenses.

Business-Type Activities

Proprietary funds are the business-type activities of the City of Tallmadge which consist of sewer, water and storm water operating activities. The City currently has 6,723 water customers, 7,571 sewer customers, and 5,918 storm water customers. The City owns and maintains all water and sewer lines within the City. In striving to keep revenues in balance with expenses, effective May 1, 2002 water rates for the City increased 1 percent every year until 2005 when a 6 percent increase was instituted for that year only. There has not been a sewer rate increase. The sewage is treated by Summit County.

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 2005, this amount of \$4,490,731 accounted for 97.3 percent of the total business-type revenues. The total expenses for the utilities were \$3,952,606, thus leaving an increase in net assets of \$2,821,748 after the transfer of storm water assets for the business-type activities.

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 UNAUDITED

The City's Funds

Information about the City's governmental funds begins on page 14. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$14,615,954 and expenditures of \$17,858,227. The difference of revenues under expenditures is supplemented with the issuance of debt.

The City's chief operating fund is the general fund. During 2005, the City's general fund had total revenues and financing sources of \$11,431,394 and expenditures and other financing uses of \$11,102,412, resulting in an increase in fund balance of \$328,982.

The City's two major special revenue funds, the fire/ems levy and street maintenance and repair funds had a combined increase in fund balance of \$193,978. Total combined revenues and other financing sources were \$4,475,923 and expenditures and other financing uses were \$4,281,945.

The City's major bond retirement fund had a decrease in fund balance of \$16,850. During 2005, the bond retirement fund received \$81,859 in special assessments, \$552,000 in transfers in and a \$16,770 note premium to provide for \$667,479 in principal and interest payments on general obligation and special assessment bonds.

The fund balance of the City's major capital projects fund, the recreation center fund, increased by \$156,620. This increase is due to the reduction of the note payable from \$300,000 in 2004 to \$100,000 in 2005. The recreation center fund received note proceeds of \$3,800,000 and transfers in of \$300,000 to provide for principal retirement and interest and fiscal charges of \$3,958,693 on the recreation center improvement notes.

Information about the proprietary funds begins on page 24. These funds are accounted for on an accrual basis. All proprietary funds had operating revenues of \$4,452,886, which were above operating expenses of \$3,887,028. The total depreciation expense for these business-type funds was \$518,722. The change in net assets at year end for the enterprise funds was an increase of \$2,825,595 and a decrease in the internal service fund of \$44,261. The cash and cash equivalents at year end for the proprietary funds total \$6,409,711.

Budgeting Highlights

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

In 2005, City Council adopted thirteen (13) ordinances adjusting the level of appropriations in various funds. In total the increase in appropriations accounted for an increase of 7.54 percent over the total general fund budget. The total actual expenditures at year end were \$126,163 less than the total final budget. In addition, at year end the prior year encumbrances that are determined to be unnecessary are decertified to the County on the final amended certificate and that amount is returned to the fund balance and becomes available resources.

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

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED*

The general fund balance at year end is sufficient to allow for a healthy reserve. Income tax revenue increased 7.81 percent over 2004 on a cash basis. Overall, the largest revenue shortfall was property and other tax revenues due to a decrease in local collections.

The budgetary variances in the general fund expenditures totaled \$54,199 or 1.91% positive variance in the general governmental functions, \$56,797 or 1.84% positive variance in security of persons and property and positive variances existed in the public health and welfare, community environment, leisure time activities and capital outlay functions. These positive variances in all departments were an effort to contain the budget and control expenditures as the management was aware that the property and other tax collections were not as high as anticipated. The total variance in the general fund revenue was a positive variance of only \$133,362 or an increase of 1.18%. The increases of \$35,066 in intergovernmental and \$60,545 in investment income in addition to many other small variances made up for the loss of property and other tax revenue.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2005, the City had \$38,874,101 (net of accumulated depreciation) invested in land, buildings and improvements, improvements other than buildings, equipment, vehicles, infrastructure and construction in progress. Of this total, \$26,270,183 was reported in governmental activities and \$12,603,918 was reported in business-type activities. The following table shows fiscal 2005 balances compared to 2004:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 2,740,634	\$ 2,869,901	\$ 325,519	\$ 196,252	\$ 3,066,153	\$ 3,066,153
Construction in progress	185,538	161,504	53,325	7,243	238,863	168,747
Buildings and improvements	10,931,873	11,242,621	756,741	801,036	11,688,614	12,043,657
Machinery and equipment	1,786,074	1,774,468	432,267	448,207	2,218,341	2,222,675
Infrastructure						
Street subsystem	10,626,064	10,584,991	-	-	10,626,064	10,584,991
Storm sewer subsystem	-	1,969,618	1,928,432	-	1,928,432	1,969,618
Sewer lines	-	-	4,157,866	4,309,010	4,157,866	4,309,010
Water lines	-	-	4,949,768	5,129,606	4,949,768	5,129,606
Totals	<u>\$26,270,183</u>	<u>\$28,603,103</u>	<u>\$12,603,918</u>	<u>\$10,891,354</u>	<u>\$38,874,101</u>	<u>\$39,494,457</u>

Total capital assets for the City of Tallmadge for the year ended December 31, 2005 were \$38,874,101 which was a decrease of \$620,356 from the 2004 figure of \$39,494,457. The decrease is due to the depreciation expense of a new recreation center as reflected in the governmental activities. There was also the addition of the storm sewer subsystem from the governmental activities to the business-type activities. See Note 7 in the financial statements for more information regarding the City's capital assets.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED*

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2005 and 2004:

	Governmental Activities		Business-type Activities	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Special assessment bonds	\$ 910,000	\$ 945,000	\$ 1,006,000	\$ 1,146,000
General obligation bonds	4,784,000	5,059,000	-	-
Recreation center improvement note	3,800,000	3,900,000	-	-
Capital leases	<u>41,684</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term obligations	<u>\$ 9,535,684</u>	<u>\$ 9,904,000</u>	<u>\$ 1,006,000</u>	<u>\$ 1,146,000</u>

The long-term outstanding debt for the City of Tallmadge as of December 31, 2005 was \$10,541,684. This balance reflects \$1,916,000 in special assessment bonds, \$4,784,000 in general obligation bonds, \$3,800,000 in the recreation center improvement notes and \$41,684 in a capital lease. This is a decrease in long-term debt of 4.60 percent. For more detailed information on short-term and long-term obligations refer to Notes 9 and 10 of this report.

The Ohio Revised Code provides that the general obligation bonds less self supporting debt (e.g., assessment debt) of the municipal corporation, whether voted or unvoted, shall not exceed 10.5 percent of the assessed valuation of the total property. In addition, the unvoted net debt cannot exceed 5.5 percent of total assessed value of property. The City's legal total debt limit at the 10.5 percent margin is \$33,876,346, and the total unvoted net debt limit at the 5.5 percent margin is \$13,618,967.

Economic Factors and Next Year's Budget and Rates

- The City prepared the annual budget using zero based budgeting for 2006. There were very modest increases, if any, in many departments.
- The City ended 2005 with an increase of 9.04 percent over 2004 in income tax revenue.
- The voters approved in February of 2004 a permanent municipal income tax.
- The City instituted a 6 percent water increase to go into effect for 2005.

Contacting the City's Financial Management

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

CITY OF TALLMADGE, OHIO

*STATEMENT OF NET ASSETS
DECEMBER 31, 2005*

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 2,837,736	\$ 6,096,951	\$ 8,934,687
Receivables (net of allowances for uncollectibles):			
Income taxes	1,463,610	-	1,463,610
Real and other taxes	2,151,230	-	2,151,230
Accounts	56,333	1,176,242	1,232,575
Accrued interest	7,634	5,572	13,206
Special assessments	1,006,869	1,138,082	2,144,951
Intergovernmental	1,002,213	-	1,002,213
Materials and supplies inventory	305,596	64,092	369,688
Internal balances	3,311	(3,311)	-
Capital assets:			
Land and construction in progress	2,926,172	378,844	3,305,016
Depreciable capital assets, net	23,344,011	12,225,074	35,569,085
Total capital assets	26,270,183	12,603,918	38,874,101
Total assets	35,104,715	21,081,546	56,186,261
Liabilities:			
Accounts payable	310,639	14,971	325,610
Accrued wages and benefits	234,636	13,903	248,539
Intergovernmental payable	396,766	400,396	797,162
Deferred revenue	2,031,416	-	2,031,416
Accrued interest payable	127,682	4,310	131,992
Note payable	100,000	-	100,000
Claims payable	75,898	-	75,898
Long-term liabilities:			
Due within one year	503,037	143,074	646,111
Due in more than one year	9,902,216	907,458	10,809,674
Total liabilities	13,682,290	1,484,112	15,166,402
Net assets:			
Invested in capital assets, net of related debt	16,676,183	11,597,918	28,274,101
Restricted for:			
Debt service	802,069	-	802,069
Capital projects	68,539	-	68,539
Other purposes:			
Fire/EMS levy	117,137	-	117,137
Street maintenance	563,289	-	563,289
State highway	50,193	-	50,193
Community environment	9,232	-	9,232
Law enforcement	39,162	-	39,162
Unrestricted	3,096,621	7,999,516	11,096,137
Total net assets	\$ 21,422,425	\$ 19,597,434	\$ 41,019,859

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 2,909,459	\$ 133,617	\$ -	\$ -
Security of persons and property				
Police	3,602,372	10,313	92,700	-
Street lights	12,834	-	-	-
Fire	1,983,204	357,757	-	-
Public health and welfare	67,088	70,254	-	-
Transportation	2,843,072	-	790,610	386,216
Community environment	390,832	203,636	110,000	-
Leisure time activity	1,723,848	1,282,008	-	-
Interest and fiscal charges	453,538	-	-	-
Total governmental activities	<u>13,986,247</u>	<u>2,057,585</u>	<u>993,310</u>	<u>386,216</u>
Business-type Activities:				
Sewer Operating Fund	2,185,614	2,233,693	-	-
Water Operating Fund	1,640,657	1,869,017	-	-
Storm Water Fund	126,335	388,021	-	-
Total business-type activities	<u>3,952,606</u>	<u>4,490,731</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 17,938,853</u>	<u>\$ 6,548,316</u>	<u>\$ 993,310</u>	<u>\$ 386,216</u>

General Revenues:

Property taxes levied for:

- General purposes
- Fire/EMS Levy
- Police pension

Municipal income taxes levied for:

- General purposes

Grants and entitlements not restricted to specific programs

Investment earnings

Miscellaneous

Total general revenues

Transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (2,775,842)	\$ -	\$ (2,775,842)
(3,499,359)	-	(3,499,359)
(12,834)	-	(12,834)
(1,625,447)	-	(1,625,447)
3,166	-	3,166
(1,666,246)	-	(1,666,246)
(77,196)	-	(77,196)
(441,840)	-	(441,840)
(453,538)	-	(453,538)
<u>(10,549,136)</u>	<u>-</u>	<u>(10,549,136)</u>
-	48,079	48,079
-	228,360	228,360
<u>-</u>	<u>261,686</u>	<u>261,686</u>
<u>-</u>	<u>538,125</u>	<u>538,125</u>
<u>(10,549,136)</u>	<u>538,125</u>	<u>(10,011,011)</u>
877,660	-	877,660
1,099,427	-	1,099,427
112,560	-	112,560
7,291,435	-	7,291,435
1,665,173	-	1,665,173
165,066	120,508	285,574
40,897	4,230	45,127
11,252,218	124,738	11,376,956
<u>(2,158,885)</u>	<u>2,158,885</u>	<u>-</u>
(1,455,803)	2,821,748	1,365,945
<u>22,878,228</u>	<u>16,775,686</u>	<u>39,653,914</u>
<u>\$ 21,422,425</u>	<u>\$ 19,597,434</u>	<u>\$ 41,019,859</u>

CITY OF TALLMADGE, OHIO

*BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005*

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>	<u>Bond Retirement</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,851,613	\$ 146,943	\$ 321,053	\$ 19,751
Receivables (net of allowance for uncollectibles):				
Income taxes	1,463,610	-	-	-
Real and other taxes	884,916	1,139,897	-	-
Accounts	8,137	48,111	-	-
Accrued interest	7,223	173	101	-
Special assessments	96,869	-	-	910,000
Intergovernmental	592,642	54,564	324,072	-
Materials and supplies inventory	119,505	-	186,091	-
Total assets	<u>\$ 5,024,515</u>	<u>\$ 1,389,688</u>	<u>\$ 831,317</u>	<u>\$ 929,751</u>
Liabilities:				
Accounts payable	\$ 280,114	\$ 7,800	\$ 20,125	\$ -
Accrued wages and benefits	177,321	27,756	27,974	-
Compensated absences payable	11,702	5,182	2,095	-
Intergovernmental payable	195,798	89,529	29,142	-
Note payable	-	-	-	-
Deferred revenue	1,964,303	1,193,375	192,102	910,000
Total liabilities	<u>2,629,238</u>	<u>1,323,642</u>	<u>271,438</u>	<u>910,000</u>
Fund Balances:				
Reserved for encumbrances	-	-	39,199	-
Reserved for materials and supplies inventory . .	119,505	-	186,091	-
Unreserved, undesignated, reported in:				
General fund	2,275,772	-	-	-
Special revenue funds	-	66,046	334,589	-
Debt service fund	-	-	-	19,751
Capital projects funds	-	-	-	-
Total fund balances	<u>2,395,277</u>	<u>66,046</u>	<u>559,879</u>	<u>19,751</u>
Total liabilities and fund balances	<u>\$ 5,024,515</u>	<u>\$ 1,389,688</u>	<u>\$ 831,317</u>	<u>\$ 929,751</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Recreation Center</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 5,162	\$ 180,454	\$ 2,524,976
-	-	1,463,610
-	126,417	2,151,230
-	85	56,333
-	137	7,634
-	-	1,006,869
-	30,935	1,002,213
-	-	305,596
<u>\$ 5,162</u>	<u>\$ 338,028</u>	<u>\$ 8,518,461</u>
\$ 142	\$ 2,458	\$ 310,639
-	1,585	234,636
-	-	18,979
-	82,297	396,766
100,000	-	100,000
-	147,204	4,406,984
<u>100,142</u>	<u>233,544</u>	<u>5,468,004</u>
700	29,662	69,561
-	-	305,596
-	-	2,275,772
-	11,329	411,964
-	-	19,751
<u>(95,680)</u>	<u>63,493</u>	<u>(32,187)</u>
<u>(94,980)</u>	<u>104,484</u>	<u>3,050,457</u>
<u>\$ 5,162</u>	<u>\$ 338,028</u>	<u>\$ 8,518,461</u>

