

CITY OF TALLMADGE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013

PREPARED BY THE OFFICE OF:

STEPHEN P. SHANAFELT,
DIRECTOR OF FINANCE

46 NORTH AVENUE
TALLMADGE, OH 44278

INTRODUCTORY SECTION

CITY OF TALLMADGE, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013

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STEPHEN P. SHANAFELT
Director of Finance – City of Tallmadge

June 16, 2014

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, 2013, and has been developed to accurately detail the status of City finances to Tallmadge residents and elected officials, investment banks, underwriters and all other interested parties. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, the data contained in this report is accurate in all material respects, and is presented in a manner designed to set forth fairly the financial position and results of operations of the City. All disclosures necessary to provide the reader with a better understanding of the City's financial activities have been included.

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

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. The Auditor of State's office performed the audit for the year ended December 31, 2013. The Independent Auditor's Report on the basic financial statements is included in the financial section of this report.

As a part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's independent audit for the year ended December 31, 2013 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

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

THE REPORTING ENTITY

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

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

The City participates in the Akron Metropolitan Area Transportation Study (AMATS), and the Brimfield Township-City of Tallmadge Joint Economic Development District and the Regional Income Tax Agency. These organizations are described in more detail in Note 15 of the Basic Financial Statements.

THE CITY OF TALLMADGE

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

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

The City is located in Summit and Portage Counties, with over 97% of the property located in Summit County and the remainder in Portage County. The City is approximately 13.5 square miles in size, is located approximately 35 miles south of Cleveland, Ohio and is contiguous to Akron, Ohio. The City's 2013 population of 17,515 makes it the eighth largest City in Summit County.

CITY GOVERNMENT

The City operates under and is governed by its Charter, first adopted in 1995, effective January 1, 1996. The City is a home-rule municipal corporation operating under the laws of the State of Ohio. The laws of the State of Ohio prevail when conflicts exist between the Charter and the state constitution and in matters where the charter is silent. The City's Charter can only be amended by a majority vote of the City's registered voters. There was a charter review in 2011.

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

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

ECONOMIC CONDITION AND OUTLOOK

The City offers an attractive opportunity for business growth. Tallmadge has a diversified tax base with 450 plus business establishments, from its largest employer, Auto Sales, Inc., to small family businesses provide the opportunity and interests that keep Tallmadge a vital part of the market place.

The City operates a Community Reinvestment Area Tax Abatement Program. This program is available for commercial and industrial expansions and new construction. The abatement is for property taxes on the increased values of real estate attributable to the improvements or new construction. This program will abate real estate taxes on the building from four up to ten years and from 50% up to 100%. To date 112 companies have taken advantage of the tax abatement program. In addition, in 2006 the City instituted a New Jobs Grant Program, which was last amended in 2012. This program is aimed at new business attraction and existing business growth. New businesses that locate in the City and have a payroll exceeding \$500,000 per year (1 Million for retail) are eligible for a grant equal to the amount of 50% of payroll taxes paid in the previous calendar year for five (5) years. Existing Tallmadge businesses only need to create new job payroll of \$250,000 to qualify. Each of the City's top five for profit businesses applied for this incentive in 2012 and an additional 4 existing companies applied in 2013 substantiating the fact that our local economy is improving.

Net employment as a result of these expansions and other developments typically amounts to approximately 140 positions yearly. The majority of employment within the City occurs in businesses housed in 5,000 to 20,000 square foot buildings. Tallmadge's employment rate remains stable due to this large number of small businesses in the City. Unemployment rates tend to run at least one percent lower than the Akron Metropolitan Area.

In efforts to stabilize the largest source of general fund revenue, the citizens voted in 2004 to make the City 2% income tax permanent. The income tax collections at the end of fiscal year 2013 experienced an increase of 10.76% from the prior fiscal year. In December of 2009, the City joined a council of governments, The Regional Income Tax Agency (RITA) for the collection of income tax.

The City is meeting the demands of a changing population with several developments. New single family home construction is picking up in the Shadyside Farm Estates, Stonegate Reserve, and the Green Valley Estates allotments. However, the driving force in housing this past year was in the area of senior housing rentals. The City presently has one project (the American Hellenic Educational Progressive Association, financed by the Development Finance Authority) completed and one project awaiting financing through the State of Ohio.

The City created a Joint Economic Development District (JEDD) effective January 1, 2004 that encompasses 70% of the Township of Brimfield. The JEDD has resulted in additional income tax collections for the City and will continue in the future. This income tax is distributed to both the City and the Township. The City receives 50 percent of the income tax for general operations. The Township receives 50 percent of the annual collections, with 10 percent set aside for the JEDD Maintenance and Capital Improvement Fund. There are significant areas for development in the JEDD in addition to the already established industrial park land adjacent to the Interstate 76/Route 18 interchange. The shared collection rate is presently 1% and will increase to 1.25% in 2015. Income tax revenue generated in the JEDD for 2013 exceeded \$900,000.

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

The Cascades development is located within the JEDD totaling about 114 acres consisting of 216 apartment units, commercial and retail stores. In 2008, 600,000 square feet of retail development was completed including national chains which include Wal-Mart, Applebee's Restaurant, Lowe's Home Center - all located at the Cascades of Brimfield retail park as well as development of a large residential apartment complex located in the back of the project. The area continues to be attractive to national retail chains with the opening of Kohl's in 2010 and Marshalls in 2011. 2012 and 2013 saw continued growth and development in the Cascades with several retail stores, commercial businesses, and restaurants opening. Presently there are 18 different businesses employing over 640 people at the Cascades with more slated for 2014.

The JEDD area was also home to one of the largest collaborative efforts ever to take place in our region in 2012. Tallmadge, Brimfield Township, Portage and Summit Counties, the Development Finance Authority, the Greater Akron Chamber, and Team NEO all came together to secure an investment from Newell Rubbermaid to the area. In 2013, Newell Rubbermaid opened an 815,000 square foot distribution facility after 8 months of construction, creating 198 new jobs in our area and investing over \$25 million into the JEDD.

LONG-TERM FINANCIAL PLANNING

The City of Tallmadge has strong financial management and is aided by financial policies adopted by Council. The City established a minimum fund balance policy in 1998 with amendments and updates to the policy in 2005. The amendments in 2005 provided additional financial guidelines. The purpose of the policy is to be proactive in financial management and establish minimum levels to be maintained in the major operating funds, which include the general, fire/EMS levy, street maintenance and repair, sewer and water funds. History has shown that adherence to this policy helped maintain our financial security.

In order to direct plans that promote a sound pattern of development, the City utilizes a Comprehensive Plan adopted by the administration and Council. The document, which is being updated in 2014, serves as a guide in defining community objectives, policies and goals. Further, to guide the direction of land development, this plan provides a thoroughfare map which was updated in 2012, a zoning district map and future land use map.

MAJOR INITIATIVES

Current

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

The City, in efforts to embrace regionalism and operate cost effectively, moved their dispatching to the neighboring City of Stow in 2009. The City no longer employs telecommunicators to provide dispatching services but instead contracts with Stow to provide that necessary function to the citizens of Tallmadge at a reduced cost and with state of the art technology. This collaboration of services continued to be very successful for the City during 2013 and has served as a model for collaboration across the State.

The City, in December of 2009, in another consolidation effort joined a Council of Governments, the Regional Income Tax Agency (RITA), for the collection of income tax. RITA provides income collection services to over 208 municipalities throughout Ohio. In all subsequent years, this proved to be very cost effective and efficient for the City and the citizens.

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

In 2012, the City took over the billing of the Summit County sewer customers located in the City of Tallmadge. In doing so, a different rate structure has been implemented and has resulted in a reduction of the sewer bills for the majority of Tallmadge residents. Tallmadge collects the fees and submits them to the County based on total usage.

In 2012, the City began the process of retro-fitting light fixtures in all City owned facilities. This project was completed in 2013 and has immediately reduced the City's electric costs.

In 2013 the City completed the East Avenue Water Looping Project along East Avenue in Portage County. This project looped the water line which services the 254 acre industrial park located in Tallmadge, Portage County. The total cost of the project was approximately \$500,000 and will help to assure continuous water flow to that area.

In addition to the City's normal street paving program, the City in conjunction with the Ohio Department of Transportation completed the North Avenue Paving Project from three hundred feet south of Howe Road to the Munroe Falls corporation limit. The total cost of the project was approximately \$325,000.

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

Future

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

Major capital projects in 2014 include the replacement of existing water meters with electronic read water meters at a cost of approximately \$800,000, the replacement of the Tallmadge Recreation Center soccer field athletic turf at a cost of approximately \$120,000 and the West Avenue Repaving Project at a cost of approximately \$750,000. The West Avenue Paving Project is a joint project with the Ohio Department of Transportation with the City contributing twenty percent of the cost and ODOT contributing eighty percent of the project.

The City will continue to place a major emphasis on economic development within the City as well as within the JEDD in Brimfield Township. There are numerous sites within the City for development including the Portage Boulevard Industrial Park and within the Circle Area. The West Avenue corridor continues to transform itself from being primarily a retail hub to one of mixed uses. There are still significant areas for development in the Joint Economic Development District including the Karg Industrial Park, the Sunnybrook/Old Forge Road area and the land associated with the Interstate 76/Route 18 interchange.

AWARDS

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tallmadge for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Tallmadge has received a Certificate of Achievement for the last twenty one consecutive years (1992 - 2012). We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it to the GFOA.

ACKNOWLEDGEMENTS

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Stephen P. Shanafelt".

Stephen Shanafelt, Director of Finance



Government Finance Officers Association

**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, 2012

Executive Director/CEO

**CITY OF TALLMADGE, OHIO
LISTING OF PRINCIPAL CITY OFFICIALS
AS OF DECEMBER 31, 2013**

ELECTED OFFICIALS

Mayor	David Kline
Director of Finance	Stephen Shanafelt
Director of Law	Megan Raber
President of Council	Robert Maguire
Council Member	James Donovan
Council Member	Carol Kilway
Council Member	Kim Ray
Council Member	John Rensel
Council Member	Craig Sisak
Council Member	Gene Stalnaker

APPOINTED OFFICIALS

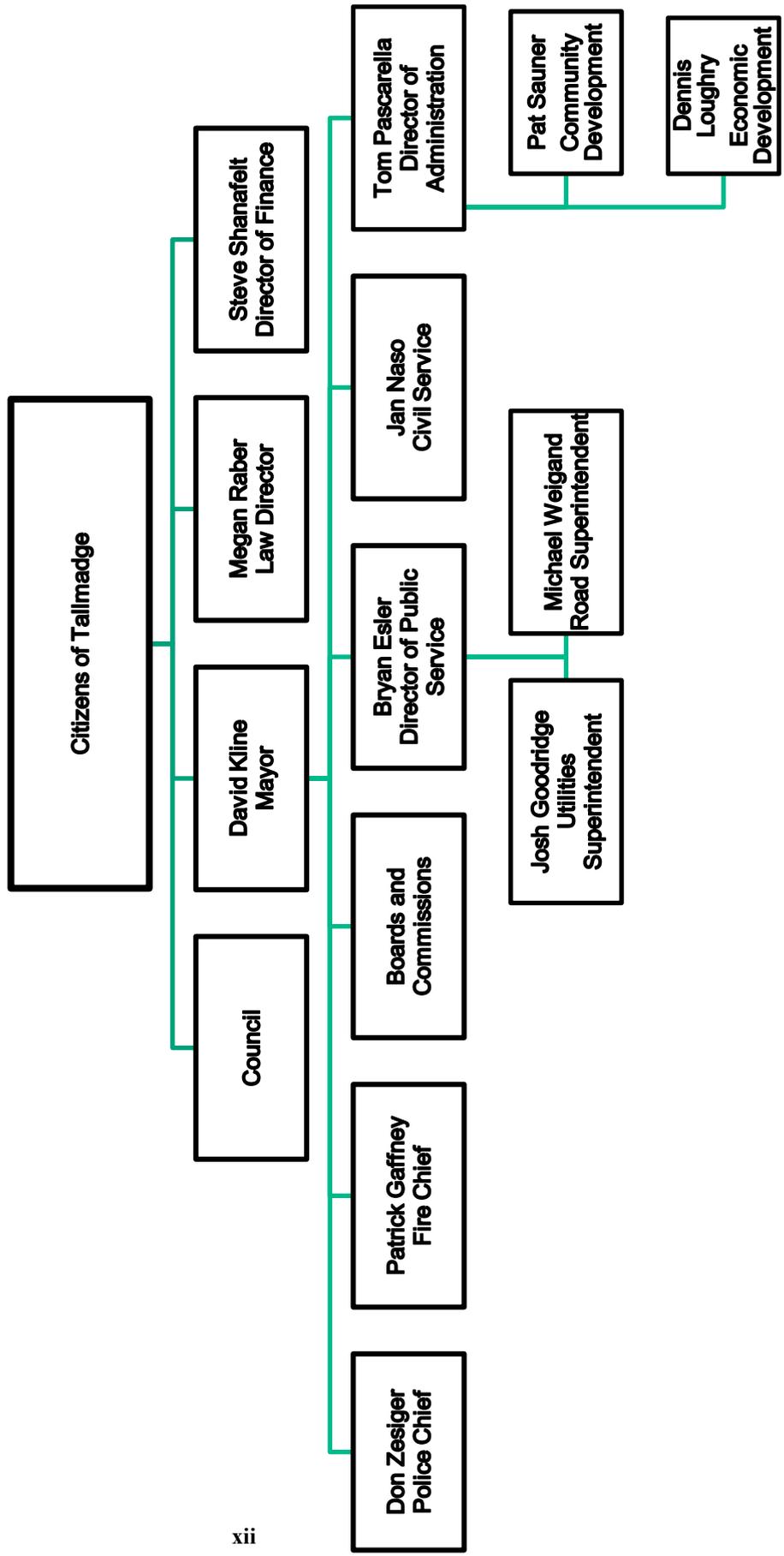
Director of Public Service	Bryan Esler
Director of Administration	Thomas Pascarella
Community Development Manager	Pat Sauner
Economic Development Manager	Dennis Loughry
Assistant Director of Law	John Scavelli
Assistant Director of Finance	Mollie Gilbride
Clerk of Council	Susan Burton
Deputy Clerk of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

DEPARTMENT OFFICIALS

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

CITY OF TALLMADGE – 2013

ORGANIZATIONAL CHART



FINANCIAL SECTION



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tallmadge, Summit County, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001

www.ohioauditor.gov

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tallmadge, Summit County, Ohio, as of December 31, 2013, 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 thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

June 16, 2014

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CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 (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, 2013. 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 2013 are as follows:

- The total net position of the City increased \$688,813 or 1.51% from 2012. Net position of governmental activities increased \$1,056,709 or 3.95% from 2012 and net position of business-type activities decreased \$367,896 or 1.94% from 2012.
- Total assets and deferred outflows of resources of the City decreased \$587,401, a decrease of 0.93% from 2012.
- Total current liabilities and deferred inflows of resources decreased \$465,085 from 2012.
- Total long-term liabilities decreased \$811,129 during 2013.