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CITY OF TALLMADGE, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2005

Total governmental fund balances		\$	3,050,457
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			26,270,183
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.			
Delinquent property taxes	\$	119,815	
Special assessments		1,006,869	
Municipal income taxes		651,293	
Investment income		2,257	
Intergovernmental		595,334	
Total			2,375,568
Long-term liabilities, including compensated absences, special assessment bonds and long-term notes are not due and payable in the current period and therefore are not reported in the funds:			
Compensated absences		(850,590)	
General obligation bonds		(4,784,000)	
Special assessment bonds		(910,000)	
Long-term notes		(3,800,000)	
Capital lease obligation		(41,684)	
Total			(10,386,274)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(127,682)
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			236,862
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.			3,311
Net assets of governmental activities		\$	<u>21,422,425</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, 2005*

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>	<u>Bond Retirement</u>
Revenues:				
Property and other taxes	\$ 866,100	\$ 1,081,097	\$ -	\$ -
Municipal income taxes	7,191,712	-	-	-
Intergovernmental	1,538,211	117,003	727,117	-
Investment income	154,068	3,749	2,150	-
Fines, licenses and permits	306,891	77	-	-
Special assessments	14,728	-	-	81,859
Charges for services	1,282,008	357,680	70,254	-
Miscellaneous	35,992	3,896	-	-
Total revenues	<u>11,389,710</u>	<u>1,563,502</u>	<u>799,521</u>	<u>81,859</u>
Expenditures:				
Current:				
General government	2,738,094	-	-	-
Security of persons and property				
Police	3,122,248	-	-	-
Street lights	12,834	-	-	-
Fire	-	1,892,249	-	-
Public health and welfare	-	-	65,978	-
Transportation	288,033	-	1,439,860	-
Leisure time activity	1,299,174	-	237,289	-
Community environment	394,293	-	-	-
Capital outlay	77,836	-	644,569	-
Debt service:				
Principal retirement	-	-	-	310,000
Interest and fiscal charges	-	-	-	357,479
Total expenditures	<u>7,932,512</u>	<u>1,892,249</u>	<u>2,387,696</u>	<u>667,479</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,457,198</u>	<u>(328,747)</u>	<u>(1,588,175)</u>	<u>(585,620)</u>
Other financing sources (uses):				
Capital lease transaction	41,684	-	-	-
Note issuance	-	-	-	-
Note premium	-	-	-	16,770
Transfers in	-	431,000	1,681,900	552,000
Transfers out	(3,169,900)	(2,000)	-	-
Total other financing sources (uses)	<u>(3,128,216)</u>	<u>429,000</u>	<u>1,681,900</u>	<u>568,770</u>
Net change in fund balances	328,982	100,253	93,725	(16,850)
Fund balances (deficits) at beginning of year	<u>2,066,295</u>	<u>(34,207)</u>	<u>466,154</u>	<u>36,601</u>
Fund balances (deficit) at end of year	<u>\$ 2,395,277</u>	<u>\$ 66,046</u>	<u>\$ 559,879</u>	<u>\$ 19,751</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Recreation Center	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 110,908	\$ 2,058,105
-	-	7,191,712
-	588,052	2,970,383
-	2,842	162,809
-	9,591	316,559
-	-	96,587
-	-	1,709,942
68,960	1,009	109,857
<u>68,960</u>	<u>712,402</u>	<u>14,615,954</u>
-	-	2,738,094
-	324,600	3,446,848
-	-	12,834
-	-	1,892,249
-	-	65,978
-	364,266	2,092,159
-	-	1,536,463
-	-	394,293
53,647	277,085	1,053,137
3,900,000	-	4,210,000
58,693	-	416,172
<u>4,012,340</u>	<u>965,951</u>	<u>17,858,227</u>
<u>(3,943,380)</u>	<u>(253,549)</u>	<u>(3,242,273)</u>
-	-	41,684
3,800,000	-	3,800,000
-	-	16,770
300,000	147,000	3,111,900
-	-	(3,171,900)
<u>4,100,000</u>	<u>147,000</u>	<u>3,798,454</u>
156,620	(106,549)	556,181
(251,600)	211,033	2,494,276
<u>\$ (94,980)</u>	<u>\$ 104,484</u>	<u>\$ 3,050,457</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, 2005*

Net change in fund balances - total governmental funds		\$ 556,181
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital asset additions	1,124,509	
Current year depreciation	(1,358,544)	
Total		(234,035)
In the statement of activities, transfers of capital assets to business-type activities is reported.		(2,098,885)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	31,542	
Municipal income taxes	99,723	
Intergovernmental	5,356	
Investment income	2,257	
Special assessments	(65,503)	
Total		73,375
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		4,210,000
Some expenses, such as compensated absences, reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds.		(26,205)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(54,136)
Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets.		(3,841,684)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(40,414)
Change in net assets of governmental activities		<u><u>\$ (1,455,803)</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, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income taxes	\$ 7,000,000	\$ 7,146,819	\$ 7,211,174	\$ 64,355
Property and other taxes	767,360	901,109	874,485	(26,624)
Intergovernmental	1,099,070	1,507,065	1,542,131	35,066
Investment income	201,625	84,513	145,058	60,545
Fines, licenses and permits	425,101	290,600	305,836	15,236
Special assessments	20,471	15,100	14,728	(372)
Charges for services	1,781,491	1,295,456	1,281,683	(13,773)
Miscellaneous	38,512	28,778	27,707	(1,071)
Total revenues	<u>11,333,630</u>	<u>11,269,440</u>	<u>11,402,802</u>	<u>133,362</u>
Expenditures:				
Current:				
General government	2,870,482	2,841,670	2,787,471	54,199
Security of persons and property	3,078,980	3,077,860	3,021,063	56,797
Public health and welfare	314,114	334,063	325,583	8,480
Community environment	405,142	404,760	402,076	2,684
Leisure time activity	890,439	1,282,658	1,282,503	155
Capital outlay	<u>80,000</u>	<u>196,000</u>	<u>192,152</u>	<u>3,848</u>
Total expenditures	<u>7,639,157</u>	<u>8,137,011</u>	<u>8,010,848</u>	<u>126,163</u>
Excess of revenues over expenditures	<u>3,694,473</u>	<u>3,132,429</u>	<u>3,391,954</u>	<u>259,525</u>
Other financing sources (uses):				
Advances in	-	317,300	317,300	-
Advances out	-	(317,300)	(317,300)	-
Transfers in	86,900	-	-	-
Transfers out	<u>(3,169,900)</u>	<u>(3,169,900)</u>	<u>(3,169,900)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,083,000)</u>	<u>(3,169,900)</u>	<u>(3,169,900)</u>	<u>-</u>
Net change in fund balance	611,473	(37,471)	222,054	259,525
Fund balance at beginning of year	1,712,092	1,184,257	1,184,257	-
Prior year encumbrances appropriated	<u>166,957</u>	<u>166,957</u>	<u>166,957</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,490,522</u>	<u>\$ 1,313,743</u>	<u>\$ 1,573,268</u>	<u>\$ 259,525</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE/EMS LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes	\$ 1,043,681	\$ 1,074,475	\$ 1,081,097	\$ 6,622
Intergovernmental	118,036	140,490	125,106	(15,384)
Investment income	-	700	3,476	2,776
Fines, licenses and permits	-	100	77	(23)
Charges for services	329,027	356,826	368,521	11,695
Miscellaneous	-	8,227	3,896	(4,331)
Total revenues.	<u>1,490,744</u>	<u>1,580,818</u>	<u>1,582,173</u>	<u>1,355</u>
Expenditures:				
Current:				
Security of persons and property.	<u>1,875,433</u>	<u>1,927,010</u>	<u>1,918,166</u>	<u>8,844</u>
Total expenditures	<u>1,875,433</u>	<u>1,927,010</u>	<u>1,918,166</u>	<u>8,844</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(384,689)</u>	<u>(346,192)</u>	<u>(335,993)</u>	<u>10,199</u>
Other financing sources (uses):				
Transfers in	320,351	431,000	431,000	-
Transfers out	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>318,351</u>	<u>429,000</u>	<u>429,000</u>	<u>-</u>
Net change in fund balance	(66,338)	82,808	93,007	10,199
Fund balance at beginning of year	182,157	44,093	44,093	-
Prior year encumbrances appropriated	<u>7,433</u>	<u>7,433</u>	<u>7,433</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 123,252</u>	<u>\$ 134,334</u>	<u>\$ 144,533</u>	<u>\$ 10,199</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 1,633,256	\$ 722,500	\$ 707,923	\$ (14,577)
Investment income	4,660	600	2,020	1,420
Charges for services	162,084	49,468	70,254	20,786
Other	-	6,800	-	(6,800)
Total revenues.	<u>1,800,000</u>	<u>779,368</u>	<u>780,197</u>	<u>829</u>
Expenditures:				
Current:				
Public health and welfare.	70,800	70,800	66,501	4,299
Transportation	1,591,693	1,586,013	1,604,841	(18,828)
Leisure time activities	283,400	283,400	242,757	40,643
Capital outlay	647,716	647,716	645,569	2,147
Total expenditures	<u>2,593,609</u>	<u>2,587,929</u>	<u>2,559,668</u>	<u>28,261</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(793,609)</u>	<u>(1,808,561)</u>	<u>(1,779,471)</u>	<u>29,090</u>
Other financing sources:				
Transfers in	<u>1,024,300</u>	<u>1,681,900</u>	<u>1,681,900</u>	<u>-</u>
Total other financing sources	<u>1,024,300</u>	<u>1,681,900</u>	<u>1,681,900</u>	<u>-</u>
Net change in fund balance	230,691	(126,661)	(97,571)	29,090
Fund balance at beginning of year	147,900	186,631	186,631	-
Prior year encumbrances appropriated	<u>172,507</u>	<u>172,507</u>	<u>172,507</u>	<u>-</u>
Fund balance at end of year	<u>\$ 551,098</u>	<u>\$ 232,477</u>	<u>\$ 261,567</u>	<u>\$ 29,090</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005*

	Business-type Activities -Enterprise Funds				Governmental Activities - Internal Service Fund
	Sewer Operating	Water Operating	Storm Water	Total	
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents . . .	\$ 3,830,081	\$ 2,073,954	\$ 192,916	\$ 6,096,951	\$ 312,760
Receivables (net of allowance for uncollectibles):					
Accounts	617,110	428,101	131,031	1,176,242	-
Accrued interest	3,729	1,843	-	5,572	-
Special assessments.	439,235	698,847	-	1,138,082	-
Materials and supplies inventory	32,046	32,046	-	64,092	-
Total current assets	<u>4,922,201</u>	<u>3,234,791</u>	<u>323,947</u>	<u>8,480,939</u>	<u>312,760</u>
Noncurrent assets:					
Capital assets:					
Land and construction in progress	108,012	102,640	168,192	378,844	-
Depreciable capital assets, net	4,616,546	5,680,096	1,928,432	12,225,074	-
Total capital assets	<u>4,724,558</u>	<u>5,782,736</u>	<u>2,096,624</u>	<u>12,603,918</u>	<u>-</u>
Total assets	<u>9,646,759</u>	<u>9,017,527</u>	<u>2,420,571</u>	<u>21,084,857</u>	<u>312,760</u>
Liabilities:					
Current liabilities:					
Accounts payable.	11,275	3,696	-	14,971	-
Accrued wages and benefits	6,799	7,104	-	13,903	-
Compensated absences	2,037	2,037	-	4,074	-
Intergovernmental payable	149,489	250,907	-	400,396	-
Claims payable	-	-	-	-	75,898
Current portion of special assessments bonds .	36,000	103,000	-	139,000	-
Accrued interest payable	1,826	2,484	-	4,310	-
Total current liabilities	<u>207,426</u>	<u>369,228</u>	<u>-</u>	<u>576,654</u>	<u>75,898</u>
Long-term liabilities:					
Compensated absences.	19,662	20,796	-	40,458	-
Special assessment bonds	378,338	488,662	-	867,000	-
Total long-term liabilities.	<u>398,000</u>	<u>509,458</u>	<u>-</u>	<u>907,458</u>	<u>-</u>
Total liabilities	<u>605,426</u>	<u>878,686</u>	<u>-</u>	<u>1,484,112</u>	<u>75,898</u>
Net assets:					
Invested in capital assets, net of related debt .	4,310,220	5,191,074	2,096,624	11,597,918	-
Unrestricted	4,731,113	2,947,767	323,947	8,002,827	236,862
Total net assets	<u>\$ 9,041,333</u>	<u>\$ 8,138,841</u>	<u>\$ 2,420,571</u>	<u>19,600,745</u>	<u>\$ 236,862</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.				(3,311)	
Net assets of business-type activities				<u>\$ 19,597,434</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Sewer Operating	Water Operating	Storm Water	Total	
Operating revenues:					
Charges for services	\$ 2,233,693	\$ 1,826,942	\$ 388,021	\$ 4,448,656	\$ 1,115,318
Other	-	4,230	-	4,230	28,367
Total operating revenues	<u>2,233,693</u>	<u>1,831,172</u>	<u>388,021</u>	<u>4,452,886</u>	<u>1,143,685</u>
Operating expenses:					
Personal services	302,123	243,543	-	545,666	-
Contract services	1,531,555	1,036,538	40,255	2,608,348	411,908
Materials and supplies	51,305	50,561	-	101,866	-
Depreciation	193,104	240,126	85,492	518,722	-
Other	77,670	34,168	588	112,426	-
Claims	-	-	-	-	776,038
Total operating expenses	<u>2,155,757</u>	<u>1,604,936</u>	<u>126,335</u>	<u>3,887,028</u>	<u>1,187,946</u>
Operating income (loss)	<u>77,936</u>	<u>226,236</u>	<u>261,686</u>	<u>565,858</u>	<u>(44,261)</u>
Nonoperating revenues (expenses):					
Interest revenue	80,439	40,069	-	120,508	-
Interest expense and fiscal charges	(27,298)	(30,276)	-	(57,574)	-
Special assessments	-	42,075	-	42,075	-
Loss on disposal of capital assets	-	(4,157)	-	(4,157)	-
Total nonoperating revenues (expenses)	<u>53,141</u>	<u>47,711</u>	<u>-</u>	<u>100,852</u>	<u>-</u>
Income (loss) before transfers and capital contributions	131,077	273,947	261,686	666,710	(44,261)
Capital contributions	-	-	2,098,885	2,098,885	-
Transfers in	-	-	60,000	60,000	-
Changes in net assets	131,077	273,947	2,420,571	2,825,595	(44,261)
Net assets at beginning of year	<u>8,910,256</u>	<u>7,864,894</u>	<u>-</u>	<u>-</u>	<u>281,123</u>
Net assets at end of year	<u>\$ 9,041,333</u>	<u>\$ 8,138,841</u>	<u>\$ 2,420,571</u>	<u>\$ -</u>	<u>\$ 236,862</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.				(3,847)	
Changes in net assets of business-type activities				<u>\$ 2,821,748</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, 2005*

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Sewer Operating	Water Operating	Storm Water	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 2,239,117	\$ 1,827,464	\$ 256,990	4,323,571	\$ 1,115,318
Cash received from other operations	-	4,230	-	4,230	28,367
Cash payments for personal services	(302,652)	(241,571)	-	(544,223)	-
Cash payments for contract services.	(1,898,146)	(1,095,042)	(40,255)	(3,033,443)	(411,908)
Cash payments for materials and supplies.	(48,748)	(54,751)	-	(103,499)	-
Cash payments for other expenses.	(77,670)	(34,168)	(588)	(112,426)	-
Cash payments for claims	-	-	-	-	(735,090)
Net cash provided by (used in) operating activities.	(88,099)	406,162	216,147	534,210	(3,313)
Cash flows from noncapital financing activities:					
Cash received from transfers in	-	-	60,000	60,000	-
Net cash provided by noncapital financing activities	-	-	60,000	60,000	-
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(31,778)	(21,549)	(83,231)	(136,558)	-
Special assessments.	45,866	178,379	-	224,245	-
Principal retirement on special assessment bonds	(37,000)	(103,000)	-	(140,000)	-
Interest and fiscal charges.	(27,789)	(30,318)	-	(58,107)	-
Net cash used in capital and related financing activities	(50,701)	23,512	(83,231)	(110,420)	-
Cash flows from investing activities:					
Interest received.	76,710	38,226	-	114,936	-
Net cash provided by investing activities	76,710	38,226	-	114,936	-
Net increase (decrease) in cash and cash equivalents	(62,090)	467,900	192,916	598,726	(3,313)
Cash and cash equivalents at beginning of year.	<u>3,892,171</u>	<u>1,606,054</u>	<u>-</u>	<u>5,498,225</u>	<u>316,073</u>
Cash and cash equivalents at end of year	<u>\$ 3,830,081</u>	<u>\$ 2,073,954</u>	<u>\$ 192,916</u>	<u>\$ 6,096,951</u>	<u>\$ 312,760</u>

- - continued

CITY OF TALLMADGE, OHIO

*STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Fund</u>
	<u>Sewer Operating</u>	<u>Water Operating</u>	<u>Storm Water</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 77,936	\$ 226,236	\$ 261,686	\$ 565,858	\$ (44,261)
Adjustments:					
Depreciation	193,104	240,126	85,492	518,722	-
Changes in assets and liabilities:					
(Increase) in materials and supplies inventory	(2,376)	(2,376)	-	(4,752)	-
(Increase) decrease in accounts receivable	5,424	522	(131,031)	(125,085)	-
Decrease in special assessments	42,419	-	-	42,419	-
(Decrease) in accounts payable.	(4,964)	(4,042)	-	(9,006)	-
(Decrease) in accrued wages and benefits	(2,258)	(405)	-	(2,663)	-
(Decrease) in intergovernmental payable.	(396,558)	(54,207)	-	(450,765)	-
Increase (decrease) in compensated absences payable	(826)	308	-	(518)	-
Increase in claims payable	-	-	-	-	40,948
Net cash provided by (used in) operating activities	<u>\$ (88,099)</u>	<u>\$ 406,162</u>	<u>\$ 216,147</u>	<u>\$ 534,210</u>	<u>\$ (3,313)</u>

Non-cash capital transactions:

The Storm Water fund received \$2,098,885 in capital contributions from other funds.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2005*

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 37,725	\$ 148,398
Receivables:		
Accrued interest.	<u>37</u>	<u>-</u>
Total assets.	<u>\$ 37,762</u>	<u>\$ 148,398</u>
Liabilities:		
Deposits held and due to others.	<u>-</u>	<u>\$ 148,398</u>
Net assets:		
Held in trust for indigents and the needy	<u>\$ 37,762</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005*

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$ 791
Gifts and contributions	<u>1,733</u>
Total additions.	<u>2,524</u>
Deductions:	
Expenses per trust agreement	<u>2,339</u>
Total deductions	<u>2,339</u>
Changes in net assets	185
Net assets at beginning of year	<u>37,577</u>
Net assets at end of year	<u><u>\$ 37,762</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - DESCRIPTION OF THE CITY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

The City participates in the Akron Metropolitan Area Transportation Study, Brimfield Township-City of Tallmadge Joint Economic Development District and Summit Suburban Council of Governments. These jointly governed organizations are presented in Note 17 of the basic financial statements.

B. Basis of Presentation - Fund Accounting

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

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

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

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

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

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

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

C. Fund Accounting

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

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

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

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

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

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

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

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

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

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

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

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

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.

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

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

D. Measurement Focus

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

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

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

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

E. Basis of Accounting

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2005, but which were levied to finance year 2006 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

F. Budgetary Process

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

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

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

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

G. Cash and Investments

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

During fiscal year 2005, investments were limited to STAR Ohio, Federal Home Loan Mortgage Corporation Bonds, Federal National Mortgage Association Bonds, Federal Home Loan Bank Bonds, and repurchase agreements.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2005.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2005 amounted to \$154,068 which includes \$101,498 assigned from other City funds.

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

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

H. Materials and Supplies Inventory

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

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

I. Capital Assets

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

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

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

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

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

J. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for employees after seven years of service with the City (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, 2005, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which the services are consumed. The City had no material prepaid items as of December 31, 2005.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

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

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, 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. Interfund Balances

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

N. Interfund Activity

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

O. Fund Balance Reserves

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

P. Estimates

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

Q. Contributed Capital

Contributions of capital in proprietary fund financial statements arise from contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements. During 2005, the storm water enterprise fund was established and the fund received \$2,098,885 in capital contributions which consisted of storm water assets previously reported in governmental activities.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

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

R. Extraordinary and Special Items

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

S. Net Assets

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2005, the City has implemented GASB Statement No. 40 "Deposit and Investment Risk Disclosures", and GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries".

GASB Statement No. 40 establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits.

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

The implementation of GASB Statement No. 40 and GASB Statement No. 42 did not have an effect on the financial statements of the City, however additional note disclosure can be found in Note 4.

B. Deficit Fund Balance

Fund balances at December 31, 2005 included the following individual fund deficit:

	<u>Deficit</u>
<u>Major Fund</u>	
Recreation Center	\$ 94,980
<u>Nonmajor Fund</u>	
Police Pension	73,421

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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

1. Bonds and other obligations guaranteed by the United States;
2. Discount notes of the Federal National Mortgage Association;

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Bonds of the State of Ohio; and
4. Bonds of any municipal corporation, village, county, township, or other political subdivision of Ohio, as to which there is no default of principal, interest or coupons;

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

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

A. Deposits with Financial Institutions

At December 31, 2005, the carrying amount of all City deposits was \$5,030,092, exclusive of the \$791,541 repurchase agreement included in investments below. As of December 31, 2005, \$4,906,733 of the City's bank balance of \$5,242,818 was exposed to custodial risk as discussed below, while \$336,085 was covered by Federal Deposit Insurance Corporation.

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

B. Investments

As of December 31, 2005, the City had the following investments and maturities:

<u>Investment type</u>	<u>Investment Maturities</u>	
	<u>Balance at Fair Value</u>	<u>6 months or less</u>
Repurchase agreements	\$ 791,541	\$ 791,541
STAR Ohio	<u>3,299,177</u>	<u>3,299,177</u>
	<u>\$ 4,090,718</u>	<u>\$ 4,090,718</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of each investment type held by the City at December 31, 2005:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase agreements	\$ 791,541	19.35
STAR Ohio	3,299,177	80.65
	<u>\$ 4,090,718</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2005:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 5,030,092
Investments	4,090,718
Total	<u>\$ 9,120,810</u>

<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 2,837,736
Business type activities	6,096,951
Private-purpose trust fund	37,725
Agency fund	148,398
Total	<u>\$ 9,120,810</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 5 - INTERFUND TRANSFERS

The general fund transferred \$300,000 to the recreation center fund to pay a portion of the construction costs. The remaining transfers are general operating transfers. These transfers consist of \$431,000 to Fire/EMS Levy Fund, \$1,681,900 to Street Maintenance and Repair Fund, \$552,000 to Bond Retirement fund, and \$145,000 to the police pension fund. The \$2,000 represents the monthly transfer of 7% of levy revenue for capital outlay. The \$60,000 transfer from the general fund to the Storm Water fund was to subsidize the start-up of storm water operations. An additional transfer of \$2,098,885 has been recorded on the statement of activities to transfer storm water capital assets previously reported in governmental activities to business-type activities, due to the establishment of the Storm Water enterprise fund.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Major Funds</u>		
General Fund	\$ -	\$3,169,900
Fire/EMS Levy Fund	431,000	2,000
Street Maintenance and Repair Fund	1,681,900	-
Bond Retirement Fund	552,000	-
Recreation Center Fund	300,000	-
Storm Water Fund	60,000	-
Total Major funds	<u>3,024,900</u>	<u>3,171,900</u>
<u>Nonmajor Funds</u>		
Fire/EMS Capital Fund	2,000	-
Police Pension Fund	145,000	-
Total Nonmajor funds	<u>147,000</u>	-
Total	<u>\$3,171,900</u>	<u>\$3,171,900</u>

NOTE 6 - RECEIVABLES

Receivables at December 31, 2005, 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 \$910,000 in the bond retirement fund. The City had no material outstanding delinquencies at December 31, 2005.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenues received during 2005 for real and public utility property taxes represents collections of 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) are for 2005 taxes.

2004 real property taxes are levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2005 real property taxes are collected in and intended to finance 2006.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 6 - RECEIVABLES - (Continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2005 public utility property taxes which became a lien December 31, 2004, are levied after October 1, 2005 and collected in 2006 real property taxes.