Using this Comprehensive Annual Financial Report

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, security of persons and property, public health and welfare, transportation, community environment, leisure time activities, and interest and fiscal charges. The government-wide financial statements can be found on pages 15-17 of this report.

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

Fund Financial Statements

Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. The basic fund financial statements can be found on pages 18-32 of this report.

Governmental Funds

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

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

Proprietary Funds

The City maintains three proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water, and storm water operations. The basic proprietary fund financial statements can be found on pages 28-30 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. A private purpose trust fund and agency fund are the City's fiduciary fund types. The basic fiduciary fund financial statements can be found on pages 31-32 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33-67 of this report.

The nonmajor governmental funds are presented immediately following the notes to the basic financial statements and can be found beginning on page 69 of this report.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)*

Government-Wide Financial Analysis

The statement of net position serves as a useful indicator of a government's financial position. The table below provides a summary of the City's net position for 2013 and 2012.

	Net Position					
	Governmental Activities 2013	Business-type Activities 2013	Governmental Activities 2012	Business-type Activities 2012	Total 2013	Total 2012
Assets						
Current and other assets	\$ 14,887,988	\$ 7,017,449	\$ 14,080,941	\$ 7,417,872	\$ 21,905,437	\$ 21,498,813
Nondepreciable capital assets	3,248,289	375,519	3,057,643	392,352	3,623,808	3,449,995
Depreciable capital assets, net	<u>22,757,495</u>	<u>14,022,738</u>	<u>23,932,013</u>	<u>14,005,759</u>	<u>36,780,233</u>	<u>37,937,772</u>
Capital assets, net	<u>26,005,784</u>	<u>14,398,257</u>	<u>26,989,656</u>	<u>14,398,111</u>	<u>40,404,041</u>	<u>41,387,767</u>
Total assets	<u>40,893,772</u>	<u>21,415,706</u>	<u>41,070,597</u>	<u>21,815,983</u>	<u>62,309,478</u>	<u>62,886,580</u>
Deferred outflows of resources	<u>37,327</u>	<u>-</u>	<u>47,626</u>	<u>-</u>	<u>37,327</u>	<u>47,626</u>
Total assets and deferred outflows of resources	<u>40,931,099</u>	<u>21,415,706</u>	<u>41,118,223</u>	<u>21,815,983</u>	<u>62,346,805</u>	<u>62,934,206</u>
Liabilities						
Current and other liabilities	920,128	1,446,060	1,304,812	1,384,357	2,366,188	2,689,169
Long-term liabilities:						
Due within one year	833,962	103,612	823,396	95,611	937,574	919,007
Due in more than one year	<u>9,329,903</u>	<u>1,277,976</u>	<u>10,057,514</u>	<u>1,380,061</u>	<u>10,607,879</u>	<u>11,437,575</u>
Total liabilities	<u>11,083,993</u>	<u>2,827,648</u>	<u>12,185,722</u>	<u>2,860,029</u>	<u>13,911,641</u>	<u>15,045,751</u>
Deferred inflows of resources	<u>2,030,253</u>	<u>-</u>	<u>2,172,357</u>	<u>-</u>	<u>2,030,253</u>	<u>2,172,357</u>
Total liabilities and deferred inflows of resources	<u>13,114,246</u>	<u>2,827,648</u>	<u>14,358,079</u>	<u>2,860,029</u>	<u>15,941,894</u>	<u>17,218,108</u>
Net Position						
Net investment in capital assets (See Note 2.U.)	17,423,842	13,040,099	17,813,396	12,947,885	29,676,369	29,828,740
Restricted:						
Capital projects	641,831	-	691,274	-	641,831	691,274
Fire/EMS levy	323,721	-	220,612	-	323,721	220,612
Street maintenance	632,310	-	1,231,369	-	632,310	1,231,369
State highway	84,714	-	73,213	-	84,714	73,213
Community environment	7,027	-	7,027	-	7,027	7,027
Law enforcement	39,347	-	34,407	-	39,347	34,407
Other purposes	12,448	-	-	-	12,448	-
Unrestricted (See Note 2.U.)	<u>8,651,613</u>	<u>5,547,959</u>	<u>6,688,846</u>	<u>6,008,069</u>	<u>14,987,144</u>	<u>13,629,456</u>
Total net position	<u>\$ 27,816,853</u>	<u>\$ 18,588,058</u>	<u>\$ 26,760,144</u>	<u>\$ 18,955,954</u>	<u>\$ 46,404,911</u>	<u>\$ 45,716,098</u>

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)*

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources in 2013 by \$46,404,911, compared to \$45,716,098 in 2012, an increase of 1.51%. During 2013, the City's total assets and deferred outflows of resources decreased by \$587,401 or 0.93% and total liabilities and deferred inflows of resources decreased by \$1,276,214 or 7.41%.

The following table shows the changes in net position for 2013 and 2012.

	Change in Net Position					
	Governmental	Business-type	Governmental	Business-type	2013	2012
	Activities	Activities	Activities	Activities		
2013	2013	2012	2012	Total	Total	
Revenues						
Program revenues:						
Charges for services	\$ 2,648,905	\$ 5,805,862	\$ 2,628,318	\$ 5,146,365	\$ 8,454,767	\$ 7,774,683
Operating grants and contributions	1,096,602	-	1,510,826	-	1,096,602	1,510,826
Capital grants and contributions	10,513	-	10,000	28,660	10,513	38,660
Total program revenues	3,756,020	5,805,862	4,149,144	5,175,025	9,561,882	9,324,169
General revenues:						
Property and other local taxes	2,077,781	-	2,030,192	-	2,077,781	2,030,192
Municipal income taxes	9,423,158	-	8,685,855	-	9,423,158	8,685,855
Grants and entitlements	1,810,363	-	1,854,900	-	1,810,363	1,854,900
Interest	34,549	-	39,407	-	34,549	39,407
Miscellaneous	212,923	22,470	94,128	15,119	235,393	109,247
Total general revenues	13,558,774	22,470	12,704,482	15,119	13,581,244	12,719,601
Total revenues	17,314,794	5,828,332	16,853,626	5,190,144	23,143,126	22,043,770
Program Expenses:						
General government	3,564,772	-	3,266,514	-	3,564,772	3,266,514
Security of persons and property						
Police	3,717,588	-	3,537,529	-	3,717,588	3,537,529
Street lighting	30,364	-	148,496	-	30,364	148,496
Fire	2,671,188	-	2,511,315	-	2,671,188	2,511,315
Public health and welfare	70,758	-	59,265	-	70,758	59,265
Transportation	3,483,558	-	3,763,869	-	3,483,558	3,763,869
Community environment	161,310	-	148,111	-	161,310	148,111
Leisure time activity	2,142,722	-	2,141,666	-	2,142,722	2,141,666
Interest and fiscal charges	415,825	-	438,561	-	415,825	438,561
Sewer operating	-	3,847,032	-	4,110,699	3,847,032	4,110,699
Water operating	-	1,903,383	-	2,044,350	1,903,383	2,044,350
Storm water operating	-	445,813	-	364,964	445,813	364,964
Total expenses	16,258,085	6,196,228	16,015,326	6,520,013	22,454,313	22,535,339
Increase (decrease) in net position	1,056,709	(367,896)	838,300	(1,329,869)	688,813	(491,569)
Net position beginning of year	26,760,144	18,955,954	25,921,844	20,285,823	45,716,098	46,207,667
Net position end of year	\$ 27,816,853	\$ 18,588,058	\$ 26,760,144	\$ 18,955,954	\$ 46,404,911	\$ 45,716,098

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)*

Governmental Activities

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

Program revenues decreased in total by 9.47 percent from 2012. Operating grants and contributions decreased 27.42 percent from 2012 due to the City's Northeast Avenue Roundabout project. General revenues increased from 2012 by 6.72 percent, which is primarily the result of increased income taxes.

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

The operations of the City's police department account for the largest expenses of the governmental activities, representing 22.87 percent and 22.09 percent of the total governmental activities expenses during 2013 and 2012, respectively. During 2013, the City's police department consisted of 1 Chief, 1 lieutenant, 5 sergeants, 16 patrol officers and 3 full-time office staff. The police department also employs on a part-time basis 10 records clerks, 2 school crossing guards, and 4 auxiliary police. The police department provides a full range of services including patrol, detective services, bike patrol, juvenile diversionary program, neighborhood crime watch, and residential and commercial security surveys. Security of persons and property expenses related to the police department increased 5.09 percent during 2013.

The City has operated a fire department since 1945. During 2013, the fire department employed 1 full time Chief, 3 full-time Battalion Chiefs, 1 full-time fire marshal, 7 full-time firefighter paramedics, 45 part-time paramedics/firefighters, and 1 full-time clerk. The Fire/EMS department is accounted for in a separate fund which receives tax proceeds from a 3.75 mill property tax levy. The fire expenses account for 16.43 percent and 15.68 percent of the total governmental activities expenses during 2013 and 2012, respectively. Security of persons and property expenses related to the fire department increased 6.37 percent during 2013, which is primarily the result of the capital purchase of four new heart monitors.

The Street Maintenance and Repair department employs 16 full-time employees who provide the City and the citizens with road maintenance, road salting, ditching, leaf pickup program, cemetery maintenance, park maintenance and many other services. The transportation expenses accounted for 21.43 and 23.51 percent of the total governmental activities expenses during 2013 and 2012, respectively. Transportation expenses decreased 7.45 percent during 2013, due primarily to decreased road maintenance expenses.

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

Business-Type Activities

Proprietary funds account for the business-type activities of the City of Tallmadge which consist of sewer, water and storm water operating activities. The City currently has 7,091 water customers, 7,981 sewer customers, and 6,039 storm water customers. The City owns and maintains all water lines within the City. In July of 2012 water rates increased by 8%. The majority of sewer lines within the City are owned and maintained by the City. The remaining sewer lines are owned and maintained by Summit County. In 2011 the City took over the billing for sewer customers being serviced by Summit County. The storm water fee has not changed since 2008 when it dropped from \$3 to \$2 per equivalent residential unit (ERU).

The revenues and expenses for the water, sewer and storm water activities are reported under the business-type activities. The revenues are primarily from charges for services. In 2013, charges for services in the amount of \$5,805,862 accounted for 99.61 percent of the total business-type revenues compared to 99.16 percent in 2012. The total expenses for the utilities were \$6,196,228, resulting in a decrease in net position of \$367,896.

The City's Funds

Information about the City's governmental funds begins on page 18. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$17,451,584 and expenditures of \$15,978,057.

The City's chief operating fund is the general fund. During 2013, the City's general fund had total revenues of \$14,148,555 and expenditures and other financing uses of \$12,235,748, resulting in an increase in fund balance of \$1,912,807. The increase in fund balance is primarily attributable to reductions in costs resulting from decreases in personnel and capital expenditures.

The City's major special revenue fund, the fire/EMS levy fund, had an increase in fund balance of \$109,456. Total combined revenues and other financing sources were \$2,842,066 and expenditures were \$2,732,610. Revenues exceeded expenditures with transfers of income tax collections.

The City's major special revenue fund, the street maintenance and repair fund had a decrease in fund balance of \$568,396. Total combined revenues and other financing sources were \$2,472,679 and expenditures were \$3,041,075. Revenues and other financing sources did not exceed expenditures even with the transfers of income tax collections.

The City's major bond retirement fund had an increase in fund balance of \$22,472. During 2013, the bond retirement fund received \$87,890 in special assessments and \$1,030,000 in transfers in to help provide for \$1,095,418 in principal and interest payments on general obligation and special assessment bonds.

Information regarding the proprietary funds begins on page 28. These funds are accounted for on an accrual basis. All proprietary funds had operating revenues of \$5,827,158, which were less than operating expenses of \$6,127,682. The total depreciation expense for these business-type funds was \$676,864. The cash and cash equivalents at year end for the proprietary funds total \$5,156,044. Net position of the sewer operating fund decreased \$343,523 or 4.68 percent from 2012. During 2013, net position of the water operating fund increased 1.32 percent or \$109,826 to \$8,413,716. In the storm water fund, net position decreased \$134,199, from \$3,315,181 at December 31, 2012 to \$3,180,982 at December 31, 2013. The overall decrease in net position for all proprietary funds in 2013 was \$367,896 or 1.94 percent from 2012.

CITY OF TALLMADGE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

Budgeting Highlights

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

City Council adjusted the level of appropriations in various funds several times in 2013. In total the increase in appropriations accounted for an increase of 1.94 percent over the total general fund budget. The total actual expenditures at year end were \$12,613,573, which was \$721,466 less than the total final budget. In addition, at year end the prior year encumbrances that are determined to be unnecessary are decertified to the County on the final amended certificate and that amount is returned to the fund balance and becomes available resources.

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

The total budgetary variance for general fund expenditures was \$721,466 or 5.41 percent. Of this variance, \$65,000 was due to the City transferring money out of the general fund. The other major variances were in the general government, security of persons and property and leisure time activity functions, which had positive variances of \$273,253, \$152,017 and \$166,247, respectively. In addition, positive variances also existed in the transportation and community environment, and capital outlay functions. These positive variances in all departments were an effort to contain the budget and control expenditures. Management was aware that the income tax collections were higher than was expected. The total variance in general fund revenues was a positive variance of \$1,304,357 or 10.28%. The variance was primarily the result of income tax collections, which were \$813,372 more than anticipated.

Capital Assets and Debt Administration

Capital Assets

At the end of 2013, the City had \$40,404,041 (net of accumulated depreciation) invested in land, buildings and improvements, equipment, infrastructure, right of ways and construction in progress. Of this total, \$26,005,784 was reported in governmental activities and \$14,398,257 was reported in business-type activities.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)*

The following table shows 2013 balances compared to 2012:

Capital Assets at December 31 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,889,358	\$ 2,889,359	\$ 375,519	\$ 375,519	\$ 3,264,877	\$ 3,264,878
Right of ways	80,218	80,218	-	-	80,218	80,218
Construction in progress	278,713	88,066	-	16,833	278,713	104,899
Buildings and improvements	11,492,680	11,953,533	1,039,761	1,101,518	12,532,441	13,055,051
Equipment	1,533,862	1,515,791	340,551	281,883	1,874,413	1,797,674
Infrastructure						
Street subsystem	9,730,953	10,462,689	-	-	9,730,953	10,462,689
Storm sewer subsystem	-	-	2,872,415	3,027,276	2,872,415	3,027,276
Sewer lines	-	-	4,124,551	4,306,744	4,124,551	4,306,744
Water lines	-	-	5,645,460	5,288,338	5,645,460	5,288,338
Totals	\$ 26,005,784	\$ 26,989,656	\$ 14,398,257	\$ 14,398,111	\$ 40,404,041	\$ 41,387,767

The overall decrease of \$983,726 is a result of depreciation expense of \$2,236,025 and disposals of \$364,625 (net of accumulated depreciation) exceeding capital outlays of \$1,616,924. See Note 7 in the notes to the financial statements for more information regarding the City's capital assets.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2013 and 2012:

	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Special assessment bonds	\$ 525,000	\$ 585,000	\$ 105,000	\$ 135,000
General obligation bonds	8,700,000	9,320,000	-	-
OWDA loans	-	-	1,216,832	1,267,148
Capital leases	162,268	213,810	36,326	48,078
Total long-term obligations	\$ 9,387,268	\$ 10,118,810	\$ 1,358,158	\$ 1,450,226

The long-term outstanding debt for the City of Tallmadge as of December 31, 2013 was \$10,745,426. This balance reflects \$630,000 in special assessment bonds, \$8,700,000 in general obligation bonds, \$1,216,832 in OWDA loans, and \$198,594 in capital lease obligations. This is a decrease in long-term debt of 7.12 percent. For more detailed information on long-term obligations refer to Note 9 of this report.