2005 tangible personal property taxes were levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

The tax full rate for all City operations for the year ended December 31, 2005, was \$6.15 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	\$ 360,024,610
Public Utility Property	7,545,680
Tangible Personal Property	<u>37,579,092</u>
Total	<u>\$ 405,149,382</u>

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

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

The County Fiscal Officer collects property taxes on behalf of all taxing districts within the County, including the City of Tallmadge. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2005 and for which there is an enforceable legal claim. In the general fund, fire/ems levy and police pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2005 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

B. Municipal Income Taxes

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 6 - RECEIVABLES - (Continued)

C. Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government	\$ 482,723
Homestead and Rollback	96,529
Inheritance Tax	55,956
Public Utility Reimbursements	8,365
Miscellaneous	8,881
Liquor Tax	1,137
Auto License Tax	73,994
Gas Tax and Municipal Cents per Gallon Tax	<u>274,628</u>
Total	<u>\$ 1,002,213</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005, was as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>12/31/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/05</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,869,901	\$ -	\$ (129,267)	\$ 2,740,634
Construction in progress	<u>161,504</u>	<u>185,538</u>	<u>(161,504)</u>	<u>185,538</u>
Total capital assets, not being depreciated	<u>3,031,405</u>	<u>185,538</u>	<u>(290,771)</u>	<u>2,926,172</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	13,902,141	37,794	(6,716)	13,933,219
Equipment	6,801,530	429,233	(52,402)	7,178,361
Infrastructure				
Street Subsystem	17,522,527	633,448	-	18,155,975
Storm Sewers Subsystem	<u>2,542,530</u>	<u>-</u>	<u>(2,542,530)</u>	<u>-</u>
Total capital assets, being depreciated	<u>40,768,728</u>	<u>1,100,475</u>	<u>(2,601,648)</u>	<u>39,267,555</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(2,659,520)	(348,542)	6,716	(3,001,346)
Equipment	(5,027,062)	(417,627)	52,402	(5,392,287)
Infrastructure				
Street Subsystem	(6,937,536)	(592,375)	-	(7,529,911)
Storm Sewers Subsystem	<u>(572,912)</u>	<u>-</u>	<u>572,912</u>	<u>-</u>
Total accumulated depreciation	<u>(15,197,030)</u>	<u>(1,358,544)</u>	<u>632,030</u>	<u>(15,923,544)</u>
Total capital assets, being depreciated, net	<u>25,571,698</u>	<u>(258,069)</u>	<u>(1,969,618)</u>	<u>23,344,011</u>
Governmental activities capital assets, net	<u>\$ 28,603,103</u>	<u>\$ (72,531)</u>	<u>\$ (2,260,389)</u>	<u>\$ 26,270,183</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 7 - CAPITAL ASSETS - (Continued)

Capital asset activity for the year ended December 31, 2005, was as follows:

<u>Business-Type Activities:</u>	<u>Balance 12/31/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/05</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 196,252	\$ 129,267	\$ -	\$ 325,519
Construction in progress	<u>7,243</u>	<u>53,325</u>	<u>(7,243)</u>	<u>53,325</u>
Total capital assets, not being depreciated	<u>203,495</u>	<u>182,592</u>	<u>(7,243)</u>	<u>378,844</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	1,464,561	-	-	1,464,561
Equipment	1,012,562	46,170	(7,314)	1,051,418
Infrastructure				
Water Lines	8,281,411	-	-	8,281,411
Sewer Lines	7,622,263	-	-	7,622,263
Storm Sewer Subsystem	<u>-</u>	<u>2,586,836</u>	<u>-</u>	<u>2,586,836</u>
Total capital assets, being depreciated	<u>18,380,797</u>	<u>2,633,006</u>	<u>(7,314)</u>	<u>21,006,489</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(663,525)	(44,295)	-	(707,820)
Equipment	(564,355)	(57,953)	3,157	(619,151)
Infrastructure				
Water Lines	(3,151,805)	(179,838)	-	(3,331,643)
Sewer Lines	(3,313,253)	(151,144)	-	(3,464,397)
Storm Sewer Subsystem	<u>-</u>	<u>(658,404)</u>	<u>-</u>	<u>(658,404)</u>
Total accumulated depreciation	<u>(7,692,938)</u>	<u>(1,091,634)</u>	<u>3,157</u>	<u>(8,781,415)</u>
Total capital assets, being depreciated, net	<u>10,687,859</u>	<u>1,541,372</u>	<u>(4,157)</u>	<u>12,225,074</u>
Business-type activities capital assets, net	<u>\$ 10,891,354</u>	<u>\$ 1,723,964</u>	<u>\$ (11,400)</u>	<u>\$ 12,603,918</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 7 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 159,028
Security of persons and property	241,842
Public health and welfare	1,110
Transportation	758,877
Leisure time activity	<u>197,687</u>
Total depreciation expense	<u>\$ 1,358,544</u>

NOTE 8 - CAPITAL LEASE

During 2005, the City entered into a capital lease for three police vehicles. This capital lease will be paid out of the general fund. This lease meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases." Capital assets were capitalized at the present value of the minimum lease payments at the time the lease was entered into.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Assets:	
Equipment	\$ 41,684
Less: accumulated depreciation	<u>(2,084)</u>
Total	<u>\$ 39,600</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, 2005:

<u>Year Ended December 31,</u>	<u>Amount</u>
2006	\$ 15,144
2007	15,144
2008	<u>15,144</u>
Total	45,432
Less: amount representing interest	<u>(3,748)</u>
Present value of net minimum lease payments	<u>\$ 41,684</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 9 - NOTE PAYABLE

A summary of the note transactions for the year ended December 31, 2005 follows:

	<u>Balance</u> <u>12/31/2004</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/2005</u>
Recreation Center Improvement Note - 1.388%	<u>\$ 300,000</u>	<u>\$ 100,000</u>	<u>\$ (300,000)</u>	<u>\$ 100,000</u>

The note is backed by the full faith and credit of the City and matures within one year. The note was issued to fund the building of a recreation center. The note liability is reflected in the recreation center fund which received the proceeds. The note was issued in anticipation of long-term bond financing (see Note 20).

NOTE 10 - LONG-TERM OBLIGATIONS

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

Special Assessment Bonds

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

General Obligation Bonds

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

Recreation Center Improvement Notes

2004 Recreation Center Note	1.388%	4,200,000	3/15/2005
2005 Recreation Center Note	3.250%	3,900,000	3/13/2006

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

Business-Type Activities:	Balance at 12/31/2004	Additions	Reductions	Balance 12/31/2005	Amounts Due in One Year
<u>Special Assessment Bonds</u>					
1992 Southwest Sanitary Sewer and Water	\$ 191,000	\$ -	\$ (25,000)	\$ 166,000	\$ 24,000
1996 Northwest Quad Sanitary Sewer	325,000	-	(20,000)	305,000	20,000
1998 Ernest Waterline	130,000	-	(30,000)	100,000	30,000
2001 Elm/Ferguson Waterline	315,000	-	(40,000)	275,000	40,000
2001 Parker/Milton Waterline	185,000	-	(25,000)	160,000	25,000
Total Special Assessment Bonds	<u>1,146,000</u>	<u>-</u>	<u>(140,000)</u>	<u>1,006,000</u>	<u>139,000</u>
Compensated Absences	45,050	13,345	(13,863)	44,532	4,074
Total Business-Type Activities Long-Term Obligations	<u>\$ 1,191,050</u>	<u>\$ 13,345</u>	<u>\$ (153,863)</u>	<u>\$ 1,050,532</u>	<u>\$ 143,074</u>
<u>Governmental Activities:</u>					
<u>General Obligation Bonds</u>					
1992 Tallmadge Woods	\$ 329,000	\$ -	\$ (40,000)	\$ 289,000	\$ 41,000
1995 Concrete Streets	860,000	-	(55,000)	805,000	60,000
1998 Storm Water Improvement	1,895,000	-	(95,000)	1,800,000	100,000
2001 City Building Improvement	1,975,000	-	(85,000)	1,890,000	85,000
Total General Obligation Bonds	<u>5,059,000</u>	<u>-</u>	<u>(275,000)</u>	<u>4,784,000</u>	<u>286,000</u>
<u>Special Assessment Bonds</u>					
2000 West Avenue Street Improvement	945,000	-	(35,000)	910,000	40,000
<u>Long-Term Notes</u>					
2004 Recreation Center Improvement Note	3,900,000	-	(3,900,000)	-	-
2005 Recreation Center Improvement Note	-	3,800,000	-	3,800,000	-
Total Long-Term Notes	<u>3,900,000</u>	<u>3,800,000</u>	<u>(3,900,000)</u>	<u>3,800,000</u>	<u>-</u>
Capital Lease	-	41,684	-	41,684	13,245
Compensated Absences	824,385	196,830	(151,646)	869,569	163,792
Total Governmental Activities Long-Term Obligations	<u>\$ 10,728,385</u>	<u>\$ 4,038,514</u>	<u>\$ (4,361,646)</u>	<u>\$ 10,405,253</u>	<u>\$ 503,037</u>

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

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

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

Capital leases consisted of the purchase of three police vehicles which are paid from the general fund.

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

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

As of December 31, 2005, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$33,876,436 and the unvoted legal debt margin was \$13,618,967. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2005 are as follows:

Year	<u>General Obligation Bonds</u>			<u>West Avenue Special Assessment</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 286,000	\$ 256,623	\$ 542,623	\$ 40,000	\$ 54,600	\$ 94,600
2007	301,000	242,351	543,351	40,000	52,200	92,200
2008	311,000	227,109	538,109	45,000	49,800	94,800
2009	321,000	211,037	532,037	45,000	47,100	92,100
2010	331,000	194,233	525,233	50,000	44,400	94,400
2011 - 2015	1,824,000	684,470	2,508,470	290,000	174,300	464,300
2016 - 2020	1,245,000	224,980	1,469,980	400,000	75,900	475,900
2021	165,000	9,075	174,075	-	-	-
Total	\$ 4,784,000	\$ 2,049,878	\$ 6,833,878	\$ 910,000	\$ 498,300	\$ 1,408,300

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Year	Business-Type Activity Special Assessment Debt		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 139,000	\$ 51,712	\$ 190,712
2007	149,000	45,219	194,219
2008	154,000	38,071	192,071
2009	119,000	30,483	149,483
2010	129,000	25,971	154,971
2011 - 2015	281,000	48,003	329,003
2016	<u>35,000</u>	<u>2,100</u>	<u>37,100</u>
Total	<u>\$ 1,006,000</u>	<u>\$ 241,559</u>	<u>\$ 1,247,559</u>

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005, the City contracted with Selective Insurance of South Carolina for general liability, automobile, firefighters, errors and omissions, and police and professional liability for the policy period covering January 1, 2005 through December 31, 2005. Selective Insurance also covers buildings and contents and boiler and machinery. The City carries a \$2,000,000 general liability with \$1,000,000 occurrence and a \$1,000,000 automobile liability and a \$10,000,000 umbrella liability extending coverage on the general, automobile, police professional liability, firefighter's errors and omissions and public official's liability.

Western Surety Company insures performance bonds for all necessary officials and Old Republic/Century Surety covers other employees. The City carries individual bonds for the Director of Finance and the Treasurer in the amount of \$250,000. All persons working under the Director of Finance or Treasurer are bonded for the sum of \$50,000. All other employees paid by the City are covered by a \$10,000 blanket bond. In addition, the City carries blanket bond insurance with \$100,000 per occurrence for guaranteeing the honest and faithful performance of the City's employees.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

The City participates in the Ohio Association of Rural Water and Wastewater Systems Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 12). The intent of GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the GRP.

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 11 - RISK MANAGEMENT – (Continued)

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

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

The claims liability of \$75,898 reported in the internal service fund at December 31, 2005 is estimated by a third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amounts in 2004 and 2005 are:

	Balance at Beginning of Year	Current Claims	Claims Payment	Balance at End of Year
2004	\$ 82,846	\$ 547,181	\$ (595,077)	\$ 34,950
2005	34,950	776,038	(735,090)	75,898

NOTE 12 - INSURANCE PURCHASING POOL

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9%. The City's contribution rate for pension benefits for 2005 was 9.55%, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$390,116, \$374,147, and \$327,404, respectively; 100% has been contributed for 2005, 2004 and 2003. The City and plan members did not make any contributions to the member-directed plan for 2005.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10.0% of their annual covered salary to fund pension obligations while the City is required to contribute 11.75% for police officers and 16.25% for firefighters. Contributions are authorized by State statute. The City's contributions to the fund for the police and firefighters were \$173,238 and \$117,421 for the year ended December 31, 2005, \$174,234 and \$116,864 for the year ended December 31, 2004, and \$170,344 and \$105,097 for the year ended December 31, 2003. The full amount has been contributed for 2004 and 2003. 73.01% for police and 73.12% for firefighters has been contributed for 2005 with the remainder being reported as a liability.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 14 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 4.00% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1.00% to 6.00% annually for the next eight years and 4.00% annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 376,109 as of December 31, 2005. The number of active participants for both plans used in the December 31, 2004 actuarial valuation was 355,287. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$163,397. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004 (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS's health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program during 2004 and 2005. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2005 that were used to fund postemployment benefits were \$114,055 for police and \$56,022 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004 (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004 (the latest information available), was 13,812 for police and 10,528 for firefighters.

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS

A. Compensated Absences

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

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

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

B. Life Insurance

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

Net Change in Fund Balance

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>
Budget basis	\$ 222,054	\$ 93,007	\$ (97,571)
Net adjustment for revenue accruals	(13,092)	(18,671)	19,324
Net adjustment for expenditure accruals	(188,307)	23,787	112,649
Net adjustment for other financing sources (uses)	41,684	-	-
Adjustment for encumbrances	<u>266,643</u>	<u>2,130</u>	<u>59,323</u>
GAAP basis	<u>\$ 328,982</u>	<u>\$ 100,253</u>	<u>\$ 93,725</u>

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Akron Metropolitan Area Transportation Study (AMATS)

The City participates in the Akron Metropolitan Area Transportation Study. This organization is responsible for fulfilling the area's continuous, cooperative and comprehensive transportation planning process. The AMATS service area consists of Summit, Portage, and Chippewa Township of Wayne County. AMATS is led by the AMATS Transportation Policy Committee. The City is a member of the 43 member Policy Committee that is responsible for the preparation of regional transportation policies, plans and programs that meet the areas present and future needs. In 2005, the City contributed \$2,730 to the Akron Metropolitan Area Transportation Study, which represents the City's formula share.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005*

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

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

Summit Suburban Council of Governments (Council) – On September 8, 2005, the City passed a resolution to join the Council and to enter into a co-operative agreement with the Council to provide unified emergency dispatch services in a cost efficient manner that insures an effective and quality program by working in cooperation with other local governments, as well as state and federal agencies and departments to integrate the program. The communities that have agreed to join the co-operative agreement are Brimfield township, the villages of Lakemore, Mogadore and Silver Lake, and the cities of Green, Munroe Falls, Stow and Tallmadge.

NOTE 18 - CONTRACTUAL COMMITMENTS

On December 31, 2005, the City had a total of \$205,373 in contractual commitments. These included \$156,000 to Motorola for the 800 MHz radios, \$24,403 to Horton Emergency Vehicles for the down payment on the new ambulance, and \$24,970 to Creative Microsystems for the new finance software upgrade.