The Ohio Revised Code provides that the general obligation bonds less self supporting debt (e.g., assessment debt) of the municipal corporation, whether voted or unvoted, shall not exceed 10.50 percent of the assessed valuation of the total property. In addition, the unvoted net debt cannot exceed 5.50 percent of total assessed value of property. The City's legal total debt limit at the 10.50 percent margin is \$39,154,617, and the total unvoted net debt limit at the 5.50 percent margin is \$20,509,561.

CITY OF TALLMADGE, OHIO

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)*

Economic Factors and Next Year's Budget and Rates

- The City prepared the annual budget using zero based budgeting for 2014. Most departments experienced slight growth in their departmental budgets. The City also budgeted for several one time capital expenditures in an effort to utilize some of the unencumbered fund balance in the general fund.
- Employees received a 2% pay increase for 2014. Employees will continue to participate in paying a portion of hospitalization.
- On February 1, 2014, the City increased sewer rates by 15% to all City residents whose City-owned sewer lines flow to the City of Akron for treatment. The City anticipates having to increase sewer rates to these customers annually as a result of rate increases being implemented by the City of Akron.

Contacting the City's Financial Management

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

**BASIC
FINANCIAL STATEMENTS**

CITY OF TALLMADGE, OHIO

*STATEMENT OF NET POSITION
DECEMBER 31, 2013*

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . .	\$ 8,637,863	\$ 5,156,044	\$ 13,793,907
Receivables:			
Income taxes	2,336,578	-	2,336,578
Real and other taxes	2,134,762	-	2,134,762
Accounts	135,051	1,612,849	1,747,900
Accrued interest	21,771	-	21,771
Special assessments	570,656	123,562	694,218
Intergovernmental	882,521	-	882,521
Materials and supplies inventory	168,786	124,994	293,780
Capital assets:			
Land and construction in progress	3,248,289	375,519	3,623,808
Depreciable capital assets, net	22,757,495	14,022,738	36,780,233
Total capital assets, net	<u>26,005,784</u>	<u>14,398,257</u>	<u>40,404,041</u>
Total assets	<u>40,893,772</u>	<u>21,415,706</u>	<u>62,309,478</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	37,327	-	37,327
Total assets and deferred outflows of resources . .	<u>40,931,099</u>	<u>21,415,706</u>	<u>62,346,805</u>
Liabilities:			
Accounts payable	296,810	124,016	420,826
Accrued wages and benefits payable	216,737	13,866	230,603
Intergovernmental payable	374,006	1,279,362	1,653,368
Accrued interest payable	32,575	28,816	61,391
Long-term liabilities:			
Due within one year	833,962	103,612	937,574
Due in more than one year	9,329,903	1,277,976	10,607,879
Total liabilities	<u>11,083,993</u>	<u>2,827,648</u>	<u>13,911,641</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year . .	2,030,253	-	2,030,253
Total liabilities and deferred inflows of resources.	<u>13,114,246</u>	<u>2,827,648</u>	<u>15,941,894</u>
Net position:			
Net investment in capital assets (see Note 2.U) .	17,423,842	13,040,099	29,676,369
Restricted for:			
Capital projects	641,831	-	641,831
Other purposes:			
Fire/EMS levy	323,721	-	323,721
Street maintenance	632,310	-	632,310
State highway	84,714	-	84,714
Community environment	7,027	-	7,027
Law enforcement	39,347	-	39,347
Other purposes	12,448	-	12,448
Unrestricted (see Note 2.U)	8,651,613	5,547,959	14,987,144
Total net position	<u>\$ 27,816,853</u>	<u>\$ 18,588,058</u>	<u>\$ 46,404,911</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013*

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government.	\$ 3,564,772	\$ 398,855	\$ 30,000	\$ -
Security of persons and property:				
Police.	3,717,588	5,665	5,180	-
Street lights.	30,364	-	-	-
Fire.	2,671,188	404,330	48,183	-
Public health and welfare	70,758	3,821	49,741	-
Transportation.	3,483,558	54,232	767,935	-
Community environment	161,310	29,781	-	10,513
Leisure time activity.	2,142,722	1,752,221	195,563	-
Interest and fiscal charges.	415,825	-	-	-
Total governmental activities	<u>16,258,085</u>	<u>2,648,905</u>	<u>1,096,602</u>	<u>10,513</u>
Business-type activities:				
Sewer operating fund	3,847,032	3,495,275	-	-
Water operating fund	1,903,383	1,998,973	-	-
Storm water fund	445,813	311,614	-	-
Total business-type activities	<u>6,196,228</u>	<u>5,805,862</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 22,454,313</u>	<u>\$ 8,454,767</u>	<u>\$ 1,096,602</u>	<u>\$ 10,513</u>

General revenues:

Property taxes levied for:	
General purposes	
Fire/EMS levy	
Police pension	
Municipal income taxes levied for:	
General purposes	
Grants and entitlements not restricted to specific programs	
Investment earnings.	
Miscellaneous	
Total general revenues	
Change in net position	
Net position at beginning of year	
Net position at end of year	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (3,135,917)	\$ -	\$ (3,135,917)
(3,706,743)	-	(3,706,743)
(30,364)	-	(30,364)
(2,218,675)	-	(2,218,675)
(17,196)	-	(17,196)
(2,661,391)	-	(2,661,391)
(121,016)	-	(121,016)
(194,938)	-	(194,938)
(415,825)	-	(415,825)
<u>(12,502,065)</u>	<u>-</u>	<u>(12,502,065)</u>
-	(351,757)	(351,757)
-	95,590	95,590
<u>-</u>	<u>(134,199)</u>	<u>(134,199)</u>
<u>-</u>	<u>(390,366)</u>	<u>(390,366)</u>
<u>(12,502,065)</u>	<u>(390,366)</u>	<u>(12,892,431)</u>
698,066	-	698,066
1,279,816	-	1,279,816
99,899	-	99,899
9,423,158	-	9,423,158
1,810,363	-	1,810,363
34,549	-	34,549
212,923	22,470	235,393
<u>13,558,774</u>	<u>22,470</u>	<u>13,581,244</u>
1,056,709	(367,896)	688,813
<u>26,760,144</u>	<u>18,955,954</u>	<u>45,716,098</u>
<u>\$ 27,816,853</u>	<u>\$ 18,588,058</u>	<u>\$ 46,404,911</u>

CITY OF TALLMADGE, OHIO

*BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013*

	<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 . . .	\$ 6,924,281	\$ 383,028	\$ 486,004	\$ 69,696
Receivables:				
Income taxes.	2,336,578	-	-	-
Real and other taxes	731,019	1,299,309	-	-
Accounts.	70,337	64,714	-	-
Accrued interest	21,665	-	99	-
Special assessments	-	-	45,656	525,000
Intergovernmental	366,278	98,731	379,730	-
Materials and supplies inventory.	109,310	-	59,476	-
Total assets	<u>\$ 10,559,468</u>	<u>\$ 1,845,782</u>	<u>\$ 970,965</u>	<u>\$ 594,696</u>
Liabilities:				
Accounts payable.	\$ 124,931	\$ 13,872	\$ 158,007	\$ -
Accrued wages and benefits payable	122,339	71,382	22,008	-
Compensated absences payable	14,989	3,319	-	-
Intergovernmental payable	264,419	57,815	25,118	-
Total liabilities	<u>526,678</u>	<u>146,388</u>	<u>205,133</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year. . .	695,333	1,235,584	-	-
Delinquent property tax revenue not available. . .	35,686	63,725	-	-
Accrued interest not available	17,284	-	80	-
Special assessments revenue not available.	-	-	45,656	525,000
Income tax revenue not available	886,243	-	-	-
Intergovernmental nonexchange transactions. . .	190,575	98,731	256,945	-
Total deferred inflows of resources	<u>1,825,121</u>	<u>1,398,040</u>	<u>302,681</u>	<u>525,000</u>
Total liabilities and deferred inflows of resources.	<u>2,351,799</u>	<u>1,544,428</u>	<u>507,814</u>	<u>525,000</u>
Fund balances (see Note 18):				
Nonspendable	109,310	-	59,476	-
Restricted.	-	301,354	403,675	-
Assigned	1,985,047	-	-	69,696
Unassigned (deficit)	6,113,312	-	-	-
Total fund balances.	<u>8,207,669</u>	<u>301,354</u>	<u>463,151</u>	<u>69,696</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,559,468</u>	<u>\$ 1,845,782</u>	<u>\$ 970,965</u>	<u>\$ 594,696</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 774,854	\$ 8,637,863
-	2,336,578
104,434	2,134,762
-	135,051
7	21,771
-	570,656
37,782	882,521
-	168,786
<u>\$ 917,077</u>	<u>\$ 14,887,988</u>
\$ -	\$ 296,810
1,008	216,737
-	18,308
26,654	374,006
<u>27,662</u>	<u>905,861</u>
99,336	2,030,253
5,098	104,509
6	17,370
-	570,656
-	886,243
27,827	574,078
<u>132,267</u>	<u>4,183,109</u>
159,929	5,088,970
-	168,786
757,637	1,462,666
-	2,054,743
(489)	6,112,823
<u>757,148</u>	<u>9,799,018</u>
<u>\$ 917,077</u>	<u>\$ 14,887,988</u>

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CITY OF TALLMADGE, OHIO

*RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2013*

Total governmental fund balances		\$	9,799,018
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			26,005,784
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	886,243	
Delinquent property taxes receivable		104,509	
Intergovernmental receivable		574,078	
Special assessments receivable		570,656	
Accrued interest receivable		17,370	
Total		<u>2,152,856</u>	2,152,856
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(32,575)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.			37,327
Unamortized premiums (discounts) on bond issuances are not recognized in the funds.			(19,573)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(738,716)	
General obligation bonds payable		(8,700,000)	
Special assessment bonds payable		(525,000)	
Capital lease payable		(162,268)	
Total		<u>(10,125,984)</u>	(10,125,984)
Net position of governmental activities		\$	<u><u>27,816,853</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013*

	General	Fire/EMS Levy	Street Maintenance and Repair	Bond Retirement
Revenues:				
Property and other taxes	\$ 708,871	\$ 1,299,110	\$ -	\$ -
Municipal income taxes	9,256,758	-	-	-
Intergovernmental	1,777,806	198,963	901,238	-
Investment income	33,308	-	164	-
Fines, licenses and permits	366,109	-	-	-
Special assessments	35,776	-	10,766	87,890
Charges for services	1,750,972	404,330	72,575	-
Miscellaneous	218,955	44,163	51,936	-
Total revenues	<u>14,148,555</u>	<u>1,946,566</u>	<u>1,036,679</u>	<u>87,890</u>
Expenditures:				
Current:				
General government	3,384,974	-	-	-
Security of persons and property:				
Police	3,239,121	-	-	-
Street lights	30,364	-	-	-
Fire	-	2,549,538	-	-
Public health and welfare	-	-	69,642	-
Transportation	215,178	-	988,355	-
Community environment	163,581	-	-	-
Leisure time activity	1,528,868	-	273,806	-
Capital outlay	-	140,914	1,709,272	-
Debt service:				
Principal retirement	15,015	36,527	-	680,000
Interest and fiscal charges	4,372	5,631	-	415,418
Total expenditures	<u>8,581,473</u>	<u>2,732,610</u>	<u>3,041,075</u>	<u>1,095,418</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,567,082</u>	<u>(786,044)</u>	<u>(2,004,396)</u>	<u>(1,007,528)</u>
Other financing sources (uses):				
Transfers in	-	895,500	1,436,000	1,030,000
Transfers (out)	<u>(3,654,275)</u>	-	-	-
Total other financing sources (uses)	<u>(3,654,275)</u>	<u>895,500</u>	<u>1,436,000</u>	<u>1,030,000</u>
Net change in fund balances	1,912,807	109,456	(568,396)	22,472
Fund balances at beginning of year	<u>6,294,862</u>	<u>191,898</u>	<u>1,031,547</u>	<u>47,224</u>
Fund balances at end of year	<u>\$ 8,207,669</u>	<u>\$ 301,354</u>	<u>\$ 463,151</u>	<u>\$ 69,696</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 101,442	\$ 2,109,423
-	9,256,758
79,926	2,957,933
13	33,485
4,360	370,469
-	134,432
-	2,227,877
46,153	361,207
<u>231,894</u>	<u>17,451,584</u>
30,000	3,414,974
327,390	3,566,511
-	30,364
1,833	2,551,371
-	69,642
50,527	1,254,060
-	163,581
-	1,802,674
117,731	1,967,917
-	731,542
-	425,421
<u>527,481</u>	<u>15,978,057</u>
<u>(295,587)</u>	<u>1,473,527</u>
292,775	3,654,275
-	(3,654,275)
<u>292,775</u>	<u>-</u>
(2,812)	1,473,527
759,960	8,325,491
<u>\$ 757,148</u>	<u>\$ 9,799,018</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, 2013*

Net change in fund balances - total governmental funds		\$ 1,473,527
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 581,540	
Current year depreciation	(1,559,161)	
Total		(977,621)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales disposals, trade-ins, and donations) is to decrease net assets.		(6,251)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	166,400	
Real and other taxes	(31,642)	
Intergovernmental revenues	(182,707)	
Special assessments	(83,873)	
Investment income	1,064	
Other	(6,032)	
Total		(136,790)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		731,542
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
Accrued interest payable	1,851	
Amortization of deferred amounts on refunding	(10,299)	
Amortization of bond premium	19,322	
Amortization of bond discount	(1,278)	
Total		9,596
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(37,294)
Change in net position of governmental activities		<u>\$ 1,056,709</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, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes	\$ 696,543	\$ 696,276	\$ 708,871	\$ 12,595
Municipal income taxes	8,377,260	8,377,260	9,190,632	813,372
Intergovernmental	1,198,976	1,193,471	1,700,290	506,819
Investment income	35,700	35,700	34,846	(854)
Fines, licenses and permits	406,500	406,500	374,608	(31,892)
Special assessments	11,000	11,000	35,776	24,776
Charges for services	1,859,300	1,859,300	1,731,267	(128,033)
Miscellaneous	111,382	111,382	218,956	107,574
Total revenues	12,696,661	12,690,889	13,995,246	1,304,357
Expenditures:				
Current:				
General government	3,747,709	3,764,741	3,491,488	273,253
Security of persons and property	3,373,859	3,423,858	3,271,841	152,017
Transportation	284,492	284,492	232,091	52,401
Community environment	182,770	192,770	185,843	6,927
Leisure time activity	1,762,403	1,764,403	1,598,156	166,247
Capital outlay	185,500	185,500	179,879	5,621
Total expenditures	9,536,733	9,615,764	8,959,298	656,466
Excess of revenues over expenditures	3,159,928	3,075,125	5,035,948	1,960,823
Other financing (uses):				
Transfers (out)	(3,544,775)	(3,719,275)	(3,654,275)	65,000
Total other financing (uses)	(3,544,775)	(3,719,275)	(3,654,275)	65,000
Net change in fund balances	(384,847)	(644,150)	1,381,673	2,025,823
Fund balance at beginning of year	4,733,437	4,733,437	4,733,437	-
Prior year encumbrances appropriated	326,607	326,607	326,607	-
Fund balance at end of year	\$ 4,675,197	\$ 4,415,894	\$ 6,441,717	\$ 2,025,823

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, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes.	\$ 1,226,927	\$ 1,226,452	\$ 1,299,110	\$ 72,658
Intergovernmental.	201,000	201,000	198,963	(2,037)
Charges for services.	375,000	375,000	383,048	8,048
Miscellaneous.	18,000	18,000	44,163	26,163
Total revenues	<u>1,820,927</u>	<u>1,820,452</u>	<u>1,925,284</u>	<u>104,832</u>
Expenditures:				
Current:				
Security of persons and property	2,678,949	2,700,449	2,628,839	71,610
Capital outlay	89,446	183,946	183,071	875
Total expenditures	<u>2,768,395</u>	<u>2,884,395</u>	<u>2,811,910</u>	<u>72,485</u>
Excess of expenditures over revenues	<u>(947,468)</u>	<u>(1,063,943)</u>	<u>(886,626)</u>	<u>177,317</u>
Other financing sources:				
Transfers in	801,000	895,500	895,500	-
Total other financing sources	<u>801,000</u>	<u>895,500</u>	<u>895,500</u>	<u>-</u>
Net change in fund balances	(146,468)	(168,443)	8,874	177,317
Fund balance at beginning of year.	261,636	261,636	261,636	-
Prior year encumbrances appropriated . . .	58,954	58,954	58,954	-
Fund balance at end of year	<u>\$ 174,122</u>	<u>\$ 152,147</u>	<u>\$ 329,464</u>	<u>\$ 177,317</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, 2013*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 1,973,000	\$ 1,973,000	\$ 1,340,884	\$ (632,116)
Investment income	900	900	161	(739)
Special assessments	12,000	12,000	10,766	(1,234)
Charges for services.	55,000	55,000	72,576	17,576
Miscellaneous.	16,000	16,000	51,936	35,936
Total revenues	<u>2,056,900</u>	<u>2,056,900</u>	<u>1,476,323</u>	<u>(580,577)</u>
Expenditures:				
Current:				
Public health and welfare.	84,997	84,997	69,686	15,311
Transportation	1,805,079	1,805,079	1,560,543	244,536
Leisure time activity	312,281	312,281	274,506	37,775
Capital outlay	<u>1,966,046</u>	<u>1,966,046</u>	<u>1,948,626</u>	<u>17,420</u>
Total expenditures	<u>4,168,403</u>	<u>4,168,403</u>	<u>3,853,361</u>	<u>315,042</u>
Excess of expenditures over revenues	<u>(2,111,503)</u>	<u>(2,111,503)</u>	<u>(2,377,038)</u>	<u>(265,535)</u>
Other financing sources:				
Transfers in	<u>1,436,000</u>	<u>1,436,000</u>	<u>1,436,000</u>	<u>-</u>
Total other financing sources.	<u>1,436,000</u>	<u>1,436,000</u>	<u>1,436,000</u>	<u>-</u>
Net change in fund balances	(675,503)	(675,503)	(941,038)	(265,535)
Fund balance at beginning of year.	92,954	92,954	92,954	-
Prior year encumbrances appropriated . . .	945,588	945,588	945,588	-
Fund balance at end of year	<u>\$ 363,039</u>	<u>\$ 363,039</u>	<u>\$ 97,504</u>	<u>\$ (265,535)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 2,526,948	\$ 2,536,002	\$ 93,094	\$ 5,156,044
Receivables:				
Accounts	986,517	534,807	91,525	1,612,849
Special assessments	111,772	11,790	-	123,562
Materials and supplies inventory.	62,497	62,497	-	124,994
Total current assets	<u>3,687,734</u>	<u>3,145,096</u>	<u>184,619</u>	<u>7,017,449</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress.	94,403	152,639	128,477	375,519
Depreciable capital assets, net.	4,466,993	6,679,217	2,876,528	14,022,738
Total capital assets, net.	<u>4,561,396</u>	<u>6,831,856</u>	<u>3,005,005</u>	<u>14,398,257</u>
Total assets	<u>8,249,130</u>	<u>9,976,952</u>	<u>3,189,624</u>	<u>21,415,706</u>
Liabilities:				
Current liabilities:				
Accounts payable.	81,008	39,232	3,776	124,016
Accrued wages and benefits payable	5,804	5,543	2,519	13,866
Intergovernmental payable	1,033,555	243,460	2,347	1,279,362
Compensated absences payable	1,601	1,601	-	3,202
Current portion of special assessment bonds payable	35,000	-	-	35,000
Current portion of OWDA loans payable	-	52,684	-	52,684
Current portion of capital lease obligations payable	6,363	6,363	-	12,726
Accrued interest payable	525	28,291	-	28,816
Total current liabilities	<u>1,163,856</u>	<u>377,174</u>	<u>8,642</u>	<u>1,549,672</u>
Long-term liabilities:				
Compensated absences payable	10,114	10,114	-	20,228
Special assessment bonds payable	70,000	-	-	70,000
OWDA loans payable	-	1,164,148	-	1,164,148
Capital lease obligations payable	11,800	11,800	-	23,600
Total long-term liabilities	<u>91,914</u>	<u>1,186,062</u>	<u>-</u>	<u>1,277,976</u>
Total liabilities	<u>1,255,770</u>	<u>1,563,236</u>	<u>8,642</u>	<u>2,827,648</u>
Net position:				
Net investment in capital assets	4,438,233	5,596,861	3,005,005	13,040,099
Unrestricted	2,555,127	2,816,855	175,977	5,547,959
Total net position.	<u>\$ 6,993,360</u>	<u>\$ 8,413,716</u>	<u>\$ 3,180,982</u>	<u>\$ 18,588,058</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Operating revenues:				
Charges for services	\$ 3,495,275	\$ 1,998,973	\$ 311,614	\$ 5,805,862
Other operating revenues	8,234	13,062	-	21,296
Total operating revenues.	<u>3,503,509</u>	<u>2,012,035</u>	<u>311,614</u>	<u>5,827,158</u>
Operating expenses:				
Personal services	367,531	362,468	96,874	826,873
Contract services.	3,190,692	1,082,536	191,382	4,464,610
Materials and supplies.	18,185	19,717	1,529	39,431
Depreciation.	218,143	303,637	155,084	676,864
Other	42,821	76,139	944	119,904
Total operating expenses.	<u>3,837,372</u>	<u>1,844,497</u>	<u>445,813</u>	<u>6,127,682</u>
Operating income (loss)	<u>(333,863)</u>	<u>167,538</u>	<u>(134,199)</u>	<u>(300,524)</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(9,660)	(58,886)	-	(68,546)
Special assessments	-	1,174	-	1,174
Total nonoperating revenues (expenses).	<u>(9,660)</u>	<u>(57,712)</u>	<u>-</u>	<u>(67,372)</u>
Change in net position	<u>(343,523)</u>	<u>109,826</u>	<u>(134,199)</u>	<u>(367,896)</u>
Net position at beginning of year.	<u>7,336,883</u>	<u>8,303,890</u>	<u>3,315,181</u>	<u>18,955,954</u>
Net position at end of year	<u>\$ 6,993,360</u>	<u>\$ 8,413,716</u>	<u>\$ 3,180,982</u>	<u>\$ 18,588,058</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, 2013*

	Business-type Activities - Enterprise Funds			
	Sewer Operating	Water Operating	Storm Water	Total
Cash flows from operating activities:				
Cash received from customers.	\$ 3,360,021	\$ 1,986,671	\$ 314,396	\$ 5,661,088
Cash received from other operations	8,234	13,062	-	21,296
Cash payments for personal services.	(368,462)	(363,923)	(96,732)	(829,117)
Cash payments for contractual services	(3,020,013)	(1,074,653)	(186,786)	(4,281,452)
Cash payments for materials and supplies	(30,964)	(32,522)	(1,529)	(65,015)
Cash payments for other expenses	(42,821)	(76,139)	(944)	(119,904)
Net cash provided by (used in) operating activities .	(94,005)	452,496	28,405	386,896
Cash flows from capital and related financing activities:				
Acquisition of capital assets.	(61,500)	(615,510)	(119,881)	(796,891)
Special assessments	34,790	13,720	-	48,510
Principal retirement on special assessment bonds. . .	(30,000)	-	-	(30,000)
Principal retirement on OWDA loans	-	(50,316)	-	(50,316)
Principal retirement on capital lease obligations . . .	(5,876)	(5,876)	-	(11,752)
Interest and fiscal charges	(9,810)	(60,056)	-	(69,866)
Net cash used in capital and related financing activities.	(72,396)	(718,038)	(119,881)	(910,315)
Net decrease in cash and cash equivalents	(166,401)	(265,542)	(91,476)	(523,419)
Cash and cash equivalents at beginning of year . . .	2,693,349	2,801,544	184,570	5,679,463
Cash and cash equivalents at end of year	\$ 2,526,948	\$ 2,536,002	\$ 93,094	\$ 5,156,044
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (333,863)	\$ 167,538	\$ (134,199)	\$ (300,524)
Adjustments:				
Depreciation.	218,143	303,637	155,084	676,864
Changes in assets and liabilities:				
(Increase) in materials and supplies inventory	(12,779)	(12,779)	-	(25,558)
(Increase) decrease in accounts receivable.	(135,254)	(12,302)	2,782	(144,774)
Increase in accounts payable.	78,713	13,043	3,776	95,532
Increase in accrued wages and benefits	724	241	1,194	2,159
Increase (decrease) in intergovernmental payable. . . .	91,319	(5,874)	(232)	85,213
(Decrease) in compensated absences payable.	(1,008)	(1,008)	-	(2,016)
Net cash provided by (used in) operating activities	\$ (94,005)	\$ 452,496	\$ 28,405	\$ 386,896

Non-Cash Transactions:

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013

	<u>Private-Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 39,007	\$ 237,475
Receivables:		
Income taxes	-	76,215
Accrued interest	<u>62</u>	<u>-</u>
Total assets	<u>39,069</u>	<u>313,690</u>
Liabilities:		
Deposits held and due to others	<u>-</u>	<u>\$ 313,690</u>
Total liabilities.	<u>-</u>	<u>\$ 313,690</u>
Net position:		
Held in trust	<u>39,069</u>	
Total net position	<u>\$ 39,069</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013*

	Private-Purpose Trust
Additions:	
Investment income.	\$ 104
Gifts and contributions.	1,250
Total additions	<u>1,354</u>
Deductions:	
Expense per trust agreement	<u>1,400</u>
Total deductions.	<u>1,400</u>
Change in net position	(46)
Net position at beginning of year.	<u>39,115</u>
Net position at end of year	<u><u>\$ 39,069</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 - DESCRIPTION OF THE CITY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City's significant accounting policies are described below.

A. Reporting Entity

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

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

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

B. Basis of Presentation - Fund Accounting

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

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

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

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

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

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

C. Fund Accounting

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

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

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

Fire/EMS levy fund - The fire/emergency medical service levy fund accounts for property tax collections received through a permanent tax levy. An additional source of significant revenue is charges for services. Expenditures are for the operations of the fire and emergency medical service programs, staff and capital expenditures.

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

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

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

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds.

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

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

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

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

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

D. Measurement Focus

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

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

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

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

E. Basis of Accounting

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance year 2014 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows of resources. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2013, are recorded as deferred inflows of resources in governmental funds.

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

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

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

F. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control at which expenditures cannot exceed appropriations is at the personnel and operating level by program within the general fund and at the personnel and operating level for all other funds of the City. Capital items such as capital equipment are budgeted on a program or line item basis as specified by City Council legislatively. Any budget modifications at these levels may only be made through an ordinance of Council. Budgetary statements presented beyond the legal level of control are for information purposes only.

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

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

G. Cash and Investments

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

During 2013, investments were limited to Ohio municipal bonds, U.S. Government money markets and the State Treasury Asset Reserve of Ohio (STAR Ohio).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on December 31, 2013.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2013 amounted to \$33,308, which includes \$18,574 assigned from other City funds.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

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

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

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

H. Materials and Supplies Inventory

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

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

I. Capital Assets

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

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

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

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

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

J. Compensated Absences

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

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

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

K. Prepaid Items

Payments made to vendors for services that will benefit beyond December 31, 2013, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which the services are consumed. The City had no prepaid items to report at December 31, 2013.

L. Accrued Liabilities and Long-Term Obligations

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

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

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

Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

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

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

N. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The City had no interfund balances outstanding at December 31, 2013.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

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

O. Interfund Activity

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

P. Minimum Fund Balance Policy

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

Q. Estimates

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. The City did not have any extraordinary or special items transactions during 2013.

S. Fund Balance

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

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by council. In the general fund, assigned amounts represent intended uses established by City Council or ordinance or by State statute. State statute authorizes the finance director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

T. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities less deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on the use of resources either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

U. Total Column

A total column is presented on the entity-wide statement of net position and statement of activities. The storm water improvement refunding bonds, net of unamortized deferred charges and bond issue premium of \$30,849 and \$8,421, respectively, have been included in net investment in capital assets in the total column on the statement of net position. The storm water improvement refunding bonds have been excluded from net investment in capital assets in the governmental activities and the business-type activities on the statement of net position.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the City has implemented GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*" and GASB Statement No. 66, "*Technical Corrections-2012*".

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the City.

GASB Statement No. 66 improves accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements; GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" and GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements*". The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the City.

B. Deficit Fund Balance

Fund balances at December 31, 2013 included the following individual fund deficit:

<u>Nonmajor governmental fund</u>	<u>Deficit</u>
Police pension	\$ 489

The general fund is liable for the deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Deposits with Financial Institutions

At December 31, 2013, the carrying amount of all City deposits was \$13,783,780. As of December 31, 2013, \$7,925,762 of the City's bank balance of \$13,921,617 was exposed to custodial risk as discussed below, while \$5,995,855 was covered by the FDIC.