NOTE 19 - 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, 2005.

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, 2005*

NOTE 20 - SUBSEQUENT EVENTS

On January 30, 2006, the City entered into a lease-purchase agreement for a Fire Ambulance Truck in the amount of \$96,190. Principal and interest payments begin on January 30, 2007, and the last payment is due January 30, 2011. The annual interest rate is 4.92%.

On March 1, 2006, the City issued \$3,800,000 in general obligation bonds to retire \$3,800,000 recreation improvement notes which mature on March 16, 2006. The recreation center bonds have an annual interest rate ranging from 3.50% to 5.00% and mature in 2031. The City also issued \$870,000 to refund the 1995 Street Improvement bonds. The refunding portion matures in 2015 with an annual interest rate ranging from 3.50% to 3.75%.

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COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

CITY OF TALLMADGE, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS*

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Major Special Revenue Funds

Fire/EMS Levy Fund

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

Street Maintenance and Repair Fund

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

Nonmajor Special Revenue Funds

Fire/EMS Capital Fund

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

State Highway Fund

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

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.

Emergency Medical Service Donation Fund

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

CITY OF TALLMADGE, OHIO

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

Nonmajor Special Revenue Funds (Continued)

Police Pension Fund

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

MAJOR DEBT SERVICE FUND

Bond Retirement Fund

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

CAPITAL PROJECTS FUNDS

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

Major Capital Projects Fund

Recreation Center Fund

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

Nonmajor Capital Projects Funds

General Infrastructure Reserve Fund

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

Northeast Avenue Road Improvement Project

To account for the Northeast Avenue road improvements.

Northwest Avenue Road Improvement Project

To account for the Northwest Avenue 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, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Personal property	\$ 88,576	\$ 92,945	\$ 114,373	\$ 21,428
Real estate (public utility)	678,784	701,507	680,079	(21,428)
Municipal income taxes	7,000,000	7,146,819	7,211,174	64,355
Franchise tax	-	106,657	80,033	(26,624)
Intergovernmental				
Local government	1,007,734	1,070,422	1,070,422	-
Rollback	88,227	92,547	92,547	-
Inheritance	-	203,558	215,053	11,495
Miscellaneous	3,109	140,538	164,109	23,571
Investment income	201,625	84,513	145,058	60,545
Fines, licenses and permits	425,101	290,600	305,836	15,236
Special assessments.	20,471	15,100	14,728	(372)
Charges for services	1,781,491	1,295,456	1,281,683	(13,773)
Miscellaneous.	38,512	28,778	27,707	(1,071)
Total revenues.	<u>11,333,630</u>	<u>11,269,440</u>	<u>11,402,802</u>	<u>133,362</u>
Expenditures:				
Current:				
General government				
Mayor/Administration	433,535	433,399	420,243	13,156
Finance Director	494,817	493,982	493,472	510
Law Director	298,253	298,251	287,669	10,582
Service Director.	331,639	336,214	324,790	11,424
Manager of Information Service	110,309	110,200	108,447	1,753
Council	159,900	159,900	158,020	1,880
Treasurer	316,813	328,813	327,922	891
Civil Service	17,900	22,600	21,744	856
Custodian	189,011	189,011	180,557	8,454
General administration	509,105	460,100	459,710	390
Boards and commissions	9,200	9,200	4,897	4,303
Total general government.	<u>2,870,482</u>	<u>2,841,670</u>	<u>2,787,471</u>	<u>54,199</u>
Security of persons and property				
Police	3,058,880	3,057,760	3,008,229	49,531
Street lighting	20,100	20,100	12,834	7,266
Total security of persons and property	<u>3,078,980</u>	<u>3,077,860</u>	<u>3,021,063</u>	<u>56,797</u>
Transportation				
Garage	314,114	334,063	325,583	8,480
Total transportation	<u>314,114</u>	<u>334,063</u>	<u>325,583</u>	<u>8,480</u>

Continued

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment				
Building	\$ 229,181	\$ 228,821	\$ 223,203	\$ 5,618
Zoning	175,961	175,939	178,873	(2,934)
Total community environment	<u>405,142</u>	<u>404,760</u>	<u>402,076</u>	<u>2,684</u>
Leisure time activities				
Recreation	806,039	983,258	963,843	19,415
Maca Aquatic Center	84,400	299,400	318,660	(19,260)
Total leisure time activities	<u>890,439</u>	<u>1,282,658</u>	<u>1,282,503</u>	<u>155</u>
Capital outlay				
Radio equipment	40,000	196,000	192,152	3,848
Recreation equipment	40,000	-	-	-
Total capital outlay	<u>80,000</u>	<u>196,000</u>	<u>192,152</u>	<u>3,848</u>
Total expenditures	<u>7,639,157</u>	<u>8,137,011</u>	<u>8,010,848</u>	<u>126,163</u>
Excess of revenues over expenditures	<u>3,694,473</u>	<u>3,132,429</u>	<u>3,391,954</u>	<u>259,525</u>
Other financing sources (uses):				
Advances in				
Northeast avenue road improvement	-	142,300	142,300	-
Northwest avenue road improvement	-	175,000	175,000	-
Advances out				
Northeast avenue road improvement	-	(142,300)	(142,300)	-
Northwest avenue road improvement	-	(175,000)	(175,000)	-
Transfers in	86,900	-	-	-
Transfers out				
Police pension	(145,000)	(145,000)	(145,000)	-
Fire/EMS Levy	(431,000)	(431,000)	(431,000)	-
Street maintenance and repair	(1,681,900)	(1,681,900)	(1,681,900)	-
Debt service	(552,000)	(552,000)	(552,000)	-
Recreation center	(300,000)	(300,000)	(300,000)	-
Storm water	(60,000)	(60,000)	(60,000)	-
Total other financing sources (uses)	<u>(3,083,000)</u>	<u>(3,169,900)</u>	<u>(3,169,900)</u>	<u>-</u>
Net change in fund balance	611,473	(37,471)	222,054	259,525
Fund balance at beginning of year	1,712,092	1,184,257	1,184,257	-
Prior year encumbrances appropriated	166,957	166,957	166,957	-
Fund balance at end of year	<u>\$ 2,490,522</u>	<u>\$ 1,313,743</u>	<u>\$ 1,573,268</u>	<u>\$ 259,525</u>

CITY OF TALLMADGE, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 117,022	\$ 63,432	\$ 180,454
Receivables (net of allowances of uncollectibles):			
Real and other taxes	126,417	-	126,417
Accounts	85	-	85
Accrued interest.	50	87	137
Intergovernmental	30,935	-	30,935
Total assets	<u>\$ 274,509</u>	<u>\$ 63,519</u>	<u>\$ 338,028</u>
Liabilities:			
Accounts payable	\$ 2,458	\$ -	\$ 2,458
Accrued wages and benefits	1,585	-	1,585
Intergovernmental payable.	82,297	-	82,297
Deferred revenue.	147,178	26	147,204
Total liabilities	<u>233,518</u>	<u>26</u>	<u>233,544</u>
Fund Balances:			
Fund balances:			
Reserved for encumbrances	29,662	-	29,662
Unreserved, undesignated, reported in:			
Special revenue funds	11,329	-	11,329
Capital projects funds	-	63,493	63,493
Total fund balances	<u>40,991</u>	<u>63,493</u>	<u>104,484</u>
Total liabilities and fund equity	<u>\$ 274,509</u>	<u>\$ 63,519</u>	<u>\$ 338,028</u>

CITY OF TALLMADGE, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:			
Property and other taxes	\$ 110,908	\$ -	\$ 110,908
Intergovernmental.	270,796	317,256	588,052
Investment income	1,064	1,778	2,842
Fines, licenses and permits	9,591	-	9,591
Other	1,009	-	1,009
	<hr/>	<hr/>	<hr/>
Total revenues	393,368	319,034	712,402
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Security of persons and property.	324,600	-	324,600
Transportation	47,010	317,256	364,266
Capital outlay.	224,827	52,258	277,085
	<hr/>	<hr/>	<hr/>
Total expenditures	596,437	369,514	965,951
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(203,069)	(50,480)	(253,549)
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Transfers in	147,000	-	147,000
	<hr/>	<hr/>	<hr/>
Total other financing sources	147,000	-	147,000
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(56,069)	(50,480)	(106,549)
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year.	97,060	113,973	211,033
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	<u>\$ 40,991</u>	<u>\$ 63,493</u>	<u>\$ 104,484</u>

CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005*

	Fire/EMS Capital	State Highway	Community Development	Alcohol Enforcement and Education
Assets:				
Equity in pooled cash and cash equivalents.	\$ 30,159	\$ 28,647	\$ 6,570	\$ 4,338
Receivables (net of allowances for uncollectibles):				
Real and other taxes.	-	-	-	-
Accounts	-	-	-	85
Accrued interest.	42	8	-	-
Intergovernmental.	-	24,550	-	-
Total assets	<u>\$ 30,201</u>	<u>\$ 53,205</u>	<u>\$ 6,570</u>	<u>\$ 4,423</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	-	1,585	-	-
Intergovernmental payable	-	1,427	-	-
Deferred revenue	13	14,363	-	-
Total liabilities	<u>13</u>	<u>17,375</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Reserved for encumbrances	26,504	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	3,684	35,830	6,570	4,423
Total fund balances.	<u>30,188</u>	<u>35,830</u>	<u>6,570</u>	<u>4,423</u>
Total liabilities and fund equity	<u>\$ 30,201</u>	<u>\$ 53,205</u>	<u>\$ 6,570</u>	<u>\$ 4,423</u>

<u>Law Enforcement Trust</u>	<u>Drug Law Enforcement</u>	<u>Emergency Medical Service Donation</u>	<u>Police Pension</u>	<u>Totals</u>
\$ 8,941	\$ 25,798	\$ 5,120	\$ 7,449	\$ 117,022
-	-	-	126,417	126,417
-	-	-	-	85
-	-	-	-	50
-	-	-	6,385	30,935
<u>\$ 8,941</u>	<u>\$ 25,798</u>	<u>\$ 5,120</u>	<u>\$ 140,251</u>	<u>\$ 274,509</u>
\$ -	\$ -	\$ 2,458	\$ -	\$ 2,458
-	-	-	-	1,585
-	-	-	80,870	82,297
-	-	-	132,802	147,178
-	-	2,458	213,672	233,518
1,829	-	1,329	-	29,662
7,112	25,798	1,333	(73,421)	11,329
<u>8,941</u>	<u>25,798</u>	<u>2,662</u>	<u>(73,421)</u>	<u>40,991</u>
<u>\$ 8,941</u>	<u>\$ 25,798</u>	<u>\$ 5,120</u>	<u>\$ 140,251</u>	<u>\$ 274,509</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, 2005*

	Fire/EMS Capital	State Highway	Community Development	Alcohol Enforcement and Education
Revenues:				
Property and other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	92,700	55,449	110,000	-
Investment income.	889	175	-	-
Fines, licenses and permits.	-	-	-	574
Other.	-	-	-	-
Total revenues.	93,589	55,624	110,000	574
Expenditures:				
Current:				
Security of persons and property	-	-	-	-
Transportation	-	47,010	-	-
Capital outlay	114,827	-	110,000	-
Total expenditures.	114,827	47,010	110,000	-
Excess (deficiency) of revenues over (under) expenditures	(21,238)	8,614	-	574
Other financing sources:				
Transfers in	2,000	-	-	-
Total other financing sources	2,000	-	-	-
Net change in fund balances	(19,238)	8,614	-	574
Fund balances at beginning of year (deficit).	49,426	27,216	6,570	3,849
Fund balances at end of year (deficit).	\$ 30,188	\$ 35,830	\$ 6,570	\$ 4,423

Law Enforcement Trust	Drug Law Enforcement	Emergency Medical Service Donation	Police Pension	Totals
\$ -	\$ -	\$ -	\$ 110,908	\$ 110,908
-	-	-	12,647	270,796
-	-	-	-	1,064
25	8,992	-	-	9,591
-	-	1,009	-	1,009
25	8,992	1,009	123,555	393,368
-	2,609	2,458	319,533	324,600
-	-	-	-	47,010
-	-	-	-	224,827
-	2,609	2,458	319,533	596,437
25	6,383	(1,449)	(195,978)	(203,069)
-	-	-	145,000	147,000
-	-	-	145,000	147,000
25	6,383	(1,449)	(50,978)	(56,069)
8,916	19,415	4,111	(22,443)	97,060
<u>\$ 8,941</u>	<u>\$ 25,798</u>	<u>\$ 2,662</u>	<u>\$ (73,421)</u>	<u>\$ 40,991</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, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,043,681	\$ 1,074,475	\$ 1,081,097	\$ 6,622
Intergovernmental	118,036	140,490	125,106	(15,384)
Investment income	-	700	3,476	2,776
Fines, licenses and permits	-	100	77	(23)
Charges for services	329,027	356,826	368,521	11,695
Miscellaneous.	-	8,227	3,896	(4,331)
Total revenues.	<u>1,490,744</u>	<u>1,580,818</u>	<u>1,582,173</u>	<u>1,355</u>
Expenditures:				
Current:				
Security of persons and property				
Fire	<u>1,875,433</u>	<u>1,927,010</u>	<u>1,918,166</u>	<u>8,844</u>
Total security of persons and property	<u>1,875,433</u>	<u>1,927,010</u>	<u>1,918,166</u>	<u>8,844</u>
Total expenditures	<u>1,875,433</u>	<u>1,927,010</u>	<u>1,918,166</u>	<u>8,844</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(384,689)</u>	<u>(346,192)</u>	<u>(335,993)</u>	<u>10,199</u>
Other financing sources (uses):				
Transfers in.	320,351	431,000	431,000	-
Transfers out	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>318,351</u>	<u>429,000</u>	<u>429,000</u>	<u>-</u>
Net change in fund balance.	(66,338)	82,808	93,007	10,199
Fund balance at beginning of year	182,157	44,093	44,093	-
Prior year encumbrances appropriated	<u>7,433</u>	<u>7,433</u>	<u>7,433</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 123,252</u>	<u>\$ 134,334</u>	<u>\$ 144,533</u>	<u>\$ 10,199</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, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental.	\$ 1,633,256	\$ 722,500	\$ 707,923	\$ (14,577)
Investment income	4,660	600	2,020	1,420
Charges for services.	162,084	49,468	70,254	20,786
Miscellaneous.	-	6,800	-	(6,800)
Total revenues.	1,800,000	779,368	780,197	829
Expenditures:				
Current:				
Public health and welfare.	70,800	70,800	66,501	4,299
Transportation	1,534,739	1,530,046	1,548,874	(18,828)
Storm water management	56,954	55,967	55,967	-
Leisure time activities.	283,400	283,400	242,757	40,643
Capital outlay				
Road program.	608,400	608,400	606,253	2,147
N.E. Avenue Street improvement	39,316	39,316	39,316	-
Total expenditures	2,593,609	2,587,929	2,559,668	28,261
Excess (deficiency) of revenues over (under) expenditures	(793,609)	(1,808,561)	(1,779,471)	29,090
Other financing sources:				
Transfers in.	1,024,300	1,681,900	1,681,900	-
Total other financing sources.	1,024,300	1,681,900	1,681,900	-
Net change in fund balance.	230,691	(126,661)	(97,571)	29,090
Fund balance at beginning of year	147,900	186,631	186,631	-
Prior year encumbrances appropriated . . .	172,507	172,507	172,507	-
Fund balance at end of year	\$ 551,098	\$ 232,477	\$ 261,567	\$ 29,090