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

B. Investments

As of December 31, 2013, the City had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>19 to 24 months</u>
U.S. Government Money Market	\$ 889	\$ 889	\$ -
STAR Ohio	37,990	37,990	-
Ohio Municipal Bonds	<u>247,730</u>	<u>-</u>	<u>247,730</u>
Total	<u>\$ 286,609</u>	<u>\$ 38,879</u>	<u>\$ 247,730</u>

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

Credit Risk: STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investments in U.S. Government money markets and Ohio municipal bonds were rated Aaa-mf and Aa2, respectively, by Moody's Investor Services. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of investment type held by the City at December 31, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
U.S. Government Money Market	\$ 889	0.31
STAR Ohio	37,990	13.25
Ohio Municipal Bonds	<u>247,730</u>	<u>86.44</u>
Total	<u>\$ 286,609</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 13,783,780
Investments	<u>286,609</u>
Total	<u>\$ 14,070,389</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 8,637,863
Business type activities	5,156,044
Private-purpose trust fund	39,007
Agency funds	<u>237,475</u>
Total	<u>\$ 14,070,389</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 5 - INTERFUND TRANSACTIONS

Routine General Fund transfers consist of \$895,500 to the fire/EMS levy special revenue fund, \$1,436,000 to the street maintenance and repair special revenue fund, \$1,030,000 to the bond retirement fund, \$57,775 to the general infrastructure reserve fund and \$235,000 to the police pension special revenue fund.

<u>Major funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 3,654,275
Fire/EMS levy	895,500	-
Street maintenance and repair	1,436,000	-
Bond retirement	<u>1,030,000</u>	<u>-</u>
Total major funds	<u>3,361,500</u>	<u>3,654,275</u>
 <u>Nonmajor governmental funds</u>		
General infrastructure reserve	57,775	-
Police pension	<u>235,000</u>	<u>-</u>
Total nonmajor governmental funds	<u>292,775</u>	<u>-</u>
Total	<u>\$ 3,654,275</u>	<u>\$ 3,654,275</u>

NOTE 6 - RECEIVABLES

Receivables at December 31, 2013, 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 \$465,000 in the bond retirement fund. The City had no material outstanding delinquencies at December 31, 2013.

A. Property Taxes

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 6 - RECEIVABLES - (Continued)

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the County, including the City of Tallmadge. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2013 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2013 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is reported as a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2013 was \$6.15 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2013 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 304,396,240
Commercial/industrial/mineral	63,735,350
<u>Public utility</u>	
Real	28,340
Personal	<u>4,741,180</u>
Total assessed value	<u>\$ 372,901,110</u>

B. Municipal Income Taxes

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

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

In addition, the City receives income tax monies as the result of its agreement with Brimfield Township for a Joint Economic Development District (JEDD). Businesses within the JEDD currently pay a 1.00% income tax on all income earned within the JEDD and are required to withhold income tax on employee earnings and remit the tax to the City. The City is responsible for collection and administration of the income tax for the JEDD. The City is entitled to 55% of all income taxes collected from the JEDD and is required to contribute 5% of all income taxes collected to the JEDD Maintenance and Capital Improvement Fund maintained by the Township. The Township is entitled to the remaining 45% of all income taxes collected from the JEDD.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

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	\$ 213,085
Homestead and rollback	161,451
JEDD income tax	93,152
Miscellaneous	5,160
Permissive tax	10,434
Auto license tax	77,810
Gas tax and municipal cents per gallon tax	<u>321,429</u>
Total	<u>\$ 882,521</u>

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CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance			Balance
<u>Governmental activities:</u>	<u>12/31/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/13</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,889,359	\$ -	\$ (1)	\$ 2,889,358
Right of ways	80,218	-	-	80,218
Construction in progress	<u>88,066</u>	<u>190,647</u>	<u>-</u>	<u>278,713</u>
Total capital assets, not being depreciated	<u>3,057,643</u>	<u>190,647</u>	<u>(1)</u>	<u>3,248,289</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	17,668,329	32,780	(7,575)	17,693,534
Equipment	8,052,735	358,114	(265,723)	8,145,126
Infrastructure - streets subsystem	<u>20,874,817</u>	<u>-</u>	<u>-</u>	<u>20,874,817</u>
Total capital assets, being depreciated	<u>46,595,881</u>	<u>390,894</u>	<u>(273,298)</u>	<u>46,713,477</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(5,714,796)	(492,875)	6,817	(6,200,854)
Equipment	(6,536,944)	(334,550)	260,230	(6,611,264)
Infrastructure - streets subsystem	<u>(10,412,128)</u>	<u>(731,736)</u>	<u>-</u>	<u>(11,143,864)</u>
Total accumulated depreciation	<u>(22,663,868)</u>	<u>(1,559,161)</u>	<u>267,047</u>	<u>(23,955,982)</u>
Total capital assets, being depreciated, net	<u>23,932,013</u>	<u>(1,168,267)</u>	<u>(6,251)</u>	<u>22,757,495</u>
Governmental activities capital assets, net	<u>\$ 26,989,656</u>	<u>\$ (977,620)</u>	<u>\$ (6,252)</u>	<u>\$ 26,005,784</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 7 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 174,703
Security of persons and property - police	98,774
Security of persons and property - fire	130,160
Public health and welfare	1,116
Transportation	817,540
Community environment	2,990
Leisure time activity	<u>333,878</u>
Total depreciation expense	<u>\$ 1,559,161</u>

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CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 7 - CAPITAL ASSETS - (Continued)

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance			Balance
<u>Business-type activities:</u>	<u>12/31/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/13</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 375,519	\$ -	\$ -	\$ 375,519
Construction in progress	<u>16,833</u>	<u>-</u>	<u>(16,833)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>392,352</u>	<u>-</u>	<u>(16,833)</u>	<u>375,519</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	2,163,058	-	(55,433)	2,107,625
Equipment	1,288,305	120,454	(19,060)	1,389,699
Infrastructure				
Water lines	9,933,282	573,389	-	10,506,671
Sewer lines	8,989,962	-	-	8,989,962
Storm sewer subsystem	<u>4,645,787</u>	<u>-</u>	<u>-</u>	<u>4,645,787</u>
Total capital assets, being depreciated	<u>27,020,394</u>	<u>693,843</u>	<u>(74,493)</u>	<u>27,639,744</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(1,061,540)	(61,757)	55,433	(1,067,864)
Equipment	(1,006,422)	(61,786)	19,060	(1,049,148)
Infrastructure				
Water lines	(4,644,944)	(216,267)	-	(4,861,211)
Sewer lines	(4,683,218)	(182,193)	-	(4,865,411)
Storm sewer subsystem	<u>(1,618,511)</u>	<u>(154,861)</u>	<u>-</u>	<u>(1,773,372)</u>
Total accumulated depreciation	<u>(13,014,635)</u>	<u>(676,864)</u>	<u>74,493</u>	<u>(13,617,006)</u>
Total capital assets, being depreciated, net	<u>14,005,759</u>	<u>16,979</u>	<u>-</u>	<u>14,022,738</u>
Business-type activities capital assets, net	<u>\$ 14,398,111</u>	<u>\$ 16,979</u>	<u>\$ (16,833)</u>	<u>\$ 14,398,257</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 7 - CAPITAL ASSETS - (Continued)

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

Sewer operating	\$ 218,143
Water operating	303,637
Storm water	<u>155,084</u>
 Total depreciation expense	 <u>\$ 676,864</u>

NOTE 8 - CAPITAL LEASES

In prior years, the City entered into capital leases for an ambulance and telephone equipment. The capital lease for the ambulance will be paid out of the fire/EMS levy special revenue fund. The capital lease for the telephone equipment will be paid from the general fund, the fire/EMS levy special revenue fund, the sewer operating fund and the water operating fund. Capital assets were capitalized at the present value of the minimum lease payments at the time the leases were entered into.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Assets:		
Equipment	\$ 273,766	\$ 62,358
Less: accumulated depreciation	<u>(75,793)</u>	<u>(31,179)</u>
 Total	 <u>\$ 197,973</u>	 <u>\$ 31,179</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, 2013:

	<u>Year Ended</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
	2014	\$ 61,545	\$ 15,173	\$ 76,718
	2015	61,545	15,173	76,718
	2016	<u>52,555</u>	<u>10,114</u>	<u>62,669</u>
 Total		 175,645	 40,460	 216,105
Less: amount representing interest		<u>(13,377)</u>	<u>(4,134)</u>	<u>(17,511)</u>
 Present value of net minimum lease payments		 <u>\$ 162,268</u>	 <u>\$ 36,326</u>	 <u>\$ 198,594</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 9 - LONG-TERM OBLIGATIONS

The interest rate, original issue amount and date of maturity of each of the City's bonds outstanding at December 31, 2013 are as follows:

	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity Date</u>
<u>Special assessment bonds</u>			
1996 Northwest quad sanitary sewer	5.862%	450,000	12/1/2016
2000 West avenue street improvement	6.000%	1,070,000	12/1/2020
<u>General obligation bonds</u>			
2001 City building improvement	4.725%	2,270,000	12/1/2021
2006 Various purpose refunding	4.124%	870,000	12/31/2015
2006 Recreation center	4.427%	3,800,000	12/31/2031
2010 Storm water improvement refunding	2.672%	1,405,000	12/1/2018
2010 Recreation various purpose	3.762%	3,915,000	12/1/2030

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

	<u>Balance 12/31/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/13</u>	<u>Amounts Due in One Year</u>
Business-type activities:					
<u>Special assessment bonds</u>					
1996 Northwest quad sanitary sewer	\$ 135,000	\$ -	\$ (30,000)	\$ 105,000	\$ 35,000
Total special assessment bonds	<u>135,000</u>	<u>-</u>	<u>(30,000)</u>	<u>105,000</u>	<u>35,000</u>
OWDA loan - Northeast water system	1,267,148	-	(50,316)	1,216,832	52,684
Capital lease	48,078	-	(11,752)	36,326	12,726
Compensated absences	<u>25,446</u>	<u>3,202</u>	<u>(5,218)</u>	<u>23,430</u>	<u>3,202</u>
Total business-type activities					
Long-term obligations	<u>\$ 1,475,672</u>	<u>\$ 3,202</u>	<u>\$ (97,286)</u>	<u>\$ 1,381,588</u>	<u>\$ 103,612</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/13</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental activities:					
<u>General obligation bonds</u>					
2001 City building improvement	\$ 1,225,000	\$ -	\$ (110,000)	\$ 1,115,000	\$ 115,000
2006 Various purpose refunding	295,000	-	(95,000)	200,000	100,000
2006 Recreation center	3,220,000	-	(110,000)	3,110,000	115,000
2010 Storm water improvement refunding	960,000	-	(150,000)	810,000	150,000
2010 Recreation various improvement	<u>3,620,000</u>	<u>-</u>	<u>(155,000)</u>	<u>3,465,000</u>	<u>155,000</u>
 Total general obligation bonds	 <u>9,320,000</u>	 <u>-</u>	 <u>(620,000)</u>	 <u>8,700,000</u>	 <u>635,000</u>
 <u>Special assessment bonds</u>					
2000 West avenue street improvement	<u>585,000</u>	<u>-</u>	<u>(60,000)</u>	<u>525,000</u>	<u>60,000</u>
 <u>Other long-term obligations</u>					
Capital lease	213,810	-	(51,542)	162,268	54,212
Compensated absences	<u>724,483</u>	<u>124,395</u>	<u>(91,854)</u>	<u>757,024</u>	<u>84,750</u>
 Total governmental activities Long-term obligations	 <u>\$ 10,843,293</u>	 <u>\$ 124,395</u>	 <u>\$ (823,396)</u>	 <u>\$ 10,144,292</u>	 <u>\$ 833,962</u>
 Add: Unamortized premium on bond issue				41,835	
Less: Unamortized discount on bond issue				<u>(22,262)</u>	
 Total reported on statement of net position				 <u>\$ 10,163,865</u>	

Special Assessment Bonds Payable:

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

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

OWDA Loan:

During 2009, the City entered into a debt financing arrangement through the Ohio Water Development Authority (OWDA). The City has pledged future water revenues to repay OWDA loans. The loans are payable solely from water fund revenues and are payable through 2029. Annual principal and interest payments on the loans are expected to require 23.06 percent of net revenues and 5.40 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$1,738,578. Principal and interest paid for the current year was \$108,661, total net revenues were \$471,175 and total revenues were \$2,012,035.

2001 City Building Improvement Bonds Payable:

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

Various Purpose Refunding Bonds Payable:

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

The reacquisition price exceeded the net carrying amount of the old debt by \$32,667. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized deferred charges are reported as a deferred outflow of resources on the statement of net position.

2006 Recreation Bonds Payable:

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

Storm Water Improvement Refunding Bonds Payable:

On May 27, 2010, the City issued storm water improvement general obligation refunding bonds. These bonds refunded the \$1,370,000 callable portion of the 1998 storm water improvement general obligation bond issue. These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by \$55,645. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next nine years by \$179,492. The unamortized deferred charges are reported as a deferred outflow of resources on the statement of net position.

2010 Recreation Center Various Improvement Bonds Payable:

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

Capital Lease Obligations:

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

Compensated Absences:

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

As of December 31, 2013, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$30,524,313 and the unvoted legal debt margin was \$20,509,561. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2013 are as follows:

Year Ended	Governmental Activities					
	General Obligation Bonds			West Avenue Special Assessment		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 635,000	\$ 359,390	\$ 994,390	\$ 60,000	\$ 31,500	\$ 91,500
2015	660,000	339,406	999,406	65,000	27,900	92,900
2016	575,000	317,574	892,574	70,000	24,000	94,000
2017	600,000	294,675	894,675	75,000	19,800	94,800
2018	625,000	270,700	895,700	75,000	15,300	90,300
2019 - 2023	2,215,000	1,015,613	3,230,613	180,000	16,800	196,800
2024 - 2028	2,150,000	555,870	2,705,870	-	-	-
2029 - 2031	1,240,000	97,580	1,337,580	-	-	-
Total	<u>\$ 8,700,000</u>	<u>\$ 3,250,808</u>	<u>\$ 11,950,808</u>	<u>\$ 525,000</u>	<u>\$ 135,300</u>	<u>\$ 660,300</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Year Ended	Special Assessment Debt			Business-type Activities OWDA Loan		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 35,000	\$ 6,300	\$ 41,300	\$ 52,684	\$ 55,977	\$ 108,661
2015	35,000	4,200	39,200	55,162	53,499	108,661
2016	35,000	2,100	37,100	57,757	50,904	108,661
2017	-	-	-	60,474	48,187	108,661
2018	-	-	-	63,319	45,342	108,661
2019 - 2023	-	-	-	364,174	179,131	543,305
2024 - 2028	-	-	-	458,276	85,030	543,306
2029	-	-	-	104,986	3,676	108,662
Total	<u>\$ 105,000</u>	<u>\$ 12,600</u>	<u>\$ 117,600</u>	<u>\$ 1,216,832</u>	<u>\$ 521,746</u>	<u>\$ 1,738,578</u>

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2013, the City contracted with Selective Insurance of South Carolina for general liability, automobile, firefighters, errors and omissions, and law enforcement and public officials for the policy period covering January 1, 2013 through December 31, 2013. Travelers Insurance Company also covers buildings and contents and boiler and machinery. The City carries a \$2,000,000 general liability with \$1,000,000 occurrence and a \$1,000,000 automobile liability and a \$10,000,000 umbrella liability extending coverage on the general, automobile, police professional liability, firefighter's errors and omissions and public official's liability.

Selective Insurance of America insures dishonesty bonds for all necessary officials and other employees. The City carries an individual bond for the Director of Finance in the amount of \$250,000. In addition the City carries \$1,000,000 employee dishonesty limit with \$50,000 faithful performance of duty.

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

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 11 - PENSION PLANS

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and contribution rates were consistent across all three plans. The 2013 member contribution rates were 10.00% for members. The City's contribution rate for 2013 was 14.00% of covered payroll.

The City's contribution rate for pension benefits for members in the Traditional Plan for 2013 was 13.00%. The City's contribution rate for pension benefits for members in the Combined Plan for 2013 was 13.00%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$501,357, \$377,604, and \$375,078, respectively; 92.22% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 pension liability has been reported as intergovernmental payable on the basic financial statements. Contributions to the member-directed plan for 2013 were \$9,341 made by the City and \$6,672 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 11 - PENSION PLANS - (Continued)

Funding Policy - From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.00% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, the City was required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute.

For 2013, the portion of the City's contributions to fund pension obligations was 14.81% for January 1, 2013 through May 31, 2013 and 16.65% for June 1, 2013 through December 31, 2013 for police officers and 19.31% for January 1, 2013 through May 31, 2013 and 21.15% for June 1, 2013 through December 31, 2013 for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$262,827 and \$198,236 for the year ended December 31, 2013, \$205,395 and \$166,385 for the year ended December 31, 2012, and \$213,092 and \$161,837, for the year ended December 31, 2011. The full amount has been contributed for 2012 and 2011. 92.09% has been contributed for police and 91.54% has been contributed for firefighters for 2013. The remaining 2013 pension liability has been reported as intergovernmental payable on the basic financial statements.

NOTE 12 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

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

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2013 was 1.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2013 was 1.00%.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$38,549, \$152,359, and \$151,178, respectively; 92.22% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 post-employment health care benefits liability has been reported as intergovernmental payable on the basic financial statements.

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

B. Ohio Police and Fire Pension Fund

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

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

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$59,950 and \$35,017 for the year ended December 31, 2013, \$108,665 and \$65,026 for the year ended December 31, 2012, and \$112,737 and \$63,249, for the year ended December 31, 2011. The full amount has been contributed for 2012 and 2011. 92.09% has been contributed for police and 91.54% has been contributed for firefighters for 2013. The remaining 2013 post-employment health care benefits liability has been reported as intergovernmental payable on the basic financial statements.

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS

A. Compensated Absences

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

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

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

B. Life Insurance

The City provides life insurance to its employees through MetLife.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>	Fire/EMS <u>Levy</u>	Street Maintenance <u>and Repair</u>
Budget basis	\$ 1,381,673	\$ 8,874	\$ (941,038)
Net adjustment for revenue accruals	153,309	21,282	(439,644)
Net adjustment for expenditure accruals	(105,715)	25,736	423,792
Adjustment for encumbrances	<u>483,540</u>	<u>53,564</u>	<u>388,494</u>
GAAP basis	<u>\$ 1,912,807</u>	<u>\$ 109,456</u>	<u>\$ (568,396)</u>

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

Brimfield Township - City of Tallmadge Joint Economic Development District (JEDD)

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

Regional Income Tax Agency (RITA)

In 1971, 38 municipalities joined together to organize a Regional Council of Governments (RCOG) under the authority of Chapter 167 of the Ohio Revised Code to administer tax collection and enforcement concerns facing the cities and villages. The purpose of the RCOG is to foster cooperation between the municipalities through sharing facilities for their common benefit. This includes the establishment of a central collection facility for the purpose of administering the income tax laws of the various municipal corporations who are members of the RCOG and for the purpose of collecting income taxes on behalf of each member municipality, doing all things allowed by law to accomplish such purpose. The first official act of the RCOG was to form RITA. Today RITA serves as the income tax collection agency for 208 municipalities throughout the State of Ohio. The City began using RITA for its income tax collection services in December 2009.

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

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

Akron Metropolitan Area Transportation Study (AMATS)

The City participates in the Akron Metropolitan Area Transportation Study. This organization is responsible for fulfilling the area's continuous, cooperative and comprehensive transportation planning process. The AMATS service area consists of Summit, Portage, and Chippewa Township of Wayne County. AMATS is led by the AMATS Transportation Policy Committee. The City is a member of the 43 member Policy Committee that is responsible for the preparation of regional transportation policies, plans and programs that meet the areas present and future needs. In 2013, the City contributed \$3,302 to the Akron Metropolitan Area Transportation Study, which represents the City's formula share.

NOTE 16 - CONTRACTUAL COMMITMENTS

On December 31, 2013, the City had a total of \$279,534 in contractual commitments. These included \$239,353 to URS Corporation for North Avenue improvements and \$40,181 to CMI for software upgrades.

NOTE 17 - CONTINGENCIES

A. Grants

The City received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2013.

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, 2013*

NOTE 18 - FUND BALANCE

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

Fund balance	General	Fire/EMS Levy	Street Maintenance and Repair	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials and supplies inventory	\$ 109,310	\$ -	\$ 59,476	\$ -	\$ -	\$ 168,786
Total nonspendable	<u>109,310</u>	<u>-</u>	<u>59,476</u>	<u>-</u>	<u>-</u>	<u>168,786</u>
Restricted:						
Security of persons and property						
Police	-	-	-	-	39,347	39,347
Fire	-	301,354	-	-	4,712	306,066
Transportation	-	-	403,675	-	64,720	468,395
Community environment	-	-	-	-	7,027	7,027
Capital outlay	-	-	-	-	641,831	641,831
Total restricted	<u>-</u>	<u>301,354</u>	<u>403,675</u>	<u>-</u>	<u>757,637</u>	<u>1,462,666</u>
Assigned:						
General government	175,160	-	-	-	-	175,160
Security of persons and property						
Police	16,250	-	-	-	-	16,250
Leisure time activities	63,228	-	-	-	-	63,228
Transportation	18,351	-	-	-	-	18,351
Community environment	21,510	-	-	-	-	21,510
Capital outlay	100,181	-	-	-	-	100,181
Debt service	-	-	-	69,696	-	69,696
Subsequent year appropriations	1,590,367	-	-	-	-	1,590,367
Total assigned	<u>1,985,047</u>	<u>-</u>	<u>-</u>	<u>69,696</u>	<u>-</u>	<u>2,054,743</u>
Unassigned (deficit)	<u>6,113,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(489)</u>	<u>6,112,823</u>
Total fund balances	<u>\$ 8,207,669</u>	<u>\$ 301,354</u>	<u>\$ 463,151</u>	<u>\$ 69,696</u>	<u>\$ 757,148</u>	<u>\$ 9,799,018</u>

CITY OF TALLMADGE, OHIO

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013*

NOTE 19 - OTHER COMMITMENTS

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

<u>Fund</u>	Year-End <u>Encumbrances</u>
General fund	\$ 394,680
Fire/EMS levy fund	45,776
Street maintenance and repair fund	251,268
Other governmental	<u>3,548</u>
Total	<u>\$ 695,272</u>

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

SPECIAL REVENUE FUNDS

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

Major Special Revenue Funds

Fire/EMS Levy Fund

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

Street Maintenance and Repair Fund

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

Nonmajor Special Revenue Funds

State Highway Fund

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

Community Development Fund

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

Alcohol Enforcement and Education Fund

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

Law Enforcement Trust Fund

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

Drug Law Enforcement Trust Fund

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

CITY OF TALLMADGE, OHIO

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

Nonmajor Special Revenue Funds (Continued)

Law Enforcement Assistance Fund

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

Emergency Medical Service Donation Fund

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

K-9 Unit Donation Fund

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

Police Pension Fund

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

Historical Preservation Fund

To account for donations from the Tallmadge Historical Society to be used for the preservation of historical structures that are owned by the City.

MAJOR DEBT SERVICE FUND

Bond Retirement Fund

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

CAPITAL PROJECTS FUNDS

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

Nonmajor Capital Projects Funds

Tallmadge Shooting Range Fund

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

General Infrastructure Fund

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

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, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Real estate (public utility)	\$ 696,543	\$ 696,276	\$ 708,871	\$ 12,595
Municipal income taxes	8,377,260	8,377,260	9,190,632	813,372
Intergovernmental				
Local government	470,000	464,495	499,611	35,116
Rollback	100,000	100,000	109,762	9,762
Inheritance	150,000	150,000	551,717	401,717
JEDD income taxes	439,726	439,726	496,897	57,171
Miscellaneous	39,250	39,250	42,303	3,053
Investment income	35,700	35,700	34,846	(854)
Fines, licenses and permits	406,500	406,500	374,608	(31,892)
Special assessments.	11,000	11,000	35,776	24,776
Charges for services	1,859,300	1,859,300	1,731,267	(128,033)
Miscellaneous.	111,382	111,382	218,956	107,574
Total revenues.	<u>12,696,661</u>	<u>12,690,889</u>	<u>13,995,246</u>	<u>1,304,357</u>
Expenditures:				
Current:				
General government				
Mayor/Administration				
Personnel	521,307	521,307	492,258	29,049
Operating	91,428	91,428	87,519	3,909
Total Mayor/Administration.	<u>612,735</u>	<u>612,735</u>	<u>579,777</u>	<u>32,958</u>
Finance Director				
Personnel	523,617	523,617	502,003	21,614
Operating	242,118	242,118	238,617	3,501
Total Finance Director.	<u>765,735</u>	<u>765,735</u>	<u>740,620</u>	<u>25,115</u>
Law Director				
Personnel	326,088	326,088	284,335	41,753
Operating	115,898	115,898	76,919	38,979
Total Law Director.	<u>441,986</u>	<u>441,986</u>	<u>361,254</u>	<u>80,732</u>
Service Director				
Personnel	182,341	182,341	165,553	16,788
Operating	75,074	75,074	64,531	10,543
Total Service Director	<u>257,415</u>	<u>257,415</u>	<u>230,084</u>	<u>27,331</u>
Manager of Information Service				
Personnel	110,217	110,217	99,105	11,112
Operating	251,436	251,436	249,479	1,957
Total Manager of Information Service.	<u>361,653</u>	<u>361,653</u>	<u>348,584</u>	<u>13,069</u>
Council				
Personnel	187,921	187,921	168,927	18,994
Operating	13,880	13,880	11,207	2,673
Total Council	<u>201,801</u>	<u>201,801</u>	<u>180,134</u>	<u>21,667</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, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civil Service				
Personnel	\$ 26,657	\$ 26,657	\$ 25,763	\$ 894
Operating	2,150	2,150	1,372	778
Total Civil Service	<u>28,807</u>	<u>28,807</u>	<u>27,135</u>	<u>1,672</u>
Custodian				
Personnel	75,591	75,591	69,433	6,158
Operating	201,246	201,246	163,935	37,311
Total Custodian	<u>276,837</u>	<u>276,837</u>	<u>233,368</u>	<u>43,469</u>
General Administration				
Operating	767,660	784,692	771,931	12,761
Total General Administration	<u>767,660</u>	<u>784,692</u>	<u>771,931</u>	<u>12,761</u>
Boards and Commissions				
Personnel	5,000	5,000	2,493	2,507
Operating	1,000	1,000	46	954
Total Boards and Commissions	<u>6,000</u>	<u>6,000</u>	<u>2,539</u>	<u>3,461</u>
Historical Church				
Personnel	13,500	13,500	10,528	2,972
Operating	13,580	13,580	5,534	8,046
Total Historical Church	<u>27,080</u>	<u>27,080</u>	<u>16,062</u>	<u>11,018</u>
Total general government.	<u>3,747,709</u>	<u>3,764,741</u>	<u>3,491,488</u>	<u>273,253</u>
Security of persons and property				
Police				
Personnel	2,582,666	2,582,666	2,474,486	108,180
Operating	747,421	797,420	764,415	33,005
Total Police	<u>3,330,087</u>	<u>3,380,086</u>	<u>3,238,901</u>	<u>141,185</u>
Street lighting				
Operating	43,772	43,772	32,940	10,832
Total Street lighting	<u>43,772</u>	<u>43,772</u>	<u>32,940</u>	<u>10,832</u>
Total security of persons and property	<u>3,373,859</u>	<u>3,423,858</u>	<u>3,271,841</u>	<u>152,017</u>
Transportation				
Garage				
Personnel	188,695	188,695	148,105	40,590
Operating	95,797	95,797	83,986	11,811
Total transportation	<u>284,492</u>	<u>284,492</u>	<u>232,091</u>	<u>52,401</u>
Community environment				
Zoning				
Personnel	133,944	143,944	139,585	4,359
Operating	48,826	48,826	46,258	2,568
Total Zoning	<u>182,770</u>	<u>192,770</u>	<u>185,843</u>	<u>6,927</u>
Total community environment	<u>182,770</u>	<u>192,770</u>	<u>185,843</u>	<u>6,927</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, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Leisure time activities				
Community Center				
Personnel	\$ 15,351	\$ 15,351	\$ 11,846	\$ 3,505
Operating	64,829	64,829	52,327	12,502
Total Community Center	<u>80,180</u>	<u>80,180</u>	<u>64,173</u>	<u>16,007</u>
Recreation Center				
Personnel	819,350	819,350	743,870	75,480
Operating	662,542	664,542	607,260	57,282
Total Recreation Center	<u>1,481,892</u>	<u>1,483,892</u>	<u>1,351,130</u>	<u>132,762</u>
Maca Pool				
Personnel	120,878	120,878	111,496	9,382
Operating	79,453	79,453	71,357	8,096
Total Maca Pool	<u>200,331</u>	<u>200,331</u>	<u>182,853</u>	<u>17,478</u>
Total leisure time activities	<u>1,762,403</u>	<u>1,764,403</u>	<u>1,598,156</u>	<u>166,247</u>
Capital outlay				
Recreation equipment	120,000	120,000	120,000	-
Software purchase	40,500	40,500	40,181	319
Maintenance equipment	25,000	25,000	19,698	5,302
Total capital outlay	<u>185,500</u>	<u>185,500</u>	<u>179,879</u>	<u>5,621</u>
Total expenditures	<u>9,536,733</u>	<u>9,615,764</u>	<u>8,959,298</u>	<u>656,466</u>
Excess of revenues over expenditures	<u>3,159,928</u>	<u>3,075,125</u>	<u>5,035,948</u>	<u>1,960,823</u>
Other financing (uses):				
Transfers out				
Police pension	(220,000)	(300,000)	(235,000)	65,000
Fire/EMS levy	(801,000)	(895,500)	(895,500)	-
General infrastructure reserve	(57,775)	(57,775)	(57,775)	-
Street maintenance and repair	(1,436,000)	(1,436,000)	(1,436,000)	-
Bond retirement	(1,030,000)	(1,030,000)	(1,030,000)	-
Total other financing (uses)	<u>(3,544,775)</u>	<u>(3,719,275)</u>	<u>(3,654,275)</u>	<u>65,000</u>
Net change in fund balance	(384,847)	(644,150)	1,381,673	2,025,823
Fund balance at beginning of year	<u>4,733,437</u>	<u>4,733,437</u>	<u>4,733,437</u>	<u>-</u>
Prior year encumbrances appropriated.	<u>326,607</u>	<u>326,607</u>	<u>326,607</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 4,675,197</u>	<u>\$ 4,415,894</u>	<u>\$ 6,441,717</u>	<u>\$ 2,025,823</u>