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE/EMS CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 69,949	\$ 92,700	\$ 92,700	-
Investment income	451	598	838	240
Total revenues	<u>70,400</u>	<u>93,298</u>	<u>93,538</u>	<u>240</u>
Expenditures:				
Capital outlay:				
Equipment	<u>50,000</u>	<u>142,700</u>	<u>141,331</u>	<u>1,369</u>
Total other	<u>50,000</u>	<u>142,700</u>	<u>141,331</u>	<u>1,369</u>
Total expenditures	<u>50,000</u>	<u>142,700</u>	<u>141,331</u>	<u>1,369</u>
Excess of revenues over expenditures.	<u>20,400</u>	<u>(49,402)</u>	<u>(47,793)</u>	<u>1,609</u>
Other financing sources:				
Transfers in.	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	-
Total other financing sources.	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	-
Net change in fund balance.	22,400	(47,402)	(45,793)	1,609
Fund balance at beginning of year	<u>49,380</u>	<u>49,380</u>	<u>49,380</u>	-
Fund balance at end of year.	<u>\$ 71,780</u>	<u>\$ 1,978</u>	<u>\$ 3,587</u>	<u>\$ 1,609</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, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 53,102	\$ 53,766	\$ 53,870	\$ 104
Investment income	198	200	164	(36)
Total revenues.	<u>53,300</u>	<u>53,966</u>	<u>54,034</u>	<u>68</u>
Expenditures:				
Current:				
Transportation	<u>55,400</u>	<u>55,400</u>	<u>44,462</u>	<u>10,938</u>
Total expenditures.	<u>55,400</u>	<u>55,400</u>	<u>44,462</u>	<u>10,938</u>
Net change in fund balance	(2,100)	(1,434)	9,572	11,006
Fund balance at beginning of year.	<u>19,062</u>	<u>19,062</u>	<u>19,062</u>	<u>-</u>
Fund balance at end of year	<u>\$ 16,962</u>	<u>\$ 17,628</u>	<u>\$ 28,634</u>	<u>\$ 11,006</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNITY DEVELOPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 30,000	\$ 110,000	\$ 110,000	\$ -
Total revenues	<u>30,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Expenditures:				
Capital outlay	<u>30,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Total expenditures	<u>30,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Net change in fund balance.	-	-	-	-
Fund balance at beginning of year	<u>6,570</u>	<u>6,570</u>	<u>6,570</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 6,570</u>	<u>\$ 6,570</u>	<u>\$ 6,570</u>	<u>\$ -</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALCOHOL ENFORCEMENT AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, licenses and permits	\$ 1,000	\$ 2,100	\$ 524	\$ (1,576)
Total revenues.	<u>1,000</u>	<u>2,100</u>	<u>524</u>	<u>(1,576)</u>
Expenditures:				
Current:				
Security of persons and property	<u>1,100</u>	<u>1,100</u>	<u>-</u>	<u>1,100</u>
Total expenditures	<u>1,100</u>	<u>1,100</u>	<u>-</u>	<u>1,100</u>
Net change in fund balance.	(100)	1,000	524	(476)
Fund balance at beginning of year	<u>3,814</u>	<u>3,814</u>	<u>3,814</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 3,714</u>	<u>\$ 4,814</u>	<u>\$ 4,338</u>	<u>\$ (476)</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, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, licenses and permits	\$ 500	\$ 1,200	\$ 25	\$ (1,175)
Total revenues	<u>500</u>	<u>1,200</u>	<u>25</u>	<u>(1,175)</u>
Expenditures:				
Current:				
Security of persons and property	<u>2,400</u>	<u>2,400</u>	<u>1,829</u>	<u>571</u>
Total expenditures	<u>2,400</u>	<u>2,400</u>	<u>1,829</u>	<u>571</u>
Net change in fund balance.	(1,900)	(1,200)	(1,804)	(604)
Fund balance at beginning of year	<u>8,916</u>	<u>8,916</u>	<u>8,916</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 7,016</u>	<u>\$ 7,716</u>	<u>\$ 7,112</u>	<u>\$ (604)</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, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, licenses and permits	\$ 500	\$ 8,992	\$ 8,992	\$ -
Total revenues	<u>500</u>	<u>8,992</u>	<u>8,992</u>	<u>-</u>
Expenditures:				
Current:				
Security of persons and property	<u>3,700</u>	<u>3,700</u>	<u>2,609</u>	<u>1,091</u>
Total expenditures	<u>3,700</u>	<u>3,700</u>	<u>2,609</u>	<u>1,091</u>
Net change in fund balance.	(3,200)	5,292	6,383	1,091
Fund balance at beginning of year	<u>19,415</u>	<u>19,415</u>	<u>19,415</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 16,215</u>	<u>\$ 24,707</u>	<u>\$ 25,798</u>	<u>\$ 1,091</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, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous.	\$ 3,000	\$ 3,000	\$ 1,009	\$ (1,991)
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>1,009</u>	<u>(1,991)</u>
Expenditures:				
Current:				
Security of persons and property	<u>4,000</u>	<u>4,000</u>	<u>3,787</u>	<u>213</u>
Total expenditures	<u>4,000</u>	<u>4,000</u>	<u>3,787</u>	<u>213</u>
Net change in fund balance.	(1,000)	(1,000)	(2,778)	(1,778)
Fund balance at beginning of year	<u>4,111</u>	<u>4,111</u>	<u>4,111</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 3,111</u>	<u>\$ 3,111</u>	<u>\$ 1,333</u>	<u>\$ (1,778)</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, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 109,623	\$ 112,282	\$ 110,908	\$ (1,374)
Intergovernmental	20,904	13,118	13,207	89
Miscellaneous	389	389	-	(389)
Total revenues	<u>130,916</u>	<u>125,789</u>	<u>124,115</u>	<u>(1,674)</u>
Expenditures:				
Current:				
Security of persons and property	<u>255,600</u>	<u>287,600</u>	<u>284,572</u>	<u>3,028</u>
Total expenditures	<u>255,600</u>	<u>287,600</u>	<u>284,572</u>	<u>3,028</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(124,684)</u>	<u>(161,811)</u>	<u>(160,457)</u>	<u>1,354</u>
Other financing sources:				
Transfers in.	<u>145,000</u>	<u>145,000</u>	<u>145,000</u>	<u>-</u>
Total other financing sources.	<u>145,000</u>	<u>145,000</u>	<u>145,000</u>	<u>-</u>
Net change in fund balance.	20,316	(16,811)	(15,457)	1,354
Fund balance at beginning of year	<u>22,906</u>	<u>22,906</u>	<u>22,906</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 43,222</u>	<u>\$ 6,095</u>	<u>\$ 7,449</u>	<u>\$ 1,354</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, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments.	\$ 109,590	\$ 91,600	\$ 81,859	\$ (9,741)
Total revenues.	<u>109,590</u>	<u>91,600</u>	<u>81,859</u>	<u>(9,741)</u>
Expenditures:				
Debt service:				
Principal retirement	310,000	310,000	310,000	-
Interest and fiscal charges.	<u>361,900</u>	<u>361,900</u>	<u>357,479</u>	<u>4,421</u>
Total expenditures.	<u>671,900</u>	<u>671,900</u>	<u>667,479</u>	<u>4,421</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(562,310)</u>	<u>(580,300)</u>	<u>(585,620)</u>	<u>(5,320)</u>
Other financing sources:				
Transfers in.	552,000	552,000	552,000	-
Note premium	<u>8,410</u>	<u>7,029</u>	<u>16,770</u>	<u>9,741</u>
Total other financing sources	<u>560,410</u>	<u>559,029</u>	<u>568,770</u>	<u>9,741</u>
Net change in fund balance.	(1,900)	(21,271)	(16,850)	4,421
Fund balance at beginning of year	<u>36,601</u>	<u>36,601</u>	<u>36,601</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 34,701</u>	<u>\$ 15,330</u>	<u>\$ 19,751</u>	<u>\$ 4,421</u>

CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2005*

	<u>General Infrastructure</u>	<u>Northeast Avenue Road Improvement Project</u>	<u>Northwest Avenue Road Improvement Project</u>	<u>Totals</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 63,432	\$ -	\$ -	\$ 63,432
Receivables (net of allowances for uncollectibles):				
Accrued interest.	<u>87</u>	<u>-</u>	<u>-</u>	<u>87</u>
Total assets	<u>\$ 63,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,519</u>
Liabilities:				
Deferred revenue	<u>26</u>	<u>-</u>		<u>26</u>
Total liabilities	<u>26</u>	<u>-</u>	<u>-</u>	<u>26</u>
Fund Balances:				
Unreserved, undesignated, reported in:				
Capital projects funds	<u>63,493</u>	<u>-</u>		<u>63,493</u>
Total fund balances.	<u>63,493</u>	<u>-</u>	<u>-</u>	<u>63,493</u>
Total liabilities and fund equity	<u>\$ 63,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,519</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, 2005*

	General Infrastructure	Northeast Avenue Road Improvement Project	Northwest Avenue Road Improvement Project	Totals
Revenues:				
Intergovernmental	\$ -	\$ 142,261	\$ 174,995	\$ 317,256
Investment income.	1,778	-	-	1,778
Total revenues.	<u>1,778</u>	<u>142,261</u>	<u>174,995</u>	<u>319,034</u>
Expenditures:				
Current:				
Transportation	-	142,261	174,995	317,256
Capital outlay	<u>52,258</u>	<u>-</u>	<u>-</u>	<u>52,258</u>
Total expenditures.	<u>52,258</u>	<u>142,261</u>	<u>174,995</u>	<u>369,514</u>
Net change in fund balances	(50,480)	-	-	(50,480)
Fund balances at beginning of year	<u>113,973</u>	<u>-</u>	<u>-</u>	<u>113,973</u>
Fund balances at end of year	<u><u>\$ 63,493</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 63,493</u></u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RECREATION CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 100,000	\$ 75,000	\$ 68,960	\$ (6,040)
Total revenues	<u>100,000</u>	<u>75,000</u>	<u>68,960</u>	<u>(6,040)</u>
Expenditures:				
Capital outlay	57,085	56,784	56,832	(48)
Debt service:				
Principal retirement	4,200,000	4,200,000	4,200,000	-
Interest and fiscal charges	<u>59,000</u>	<u>59,000</u>	<u>58,693</u>	<u>307</u>
Total expenditures	<u>4,316,085</u>	<u>4,315,784</u>	<u>4,315,525</u>	<u>259</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,216,085)</u>	<u>(4,240,784)</u>	<u>(4,246,565)</u>	<u>(5,781)</u>
Other financing sources:				
Transfers in	300,000	300,000	300,000	-
Note issued	<u>3,900,000</u>	<u>3,900,000</u>	<u>3,900,000</u>	<u>-</u>
Total other financing sources	<u>4,200,000</u>	<u>4,200,000</u>	<u>4,200,000</u>	<u>-</u>
Net change in fund balance	(16,085)	(40,784)	(46,565)	(5,781)
Fund balance at beginning of year	48,100	48,100	48,100	-
Prior year encumbrances appropriated. . .	<u>2,785</u>	<u>2,785</u>	<u>2,785</u>	<u>-</u>
Fund balance at end of year	<u>\$ 34,800</u>	<u>\$ 10,101</u>	<u>\$ 4,320</u>	<u>\$ (5,781)</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, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 100,000	\$ 1,164	\$ 1,740	\$ 576
Total revenues.	<u>100,000</u>	<u>1,164</u>	<u>1,740</u>	<u>576</u>
Expenditures:				
Capital outlay	<u>52,700</u>	<u>52,700</u>	<u>52,258</u>	<u>442</u>
Total expenditures	<u>52,700</u>	<u>52,700</u>	<u>52,258</u>	<u>442</u>
Net change in fund balance	47,300	(51,536)	(50,518)	1,018
Fund balance at beginning of year	111,110	111,110	111,110	-
Prior year encumbrances appropriated. . .	<u>2,700</u>	<u>2,700</u>	<u>2,700</u>	<u>-</u>
Fund balance at end of year	<u>\$ 161,110</u>	<u>\$ 62,274</u>	<u>\$ 63,292</u>	<u>\$ 1,018</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NORTHEAST AVENUE ROAD IMPROVEMENT PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental.	\$ 142,300	\$ 142,261	\$ 142,261	\$ -
Total revenues.	<u>142,300</u>	<u>142,261</u>	<u>142,261</u>	<u>-</u>
Expenditures:				
Transportation.	<u>142,300</u>	<u>142,300</u>	<u>142,261</u>	<u>39</u>
Total expenditures.	<u>142,300</u>	<u>142,300</u>	<u>142,261</u>	<u>39</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(39)</u>	<u>-</u>	<u>39</u>
Other financing sources (uses):				
Advances in	-	142,300	142,300	-
Advances out	-	<u>(142,261)</u>	<u>(142,300)</u>	<u>(39)</u>
Total other financing sources (uses).	<u>-</u>	<u>39</u>	<u>-</u>	<u>(39)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NORTHWEST AVENUE ROAD IMPROVEMENT PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 175,000	\$ 175,000	\$ 174,995	\$ (5)
Total revenues.	<u>175,000</u>	<u>175,000</u>	<u>174,995</u>	<u>(5)</u>
Expenditures:				
Transportation.	<u>175,000</u>	<u>175,000</u>	<u>174,995</u>	<u>5</u>
Total expenditures.	<u>175,000</u>	<u>175,000</u>	<u>174,995</u>	<u>5</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Advances in		175,000	175,000	-
Advances out	<u>-</u>	<u>(174,995)</u>	<u>(175,000)</u>	<u>(5)</u>
Total other financing sources (uses).	<u>-</u>	<u>5</u>	<u>-</u>	<u>(5)</u>
Net change in fund balance	-	5	-	(5)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ (5)</u>