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CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 133,023	\$ 641,831	\$ 774,854
Receivables:			
Real and other taxes	104,434	-	104,434
Accrued interest.	7	-	7
Intergovernmental	37,782	-	37,782
Total assets	<u>\$ 275,246</u>	<u>\$ 641,831</u>	<u>\$ 917,077</u>
Liabilities:			
Accrued wages and benefits payable	\$ 1,008	\$ -	\$ 1,008
Intergovernmental payable	26,654	-	26,654
Total liabilities	<u>27,662</u>	<u>-</u>	<u>27,662</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	99,336	-	99,336
Delinquent property tax revenue not available.	5,098	-	5,098
Accrued interest not available	6	-	6
Intergovernmental nonexchange transactions	27,827	-	27,827
Total deferred inflows of resources.	<u>132,267</u>	<u>-</u>	<u>132,267</u>
Total liabilities and deferred inflows of resources.	<u>159,929</u>	<u>-</u>	<u>159,929</u>
Fund Balances:			
Restricted for:			
Security of persons and property	44,059	-	44,059
Transportation	64,720	-	64,720
Community environment	7,027	-	7,027
Capital outlay.	-	641,831	641,831
Unassigned (deficit).	(489)	-	(489)
Total fund balances	<u>115,317</u>	<u>641,831</u>	<u>757,148</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 275,246</u>	<u>\$ 641,831</u>	<u>\$ 917,077</u>

CITY OF TALLMADGE, OHIO

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property and other taxes	\$ 101,442	\$ -	\$ 101,442
Intergovernmental	79,926	-	79,926
Investment income	13	-	13
Fines, licenses and permits	4,360	-	4,360
Miscellaneous	35,640	10,513	46,153
Total revenues	221,381	10,513	231,894
Expenditures:			
Current:			
General government.	30,000	-	30,000
Security of persons and property:			
Police	327,390	-	327,390
Fire	1,833	-	1,833
Transportation	50,527	-	50,527
Capital outlay.	-	117,731	117,731
Total expenditures.	409,750	117,731	527,481
Excess of expenditures over revenues.	(188,369)	(107,218)	(295,587)
Other financing sources:			
Transfers in	235,000	57,775	292,775
Total other financing sources	235,000	57,775	292,775
Net change in fund balances.	46,631	(49,443)	(2,812)
Fund balances at beginning of year	68,686	691,274	759,960
Fund balances at end of year	\$ 115,317	\$ 641,831	\$ 757,148

CITY OF TALLMADGE, OHIO

*COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013*

	<u>State Highway</u>	<u>Community Development</u>	<u>Alcohol Enforcement and Education</u>	<u>Law Enforcement Trust</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 56,907	\$ 7,027	\$ 4,742	\$ 19,212
Receivables:				
Real and other taxes.	-	-	-	-
Accrued interest.	7	-	-	-
Intergovernmental.	29,943	-	-	-
Total assets	<u>\$ 86,857</u>	<u>\$ 7,027</u>	<u>\$ 4,742</u>	<u>\$ 19,212</u>
Liabilities:				
Accrued wages and benefits payable	\$ 1,008	\$ -	\$ -	\$ -
Intergovernmental payable	1,135	-	-	-
Total liabilities.	<u>2,143</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	-	-	-	-
Delinquent property tax revenue not available.	-	-	-	-
Accrued interest not available	6	-	-	-
Intergovernmental nonexchange transactions	19,988	-	-	-
Total deferred inflows of resources	<u>19,994</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>22,137</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Security of persons and property	-	-	4,742	19,212
Transportation.	64,720	-	-	-
Community environment	-	7,027	-	-
Unassigned (deficit).	-	-	-	-
Total fund balances (deficit)	<u>64,720</u>	<u>7,027</u>	<u>4,742</u>	<u>19,212</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 86,857</u>	<u>\$ 7,027</u>	<u>\$ 4,742</u>	<u>\$ 19,212</u>

Drug Law Enforcement	Law Enforcement Assistance	Emergency Medical Service Donation	K-9 Unit Donation	Police Pension	Totals
\$ 3,446	\$ 4,040	\$ 4,712	\$ 7,907	\$ 25,030	\$ 133,023
-	-	-	-	104,434	104,434
-	-	-	-	-	7
-	-	-	-	7,839	37,782
<u>\$ 3,446</u>	<u>\$ 4,040</u>	<u>\$ 4,712</u>	<u>\$ 7,907</u>	<u>\$ 137,303</u>	<u>\$ 275,246</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,008
-	-	-	-	25,519	26,654
-	-	-	-	25,519	27,662
-	-	-	-	99,336	99,336
-	-	-	-	5,098	5,098
-	-	-	-	-	6
-	-	-	-	7,839	27,827
-	-	-	-	112,273	132,267
-	-	-	-	137,792	159,929
3,446	4,040	4,712	7,907	-	44,059
-	-	-	-	-	64,720
-	-	-	-	-	7,027
-	-	-	-	(489)	(489)
<u>3,446</u>	<u>4,040</u>	<u>4,712</u>	<u>7,907</u>	<u>(489)</u>	<u>115,317</u>
<u>\$ 3,446</u>	<u>\$ 4,040</u>	<u>\$ 4,712</u>	<u>\$ 7,907</u>	<u>\$ 137,303</u>	<u>\$ 275,246</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, 2013*

	<u>State Highway</u>	<u>Community Development</u>	<u>Alcohol Enforcement and Education</u>	<u>Law Enforcement Trust</u>
Revenues:				
Property and other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	61,858	-	-	-
Investment income	13	-	-	-
Fines, licenses and permits	-	-	707	3,103
Miscellaneous	331	-	-	-
Total revenues	<u>62,202</u>	<u>-</u>	<u>707</u>	<u>3,103</u>
Expenditures:				
Current:				
General government	-	-	-	-
Security of persons and property:				
Police	-	-	-	1,355
Fire	-	-	-	-
Transportation	50,527	-	-	-
Total expenditures	<u>50,527</u>	<u>-</u>	<u>-</u>	<u>1,355</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,675</u>	<u>-</u>	<u>707</u>	<u>1,748</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	11,675	-	707	1,748
Fund balances (deficit) at beginning of year	<u>53,045</u>	<u>7,027</u>	<u>4,035</u>	<u>17,464</u>
Fund balances (deficit) at end of year	<u>\$ 64,720</u>	<u>\$ 7,027</u>	<u>\$ 4,742</u>	<u>\$ 19,212</u>

Drug Law Enforcement	Law Enforcement Assistance	Emergency Medical Service Donation	K-9 Unit Donation	Police Pension	Historical Preservation	Totals
\$ -	\$ -	\$ -	\$ -	\$ 101,442	\$ -	\$ 101,442
-	-	-	-	18,068	-	79,926
-	-	-	-	-	-	13
550	-	-	-	-	-	4,360
-	-	2,520	2,789	-	30,000	35,640
550	-	2,520	2,789	119,510	30,000	221,381
-	-	-	-	-	30,000	30,000
500	-	-	354	325,181	-	327,390
-	-	1,833	-	-	-	1,833
-	-	-	-	-	-	50,527
500	-	1,833	354	325,181	30,000	409,750
50	-	687	2,435	(205,671)	-	(188,369)
-	-	-	-	235,000	-	235,000
-	-	-	-	235,000	-	235,000
50	-	687	2,435	29,329	-	46,631
3,396	4,040	4,025	5,472	(29,818)	-	68,686
\$ 3,446	\$ 4,040	\$ 4,712	\$ 7,907	\$ (489)	\$ -	\$ 115,317

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, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,226,927	\$ 1,226,452	\$ 1,299,110	\$ 72,658
Intergovernmental	201,000	201,000	198,963	(2,037)
Charges for services	375,000	375,000	383,048	8,048
Miscellaneous	18,000	18,000	44,163	26,163
Total revenues	<u>1,820,927</u>	<u>1,820,452</u>	<u>1,925,284</u>	<u>104,832</u>
Expenditures:				
Current:				
Security of persons and property				
Fire				
Personnel	2,333,051	2,353,051	2,310,107	42,944
Operating	345,898	347,398	318,732	28,666
Total fire	<u>2,678,949</u>	<u>2,700,449</u>	<u>2,628,839</u>	<u>71,610</u>
Capital outlay				
Equipment	89,446	183,946	183,071	875
Total expenditures	<u>2,768,395</u>	<u>2,884,395</u>	<u>2,811,910</u>	<u>72,485</u>
Excess of expenditures over revenues	<u>(947,468)</u>	<u>(1,063,943)</u>	<u>(886,626)</u>	<u>177,317</u>
Other financing sources:				
Transfers in	801,000	895,500	895,500	-
Total other financing sources	<u>801,000</u>	<u>895,500</u>	<u>895,500</u>	<u>-</u>
Net change in fund balance	(146,468)	(168,443)	8,874	177,317
Fund balance at beginning of year	261,636	261,636	261,636	-
Prior year encumbrances appropriated	58,954	58,954	58,954	-
Fund balance at end of year	<u>\$ 174,122</u>	<u>\$ 152,147</u>	<u>\$ 329,464</u>	<u>\$ 177,317</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, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental	\$ 1,973,000	\$ 1,973,000	\$ 1,340,884	\$ (632,116)
Investment income	900	900	161	(739)
Special assessments	12,000	12,000	10,766	(1,234)
Charges for services	55,000	55,000	72,576	17,576
Miscellaneous	16,000	16,000	51,936	35,936
Total revenues	<u>2,056,900</u>	<u>2,056,900</u>	<u>1,476,323</u>	<u>(580,577)</u>
Expenditures:				
Current:				
Public health and welfare				
Personnel	49,849	49,849	41,216	8,633
Operating	<u>35,148</u>	<u>35,148</u>	<u>28,470</u>	<u>6,678</u>
Total public health and welfare	<u>84,997</u>	<u>84,997</u>	<u>69,686</u>	<u>15,311</u>
Transportation				
Personnel	1,050,059	1,050,059	872,622	177,437
Operating	<u>755,020</u>	<u>755,020</u>	<u>687,921</u>	<u>67,099</u>
Total transportation	<u>1,805,079</u>	<u>1,805,079</u>	<u>1,560,543</u>	<u>244,536</u>
Leisure time activities				
Personnel	199,396	199,396	180,501	18,895
Operating	<u>112,885</u>	<u>112,885</u>	<u>94,005</u>	<u>18,880</u>
Total leisure time activities	<u>312,281</u>	<u>312,281</u>	<u>274,506</u>	<u>37,775</u>
Capital outlay				
Road program	<u>1,966,046</u>	<u>1,966,046</u>	<u>1,948,626</u>	<u>17,420</u>
Capital outlay	<u>1,966,046</u>	<u>1,966,046</u>	<u>1,948,626</u>	<u>17,420</u>
Total expenditures	<u>4,168,403</u>	<u>4,168,403</u>	<u>3,853,361</u>	<u>315,042</u>
Excess of expenditures over revenues	<u>(2,111,503)</u>	<u>(2,111,503)</u>	<u>(2,377,038)</u>	<u>(265,535)</u>
Other financing sources:				
Transfers in	<u>1,436,000</u>	<u>1,436,000</u>	<u>1,436,000</u>	<u>-</u>
Total other financing sources	<u>1,436,000</u>	<u>1,436,000</u>	<u>1,436,000</u>	<u>-</u>
Net change in fund balance	(675,503)	(675,503)	(941,038)	(265,535)
Fund balance at beginning of year	92,954	92,954	92,954	-
Prior year encumbrances appropriated	<u>945,588</u>	<u>945,588</u>	<u>945,588</u>	<u>-</u>
Fund balance at end of year	<u>\$ 363,039</u>	<u>\$ 363,039</u>	<u>\$ 97,504</u>	<u>\$ (265,535)</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, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 61,705	\$ 1,705
Investment income	100	100	13	(87)
Miscellaneous	200	200	331	131
Total revenues	<u>60,300</u>	<u>60,300</u>	<u>62,049</u>	<u>1,749</u>
Expenditures:				
Current:				
Transportation				
Personnel	59,016	59,016	47,698	11,318
Operating	2,000	2,000	1,981	19
Total expenditures	<u>61,016</u>	<u>61,016</u>	<u>49,679</u>	<u>11,337</u>
Net change in fund balance	(716)	(716)	12,370	13,086
Fund balance at beginning of year	<u>44,537</u>	<u>44,537</u>	<u>44,537</u>	<u>-</u>
Fund balance at end of year	<u>\$ 43,821</u>	<u>\$ 43,821</u>	<u>\$ 56,907</u>	<u>\$ 13,086</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, 2013

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

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALCOHOL ENFORCEMENT AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, licenses and permits	\$ -	\$ -	\$ 707	\$ 707
Total revenues	<u>-</u>	<u>-</u>	<u>707</u>	<u>707</u>
Net change in fund balance.	-	-	707	707
Fund balance at beginning of year	<u>4,035</u>	<u>4,035</u>	<u>4,035</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 4,035</u>	<u>\$ 4,035</u>	<u>\$ 4,742</u>	<u>\$ 707</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, 2013*