CITY OF TALLMADGE, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - PROPRIETARY FUNDS*

MAJOR ENTERPRISE FUNDS

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

Sewer Operating Fund

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

Water Operating Fund

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

Storm Water Fund

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

NONMAJOR INTERNAL SERVICE FUND

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

Self Insurance Fund

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

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 47,842	\$ 37,000	\$ 74,874	37,874
Charges for services	2,803,967	2,168,513	2,239,117	70,604
Special assessments	204,171	157,900	45,866	(112,034)
Miscellaneous	18,620	14,400	-	(14,400)
Total revenues	<u>3,074,600</u>	<u>2,377,813</u>	<u>2,359,857</u>	<u>(17,956)</u>
Expenses:				
Personal services	272,300	272,300	302,652	(30,352)
Materials and supplies	55,000	55,000	58,558	(3,558)
Contractual services	1,946,398	1,944,561	1,903,069	41,492
Other	94,198	93,957	78,090	15,867
Capital outlay				
Software	8,400	8,400	8,400	-
Sewer cleaning	40,000	40,000	20,622	19,378
Pumphouse radio	12,500	12,500	12,000	500
Sewer pump replacement	15,500	15,472	6,033	9,439
Water meter replacement	10,000	10,000	9,868	132
Debt service:				
Principal retirement	37,000	37,000	37,000	-
Interest and fiscal charges	27,800	27,800	27,789	11
Total expenses	<u>2,519,096</u>	<u>2,516,990</u>	<u>2,464,081</u>	<u>52,909</u>
Net change in fund equity	555,504	(139,177)	(104,224)	34,953
Fund equity at beginning of year	3,753,671	3,753,671	3,753,671	-
Prior year encumbrances appropriated . . .	<u>134,296</u>	<u>134,296</u>	<u>134,296</u>	<u>-</u>
Fund equity at end of year	<u>\$ 4,443,471</u>	<u>\$ 3,748,790</u>	<u>\$ 3,783,743</u>	<u>\$ 34,953</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, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 8,826	\$ 8,600	\$ 37,021	28,421
Charges for services	1,757,293	1,712,263	1,827,464	115,201
Special assessments	179,602	175,000	178,379	3,379
Miscellaneous	3,079	3,000	4,230	1,230
Total revenues	<u>1,948,800</u>	<u>1,898,863</u>	<u>2,047,094</u>	<u>148,231</u>
Expenses:				
Personal services	272,400	272,400	241,571	30,829
Materials and supplies	94,000	94,000	64,561	29,439
Contractual services	1,217,000	1,217,000	1,096,196	120,804
Other	40,000	40,000	35,088	4,912
Capital outlay				
Software	8,400	8,400	8,400	-
Infrastructure	2,000	2,000	2,007	(7)
Nutwood waterline improvements	7,752	7,752	7,752	-
Pumphouse radio control	12,500	12,500	10,450	2,050
Water meter replacement	10,000	10,000	9,868	132
Debt service:				
Principal retirement	103,000	103,000	103,000	-
Interest and fiscal charges	30,400	30,400	30,318	82
Total expenses	<u>1,797,452</u>	<u>1,797,452</u>	<u>1,609,211</u>	<u>188,241</u>
Net change in fund equity	151,348	101,411	437,883	336,472
Fund equity at beginning of year	1,594,520	1,594,520	1,594,520	-
Prior year encumbrances appropriated . . .	<u>9,752</u>	<u>9,752</u>	<u>9,752</u>	<u>-</u>
Fund equity at end of year	<u>\$ 1,755,620</u>	<u>\$ 1,705,683</u>	<u>\$ 2,042,155</u>	<u>\$ 336,472</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, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 550,000	\$ 270,000	\$ 256,990	(13,010)
Total revenues.	<u>550,000</u>	<u>270,000</u>	<u>256,990</u>	<u>(13,010)</u>
Expenses:				
Contractual services	60,000	233,714	106,051	127,663
Other	-	1,296	588	708
Capital outlay				
Bierce stormwater.	300,000	-	-	-
Newton stormwater	50,000	44,990	20,415	24,575
East stormwater	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>610,000</u>	<u>280,000</u>	<u>127,054</u>	<u>152,946</u>
Net income (loss) before transfers	<u>(60,000)</u>	<u>(10,000)</u>	<u>129,936</u>	<u>139,936</u>
Transfers in	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Net change in fund equity	-	50,000	189,936	139,936
Fund equity at beginning of year.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity at end of year	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 189,936</u>	<u>\$ 139,936</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SELF-INSURANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,545,167	\$ 1,155,800	\$ 1,115,318	\$ (40,482)
Miscellaneous	138,233	103,400	28,367	(75,033)
Total revenues.	<u>1,683,400</u>	<u>1,259,200</u>	<u>1,143,685</u>	<u>(115,515)</u>
Expenses:				
Contractual services	536,800	536,800	411,908	124,892
Claims	694,800	694,800	735,090	(40,290)
Total expenses	<u>1,231,600</u>	<u>1,231,600</u>	<u>1,146,998</u>	<u>84,602</u>
Net change in fund equity	451,800	27,600	(3,313)	(30,913)
Fund equity at beginning of year.	<u>316,073</u>	<u>316,073</u>	<u>316,073</u>	<u>-</u>
Fund equity at end of year	<u>\$ 767,873</u>	<u>\$ 343,673</u>	<u>\$ 312,760</u>	<u>\$ (30,913)</u>

CITY OF TALLMADGE, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTION - AGENCY FUND*

AGENCY FUND

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

Revolving Trust Fund

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

CITY OF TALLMADGE, OHIO

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

Revolving Trust	Beginning Balance 12/31/2004	Additions	Reductions	Ending Balance 12/31/2005
Assets:				
Equity in pooled cash and cash equivalents	\$ 155,545	\$ 120,505	\$ 127,652	\$ 148,398
Total assets.	<u>\$ 155,545</u>	<u>\$ 120,505</u>	<u>\$ 127,652</u>	<u>\$ 148,398</u>
Liabilities:				
Deposits held and due to others	\$ 155,545	\$ 120,505	\$ 127,652	\$ 148,398
Total liabilities	<u>\$ 155,545</u>	<u>\$ 120,505</u>	<u>\$ 127,652</u>	<u>\$ 148,398</u>

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STATISTICAL SECTION

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TABLE 1

CITY OF TALLMADGE, OHIO

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

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

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

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

1999	2000	2001	2002	2003	2004	2005
\$ 1,582,460	\$ 1,618,751	\$ 2,010,802	\$ 1,944,979	\$ 1,708,242	\$ 1,980,804	\$ 2,058,105
6,589,765	6,775,780	6,739,909	6,617,777	6,914,659	6,860,554	7,191,712
2,221,884	2,466,027	2,119,103	2,223,887	2,256,760	2,259,133	2,970,383
183,937	319,377	296,318	145,717	160,018	61,788	162,809
243,252	234,493	323,608	414,832	351,338	339,752	316,559
1,695	143,926	85,883	105,829	35,606	103,835	96,587
311,443	326,951	593,539	700,941	706,530	1,270,980	1,709,942
95,461	128,147	366,468	124,480	103,835	145,496	109,857
<u>\$ 11,229,897</u>	<u>\$ 12,013,452</u>	<u>\$ 12,535,630</u>	<u>\$ 12,278,442</u>	<u>\$ 12,236,988</u>	<u>\$ 13,022,342</u>	<u>\$ 14,615,954</u>
\$ 2,221,779	\$ 2,392,119	\$ 2,639,616	\$ 2,580,493	\$ 2,667,992	\$ 2,573,741	\$ 2,738,094
4,534,246	4,559,866	4,546,800	4,554,729	N/A	N/A	N/A
N/A	N/A	N/A	N/A	3,204,202	3,296,195	3,446,848
N/A	N/A	N/A	N/A	20,798	18,986	12,834
N/A	N/A	N/A	N/A	1,929,459	1,932,466	1,892,249
156,997	159,353	173,349	178,764	164,022	208,182	65,978
1,272,087	1,464,656	1,403,016	1,410,876	1,988,834	1,767,576	2,092,159
682,367	780,070	727,899	695,650	649,449	1,211,521	1,536,463
320,732	350,053	385,460	382,185	408,898	382,994	394,293
2,930,553	3,588,325	2,845,234	1,512,013	5,270,018	1,797,036	1,053,137
797,434	318,242	200,000	255,000	363,906	4,513,067	4,210,000
333,460	303,277	358,523	401,197	367,969	422,365	416,172
<u>\$ 13,249,655</u>	<u>\$ 13,915,961</u>	<u>\$ 13,279,897</u>	<u>\$ 11,970,907</u>	<u>\$ 17,035,547</u>	<u>\$ 18,124,129</u>	<u>\$ 17,858,227</u>

TABLE 2**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
1996	\$ 1,435,646	\$ 1,391,736	96.94%	\$ 28,357	\$ 1,420,093	98.92%	\$ 43,910
1997	1,639,879	1,591,741	97.06%	41,325	1,633,066	99.58%	48,138
1998	1,490,904	1,457,910	97.79%	26,591	1,484,501	99.57%	32,994
1999	1,515,291	1,469,755	96.99%	15,961	1,485,716	98.05%	45,536
2000	1,594,350	1,576,485	98.88%	43,833	1,620,318	101.63%	17,865
2001	1,631,483	1,568,764	96.16%	51,773	1,620,537	99.33%	62,719
2002	1,660,530	1,593,716	95.98%	46,620	1,640,336	98.78%	66,814
2003	1,789,863	1,700,547	95.01%	67,051	1,767,598	98.76%	89,316
2004	1,824,148	1,764,078	96.71%	83,855	1,847,933	101.30%	60,707
2005	1,882,841	1,819,123	96.62%	43,881	1,863,004	98.95%	63,718

Source: Summit County, Ohio; County Fiscal Officer

TABLE 3**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
1996	\$ 305,976	\$ 301,613	98.57%	\$ 13,092	\$ 314,705	102.85%	\$ 4,363
1997	304,878	301,282	98.82%	7,244	308,526	101.20%	3,596
1998	247,895	239,125	96.46%	8,367	247,492	99.84%	8,770
1999	241,711	238,398	98.63%	8,195	246,593	102.02%	3,313
2000	255,877	233,492	91.25%	4,092	237,584	92.85%	22,385
2001	264,479	256,127	96.84%	9,048	265,175	100.26%	8,352
2002	263,718	253,179	96.00%	9,199	262,378	99.49%	10,539
2003	254,955	252,476	99.03%	8,416	260,892	102.33%	2,479
2004	243,161	226,035	92.96%	9,025	235,060	96.67%	17,126
2005	263,235	245,108	93.11%	27,437	272,545	103.54%	18,128

Source: Summit County, Ohio; County Fiscal Officer

TABLE 4**CITY OF TALLMADGE, OHIO**

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

Collection Year	Inside Operating	Outside Operating	Police Pension	Fire/Ambulance	Total Tax Rate
1996	2.10	1.51	0.30	3.75	7.66
1997	2.10	N/A	0.30	3.75	6.15
1998	2.10	N/A	0.30	3.75	6.15
1999	2.10	N/A	0.30	3.75	6.15
2000	2.10	N/A	0.30	3.75	6.15
2001	2.10	N/A	0.30	3.75	6.15
2002	2.10	N/A	0.30	3.75	6.15
2003	2.10	N/A	0.30	3.75	6.15
2004	2.10	N/A	0.30	3.75	6.15
2005	2.10	N/A	0.30	3.75	6.15

Source: Summit County, Ohio; County Fiscal Officer

TABLE 5**CITY OF TALLMADGE, OHIO**

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

Year	Real Property		Public Utility Property	Tangible Personal Property	Total Assessed Value
	Estimated Value	Assessed Value	Assessed Value	Assessed Value	
1996	\$ 610,533,286	\$ 213,686,650	\$ 9,458,810	\$ 39,887,638	\$ 263,033,098
1997	712,889,971	249,511,490	9,118,060	39,758,581	298,388,131
1998	731,460,714	256,011,250	8,841,500	40,252,026	305,104,776
1999	738,369,000	258,429,150	8,984,160	39,269,410	306,682,720
2000	816,517,314	285,781,060	9,107,850	41,606,094	336,495,004
2001	859,139,571	300,698,850	8,180,270	46,447,044	355,326,164
2002	886,031,029	310,110,860	7,252,450	46,082,037	363,445,347
2003	999,731,057	349,905,870	7,515,390	42,178,937	399,600,197
2004*	994,362,914	348,027,020	7,404,540	39,335,431	394,766,991
2005*	1,187,532,747	360,024,610	7,545,680	37,579,092	405,149,382

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

* Summit County valuations only - Portage County not included.

Source: Summit County, Ohio; County Fiscal Officer

TABLE 6

CITY OF TALLMADGE, OHIO

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

<u>Collection Year</u>	<u>County Levy</u>	<u>School Levy</u>	<u>Akron/Summit Library</u>	<u>Fire/Ambulance</u>	<u>Total Levy</u>	<u>Debt Service</u>
1 1997	\$ 11.39	\$ 53.83	\$ 0.89	\$ 7.66	\$ 73.77	\$ 0.49
2 1997	11.39	49.34		7.66	68.39	3.09
1 1998	11.65	53.83	1.87	6.15	73.50	1.32
2 1998	11.65	47.74		6.15	65.54	2.25
1 1999	12.27	53.83	1.79	6.15	74.04	1.35
2 1999	12.27	47.64		6.15	66.06	2.55
1 2000	12.27	53.68	1.39	6.15	73.49	0.86
2 2000	12.27	46.44		6.15	64.86	2.16
1 2001	13.07	53.68	1.39	6.15	74.29	0.86
2 2001	13.07	46.44		6.15	65.66	2.86
1 2002	13.07	59.73	1.35	6.15	80.30	0.82
2 2002	13.07	45.74		6.15	64.96	1.94
1 2003	13.07	59.73	1.59	6.15	80.54	1.22
2 2003	13.07	48.32		6.15	67.54	1.87
1 2004	13.07	59.73	0.78	6.15	79.73	1.47
2 2004	13.07	47.93		6.15	67.15	2.09
1 2005	13.07	64.42	2.14	6.15	85.78	6.10
2 2005	13.07	47.88		6.15	67.10	2.07
1 2006	13.07	64.42	2.04	6.15	85.68	6.10
2 2006	13.07	46.73		6.15	65.95	2.07

Source: Summit Count, Ohio; County Fiscal Officer

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

TABLE 7

CITY OF TALLMADGE, OHIO

COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2005

Total of all City Debt Outstanding	\$	10,600,000
Debt Exempt from calculation:		
Self-supporting as defined in O.R.C. 133.10		
Special assessment bonds and bond anticipation notes issued in anticipation of the collection of special assessments		(1,916,000)
Net indebtedness (voted and unvoted) subject to debt limitation		8,684,000
Less applicable Debt Service Fund - budget basis		(19,751)
Net indebtedness subject to debt limitation		\$ 8,664,249
Assessed valuation of City	\$	<u>405,149,382</u>
<u>Legal 10.5% Debt Margin</u>		
10.5% of valuation (maximum voted and unvoted general obligation debt limitation)	\$	42,540,685
Net indebtedness outstanding subject to 10.5% debt limitation		8,664,249
Overall Debt Margin Within 10.5% Limitation		\$ 33,876,436
<u>Legal 5.5% Debt Margin</u>		
5.5% of valuation (maximum unvoted general obligation debt allowed)		22,283,216
Net indebtedness outstanding subject to 5.5% debt limitation		8,664,249
Unvoted Debt Margin Within 5.5% Limitation		\$ 13,618,967

Note: Calculation of Legal Debt Margin is based on Section 133, the Uniform Bond Act of the Ohio Revised Code.

TABLE 8

CITY OF TALLMADGE, OHIO

SPECIAL ASSESSMENT TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year	Current Billed	Delinquent Billed	Current % Collected	Total Collected	Total % Collected	Current Delinquent
1996	\$ 105,826	\$ 16,461	89.14%	\$ 107,486	101.57%	\$ 11,492
1997	126,142	15,479	92.86%	125,321	99.35%	9,005
1998	130,516	17,605	85.25%	125,040	95.80%	19,250
1999	152,712	23,220	94.05%	165,384	108.30%	9,088
2000	170,497	11,794	73.42%	134,740	79.03%	45,321
2001	253,383	18,555	95.26%	254,666	100.51%	19,256
2002	337,626	32,005	90.85%	338,236	100.18%	30,882
2003	334,470	30,984	93.08%	342,579	102.42%	23,146
2004	320,793	22,047	86.70%	310,487	96.79%	32,353
2005	324,158	23,846	44.06%	160,920	49.64%	181,334

Source: Summit County, Ohio; County Fiscal Officer

TABLE 9

CITY OF TALLMADGE, OHIO

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

Year	General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
1996	\$ 3,145,221	\$ 263,033,098	15,300	1.20%	206
1997	4,175,070	298,388,131	15,400	1.40%	271
1998	4,875,416	305,104,776	15,400	1.60%	317
1999	5,246,211	306,682,720	15,600	1.71%	336
2000	5,102,925	336,495,004	16,000	1.52%	319
2001	5,996,642	355,326,164	16,500	1.69%	363
2002	5,696,279	363,445,347	16,700	1.57%	341
2003	5,299,877	399,600,197	17,400	1.33%	306
2004	5,059,000	394,766,991	17,500	1.28%	289
2005	4,784,000	405,149,382	17,500	1.18%	273

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

TABLE 10

CITY OF TALLMADGE, OHIO

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

Year	Principal	Interest	Debt Service on General Obligations (1)	Total Expenditures	Ratio
1996	\$ 224,176	\$ 156,209	\$ 380,385	\$ 11,287,389	3.37%
1997	616,767	207,766	824,533	13,223,266	6.24%
1998	367,747	248,151	615,898	11,914,231	5.17%
1999	797,434	330,460	1,127,894	13,249,655	8.51%
2000	318,242	221,924	540,166	13,915,961	3.88%
2001	170,000	213,678	383,678	13,279,897	2.89%
2002	225,000	338,797	563,797	11,970,907	4.71%
2003	255,000	294,656	549,656	17,035,547	3.23%
2004	265,000	283,985	548,985	18,124,129	3.03%
2005	275,000	270,038	545,038	17,858,227	3.05%

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

TABLE 11

CITY OF TALLMADGE, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING
GENERAL OBLIGATION BONDED DEBT
December 31, 2005

Jurisdiction	General Tax Bonded Debt	Percentage Overlapping	Amount Applicable to the City
Direct:			
City of Tallmadge	\$ 4,784,000	100.00%	\$ 4,784,000
Overlapping Debt:			
Summit County	75,397,639	3.32%	2,503,202
MRTA (Metro Regional Transit Authority)	1,345,000	3.32%	44,654
Stow/Munroe Falls City School District	3,615,000	0.15%	5,423
Tallmadge City School District	29,640,000	99.62%	29,527,368
Akron/Summit Library	58,721,401	4.97%	2,918,454
Total Overlapping Debt	168,719,040		34,999,101
Total Direct and Overlapping Debt	\$ 173,503,040		\$ 39,783,101

Sources: Summit County, Ohio; County Fiscal Officer

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

TABLE 12

CITY OF TALLMADGE, OHIO

DEMOGRAPHIC STATISTICS
DECEMBER 31, 2005

SELECTED POPULATION CHARACTERISTICS

Age Distribution

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

Gender Statistics

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

Owner Occupied Housing

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

Education Attainment

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

Income

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

Sources: U.S. Bureau of the Census

TABLE 13

CITY OF TALLMADGE, OHIO

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

<u>Year</u>	<u>Financial Institution Deposits</u>	<u>Estimated Real Property Value</u>	<u>Building Permits Issued</u>
1996	\$ 4,342,660,000	\$ 610,533,286	\$ 19,771,078
1997	4,421,560,000	712,889,971	18,582,451
1998	4,486,230,000	731,460,714	25,243,549
1999	4,629,280,000	738,369,000	18,475,644
2000	4,789,398,000	816,517,314	22,503,399
2001	4,792,529,000	859,139,571	20,629,902
2002	4,879,525,000	886,031,029	21,377,220
2003	4,998,698,000	999,731,057	19,465,894
2004	5,136,298,000	994,362,914	20,722,886
2005	5,264,888,000	1,028,641,743	13,447,364

Source: Building Permits - City of Tallmadge, Building Department
 Financial Institution Deposits within Summit County - Akron Clearing House
 Estimated Property Value - Summit County, Ohio; County Fiscal Officer.

TABLE 14

CITY OF TALLMADGE, OHIO

*NEW HOUSING STARTS
LAST TEN YEARS*

TALLMADGE NEW HOUSING STARTS

<u>Year</u>	<u>New Housing Starts</u>
1996	97
1997	92
1998	96
1999	110
2000	159
2001	153
2002	123
2003	104
2004	104
2005	54

Source: Building Department, City of Tallmadge

TABLE 15

CITY OF TALLMADGE, OHIO

PRINCIPAL TAXPAYERS
DECEMBER 31, 2005

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Valuation</u>	<u>Assessed Valuation</u>
Real Property (2005 Collection Year)			
Eastwood Square Associates LTD	Retail Property Management	\$ 2,759,100	0.77%
Tallmadge Oaks LTD	Apartment Complex	2,392,550	0.66%
Big Zilla Development LLC	Retail Property Management	2,352,310	0.65%
Tallmadge Associates	Retail Property Management	2,292,670	0.64%
Saxon Village Limited	Apartment Complex	1,908,730	0.53%
Commerical Properties, Inc	Retail Property Management	1,617,150	0.45%
Colonial Gardens Inc.	Nursing Home	1,568,590	0.44%
Myers Family Limited Partnership Limited	Light Manufacturing	1,544,060	0.43%
Mindale Farms Co.	Agriculture	1,506,600	0.42%
Cooper Equities Co. LTD	Retail Store	1,408,030	0.39%
Total		<u>\$ 19,349,790</u>	<u>5.38%</u>
Total Assessed Valuation - Real Property		<u>\$ 360,024,610</u>	<u>88.86%</u>
Tangible Personal Property (other than Public Utilities) (2005 Collection Year)			
Owens Corning	Insulation: Sheet and Foam	\$ 4,484,110	11.93%
Autosales, Inc.	Auto Parts Distribution	4,228,720	11.25%
Waltco Truck Equipment Co.	Electro-Hydraulic Tailgate Lifts	2,092,780	5.57%
Steere Enterprises, Inc.	Custom Plastics & Vinyl	1,819,290	4.84%
Horton Manufacturing Co., Inc.	Manufacturing	1,627,440	4.33%
Star Chevrolet, Inc.	Auto Sales	1,623,920	4.32%
Mark-Glen, Inc.	Auto Sales	1,483,760	3.95%
Comdoc, Inc.	Data Systems Archiving	1,340,760	3.57%
The Martin Wheel Co.	Manufacturing	1,046,670	2.79%
Summit Plastic Co.	Warehouse	922,430	2.45%
Total		<u>\$ 20,669,880</u>	<u>55.00%</u>
Total Assessed Valuation - Tangible Personal Property		<u>\$ 37,579,092</u>	<u>9.28%</u>
Public Utility (Tangible Personal Property) (2005 Collection Year)			
Ohio Bell Telephone	Telephone Service	\$ 2,568,050	34.03%
Ohio Edison	Utilities	2,374,690	31.47%
American Transmission	Telephone Service	447,140	5.93%
East Ohio Gas	Utilities	438,010	5.80%
Ohio T&T	Telephone Service	259,870	3.44%
Total		<u>\$ 6,087,760</u>	<u>80.68%</u>
Total Assessed Valuation - Public Utility		<u>\$ 7,545,680</u>	<u>1.86%</u>
Total Assessed Valuation - All Categories		<u>\$ 405,149,382</u>	<u>100.00%</u>

Source: Summit County, Ohio; County Fiscal Officer

TABLE 16

CITY OF TALLMADGE, OHIO

*MISCELLANEOUS STATISTICS
DECEMBER 31, 2005*

Founded	1806	
Incorporated as Village	1936	
Incorporated as City	1951	
Town Hall erected	1859	
Form of government	Charter	
Population	17,500	
	6,891	Dwelling units
Area	13.5	Square miles
	8,915	Acres
Street & highways	91.72	Miles of paved streets
Police protection:		
Stations	1	
Number of police officers	34	
Fire protection:		
Stations	2	
Number of full-time firefighters	11	
Number of part-time firefighters	45	
Municipal utility customers	6,723	Water
	7,571	Sewer
	5,918	Storm Water
Recreation:		
Number of parks	10 (161.7 acres)	
Swimming pools	2, one indoor and one outdoor	
Wading pools	1	
Tennis courts	9 (includes 3 at the High School)	
Baseball/Softball diamonds	7	
Soccer fields	6 (4 regulation, 2 youth)	
Recreation Center	Indoor soccer, basketball, fitness	
Education:		
Elementary schools	3	K-1, 2-3, 4-5
Middle schools	1	6-8
High schools	1	9-12
Libraries	1 (30,000 volumes)	
Churches	28	

Source: Various Departments of the City of Tallmadge

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**Auditor of State
Betty Montgomery**

88 East Broad Street
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CITY OF TALLMADGE

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 1, 2006**