	<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	\$ 1,000	\$ 3,103	\$ 2,103
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>3,103</u>	<u>2,103</u>
Expenditures:				
Current:				
Security of persons and property				
Operating	<u>2,155</u>	<u>2,155</u>	<u>1,355</u>	<u>800</u>
Total expenditures	<u>2,155</u>	<u>2,155</u>	<u>1,355</u>	<u>800</u>
Net change in fund balance.	(1,155)	(1,155)	1,748	2,903
Fund balance at beginning of year	15,309	15,309	15,309	-
Prior year encumbrances appropriated	<u>2,155</u>	<u>2,155</u>	<u>2,155</u>	-
Fund balance at end of year.	<u>\$ 16,309</u>	<u>\$ 16,309</u>	<u>\$ 19,212</u>	<u>\$ 2,903</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, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, licenses and permits	\$ 2,500	\$ 2,500	\$ 550	\$ (1,950)
Total revenues	2,500	2,500	550	(1,950)
Expenditures:				
Current:				
Security of persons and property				
Operating	2,500	2,500	2,500	-
Total expenditures	2,500	2,500	2,500	-
Net change in fund balance.	-	-	(1,950)	(1,950)
Fund balance at beginning of year	2,896	2,896	2,896	-
Prior year encumbrances appropriated	500	500	500	-
Fund balance at end of year.	\$ 3,396	\$ 3,396	\$ 1,446	\$ (1,950)

CITY OF TALLMADGE, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

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

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMERGENCY MEDICAL SERVICE DONATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 500	\$ 500	\$ 2,520	\$ 2,020
Total revenues	500	500	2,520	2,020
Expenditures:				
Current:				
Security of persons and property				
Operating	2,833	2,833	2,808	25
Total expenditures	2,833	2,833	2,808	25
Net change in fund balance	(2,333)	(2,333)	(288)	2,045
Fund balance at beginning of year	2,192	2,192	2,192	-
Prior year encumbrances appropriated . .	1,833	1,833	1,833	-
Fund balance at end of year	<u>\$ 1,692</u>	<u>\$ 1,692</u>	<u>\$ 3,737</u>	<u>\$ 2,045</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
K-9 UNIT DONATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 2,000	\$ 2,000	\$ 2,789	\$ 789
Total revenues	2,000	2,000	2,789	789
Expenditures:				
Current:				
Security of persons and property				
Operating	3,000	3,000	354	2,646
Total expenditures	3,000	3,000	354	2,646
Net change in fund balance	(1,000)	(1,000)	2,435	3,435
Fund balance at beginning of year	5,472	5,472	5,472	-
Fund balance at end of year	\$ 4,472	\$ 4,472	\$ 7,907	\$ 3,435

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, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 99,164	\$ 99,125	\$ 101,442	\$ 2,317
Intergovernmental	20,578	20,578	18,068	(2,510)
Total revenues	<u>119,742</u>	<u>119,703</u>	<u>119,510</u>	<u>(193)</u>
Expenditures:				
Current:				
Security of persons and property				
Personnel	332,360	412,360	373,001	39,359
Operating	<u>2,600</u>	<u>2,600</u>	<u>2,403</u>	<u>197</u>
Total expenditures	<u>334,960</u>	<u>414,960</u>	<u>375,404</u>	<u>39,556</u>
Excess of expenditures over revenues	<u>(215,218)</u>	<u>(295,257)</u>	<u>(255,894)</u>	<u>39,363</u>
Other financing sources:				
Transfers in.	<u>220,000</u>	<u>300,000</u>	<u>235,000</u>	<u>(65,000)</u>
Total other financing sources.	<u>220,000</u>	<u>300,000</u>	<u>235,000</u>	<u>(65,000)</u>
Net change in fund balance.	4,782	4,743	(20,894)	(25,637)
Fund balance at beginning of year	<u>45,924</u>	<u>45,924</u>	<u>45,924</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 50,706</u>	<u>\$ 50,667</u>	<u>\$ 25,030</u>	<u>\$ (25,637)</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
HISTORICAL PRESERVATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ -	\$ 30,000	\$ 30,000	\$ -
Total revenues	-	30,000	30,000	-
Expenditures:				
Current:				
General government				
Operating	-	30,000	30,000	-
Total expenditures	-	30,000	30,000	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BOND RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special assessments.	\$ 90,000	\$ 90,000	\$ 87,890	\$ (2,110)
Total revenues.	90,000	90,000	87,890	(2,110)
Expenditures:				
Current:				
Principal retirement.	680,000	680,000	680,000	-
Interest and fiscal charges.	423,700	423,700	415,418	8,282
Total expenditures.	1,103,700	1,103,700	1,095,418	8,282
Excess of expenditures over revenues	(1,013,700)	(1,013,700)	(1,007,528)	6,172
Other financing sources:				
Transfers in.	1,030,000	1,030,000	1,030,000	-
Total other financing sources.	1,030,000	1,030,000	1,030,000	-
Net change in fund balance.	16,300	16,300	22,472	6,172
Fund balance at beginning of year	<u>47,224</u>	<u>47,224</u>	<u>47,224</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 63,524</u>	<u>\$ 63,524</u>	<u>\$ 69,696</u>	<u>\$ 6,172</u>

CITY OF TALLMADGE, OHIO

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2013

	<u>Tallmadge Shooting Range</u>	<u>General Infrastructure</u>	<u>Totals</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 87,805	\$ 554,026	\$ 641,831
Total assets	<u>\$ 87,805</u>	<u>\$ 554,026</u>	<u>\$ 641,831</u>
Fund Balances:			
Restricted for:			
Capital outlay.	\$ 87,805	\$ 554,026	\$ 641,831
Total fund balances.	<u>\$ 87,805</u>	<u>\$ 554,026</u>	<u>\$ 641,831</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, 2013*

	Tallmadge Shooting Range	General Infrastructure	Totals
Revenues:			
Miscellaneous	\$ -	\$ 10,513	\$ 10,513
Total revenues	-	10,513	10,513
Expenditures:			
Capital outlay	1,192	116,539	117,731
Total expenditures	1,192	116,539	117,731
Excess of expenditures over revenues	(1,192)	(106,026)	(107,218)
Other financing sources:			
Transfers in	-	57,775	57,775
Total other financing sources	-	57,775	57,775
Net change in fund balances	(1,192)	(48,251)	(49,443)
Fund balances at beginning of year	88,997	602,277	691,274
Fund balances at end of year	\$ 87,805	\$ 554,026	\$ 641,831

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TALLMADGE SHOOTING RANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Capital outlay	\$ 88,997	\$ 88,997	\$ 1,192	\$ 87,805
Total expenditures	88,997	88,997	1,192	87,805
Net change in fund balance	(88,997)	(88,997)	(1,192)	87,805
Fund balance at beginning of year	88,597	88,597	88,597	-
Prior year encumbrances appropriated. . .	400	400	400	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,805</u>	<u>\$ 87,805</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, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 10,513	\$ 10,513
Total revenues	-	-	10,513	10,513
Expenditures:				
Capital outlay	137,116	137,116	117,112	20,004
Total expenditures	137,116	137,116	117,112	20,004
Excess of expenditures over revenues	(137,116)	(137,116)	(106,599)	30,517
Other financing sources:				
Transfers in	57,775	57,775	57,775	-
Total other financing sources	57,775	57,775	57,775	-
Net change in fund balance	(79,341)	(79,341)	(48,824)	30,517
Fund balance at beginning of year	595,161	595,161	595,161	-
Prior year encumbrances appropriated.	7,116	7,116	7,116	-
Fund balance at end of year	<u>\$ 522,936</u>	<u>\$ 522,936</u>	<u>\$ 553,453</u>	<u>\$ 30,517</u>

CITY OF TALLMADGE, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - PROPRIETARY FUNDS*

MAJOR ENTERPRISE FUNDS

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

Sewer Operating Fund

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

Water Operating Fund

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

Storm Water Fund

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

CITY OF TALLMADGE, OHIO

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 3,161,000	\$ 3,161,000	\$ 3,360,021	\$ 199,021
Special assessments	33,000	33,000	34,790	1,790
Miscellaneous	2,200	2,200	8,234	6,034
Total revenues.	<u>3,196,200</u>	<u>3,196,200</u>	<u>3,403,045</u>	<u>206,845</u>
Expenses:				
Personal services.	464,286	464,286	368,583	95,703
Materials and supplies	56,708	56,708	31,675	25,033
Contractual services	3,489,626	3,489,626	3,374,814	114,812
Other	65,662	65,662	45,963	19,699
Capital outlay				
Software	5,898	5,898	5,898	-
Sewer rehabilitation	60,000	60,000	13,700	46,300
Sewer cleaning & televising	40,000	40,000	55,200	(15,200)
Water meter replacement	30,000	30,000	30,000	-
Cues Sewer Camera	61,500	61,500	61,500	-
Debt service:				
Principal retirement	30,000	30,000	30,000	-
Interest and fiscal charges.	8,200	8,200	8,100	100
Total expenses	<u>4,311,880</u>	<u>4,311,880</u>	<u>4,025,433</u>	<u>286,447</u>
Net change in fund equity	(1,115,680)	(1,115,680)	(622,388)	493,292
Fund equity at beginning of year.	2,415,976	2,415,976	2,415,976	-
Prior year encumbrances appropriated . . .	<u>277,373</u>	<u>277,373</u>	<u>277,373</u>	-
Fund equity at end of year	<u>\$ 1,577,669</u>	<u>\$ 1,577,669</u>	<u>\$ 2,070,961</u>	<u>\$ 493,292</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, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,900,000	\$ 1,900,000	\$ 1,986,671	\$ 86,671
Special assessments	33,000	33,000	13,720	(19,280)
Miscellaneous	4,200	4,200	13,062	8,862
Total revenues.	<u>1,937,200</u>	<u>1,937,200</u>	<u>2,013,453</u>	<u>76,253</u>
Expenses:				
Personal services.	464,286	464,286	364,044	100,242
Materials and supplies	66,608	66,608	-	66,608
Contractual services	1,360,051	1,360,051	1,348,703	11,348
Other	92,660	92,660	77,460	15,200
Capital outlay				
Water tower cathodic protection.	25,000	25,000	-	25,000
Watch valve exercise machine	60,000	60,000	58,954	1,046
Water line looping.	66,753	619,753	559,122	60,631
Software purchases.	5,898	5,898	5,898	-
Water meter replacement	30,000	30,000	30,000	-
Debt service:				
Principal retirement.	50,316	50,316	50,316	-
Interest and fiscal charges.	113,384	113,384	58,345	55,039
Total expenses	<u>2,334,956</u>	<u>2,887,956</u>	<u>2,552,842</u>	<u>335,114</u>
Net change in fund equity	(397,756)	(950,756)	(539,389)	411,367
Fund equity at beginning of year.	2,720,552	2,720,552	2,720,552	-
Prior year encumbrances appropriated . . .	<u>80,992</u>	<u>80,992</u>	<u>80,992</u>	<u>-</u>
Fund equity at end of year	<u>\$ 2,403,788</u>	<u>\$ 1,850,788</u>	<u>\$ 2,262,155</u>	<u>\$ 411,367</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, 2013*

	<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	\$ 320,000	\$ 320,000	\$ 314,396	\$ (5,604)
Total revenues.	<u>320,000</u>	<u>320,000</u>	<u>314,396</u>	<u>(5,604)</u>
Expenses:				
Personal services.	118,031	118,031	96,732	21,299
Materials and supplies	-	-	1,529	(1,529)
Contractual services	200,000	200,000	75,137	124,863
Other	-	-	1,344	(1,344)
Capital outlay				
Southeast Avenue improvements	<u>120,859</u>	<u>120,859</u>	<u>239,081</u>	<u>(118,222)</u>
Total expenses	<u>438,890</u>	<u>438,890</u>	<u>413,823</u>	<u>25,067</u>
Net change in fund equity	(118,890)	(118,890)	(99,427)	19,463
Fund equity at beginning of year.	63,711	63,711	63,711	-
Prior year encumbrances appropriated . . .	<u>120,859</u>	<u>120,859</u>	<u>120,859</u>	<u>-</u>
Fund equity at end of year	<u>\$ 65,680</u>	<u>\$ 65,680</u>	<u>\$ 85,143</u>	<u>\$ 19,463</u>

CITY OF TALLMADGE, OHIO

*INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - AGENCY FUNDS*

AGENCY FUNDS

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

Revolving Trust Fund

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

Joint Economic Development District Fund

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

CITY OF TALLMADGE, OHIO

*STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013*

	Beginning Balance 12/31/2012	Additions	Reductions	Ending Balance 12/31/2013
Revolving Trust				
Assets:				
Equity in pooled cash and cash equivalents	\$ 44,025	\$ 85,071	\$ 77,954	\$ 51,142
Total assets.	<u>\$ 44,025</u>	<u>\$ 85,071</u>	<u>\$ 77,954</u>	<u>\$ 51,142</u>
Liabilities:				
Deposits held and due to others	\$ 44,025	\$ 85,071	\$ 77,954	\$ 51,142
Total liabilities	<u>\$ 44,025</u>	<u>\$ 85,071</u>	<u>\$ 77,954</u>	<u>\$ 51,142</u>
Joint Economic Development District				
Assets:				
Equity in pooled cash and cash equivalents	\$ 188,180	\$ 497,585	\$ 499,432	\$ 186,333
Income taxes receivable	73,908	76,215	73,908	76,215
Total assets.	<u>\$ 262,088</u>	<u>\$ 573,800</u>	<u>\$ 573,340</u>	<u>\$ 262,548</u>
Liabilities:				
Deposits held and due to others	\$ 262,088	\$ 573,800	\$ 573,340	\$ 262,548
Total liabilities	<u>\$ 262,088</u>	<u>\$ 573,800</u>	<u>\$ 573,340</u>	<u>\$ 262,548</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 232,205	\$ 582,656	\$ 577,386	\$ 237,475
Income taxes receivable	73,908	76,215	73,908	76,215
Total assets.	<u>\$ 306,113</u>	<u>\$ 658,871</u>	<u>\$ 651,294</u>	<u>\$ 313,690</u>
Liabilities:				
Deposits held and due to others	\$ 306,113	\$ 658,871	\$ 651,294	\$ 313,690
Total liabilities	<u>\$ 306,113</u>	<u>\$ 658,871</u>	<u>\$ 651,294</u>	<u>\$ 313,690</u>

STATISTICAL SECTION

CITY OF TALLMADGE, OHIO

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	106
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the income tax and property tax.	117
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	124
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	128
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.	130

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

TABLE 1

CITY OF TALLMADGE, OHIO

*NET POSITION BY COMPONENT
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)*

	Year Ended			
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 18,399,103	\$ 17,653,191	\$ 19,283,070	\$ 19,397,236
Restricted	1,529,570	1,649,621	1,553,853	1,643,839
Unrestricted	2,949,555	3,096,621	1,037,951	1,495,354
Total governmental activities net position	<u>\$ 22,878,228</u>	<u>\$ 22,399,433</u>	<u>\$ 21,874,874</u>	<u>\$ 22,536,429</u>
Business-type activities				
Net investment in capital assets	\$ 9,745,354	\$ 11,597,918	\$ 13,115,962	\$ 13,900,274
Unrestricted	7,030,332	7,999,516	7,916,486	8,000,737
Total business-type activities net position	<u>\$ 16,775,686</u>	<u>\$ 19,597,434</u>	<u>\$ 21,032,448</u>	<u>\$ 21,901,011</u>
Primary government				
Net investment in capital assets	\$ 28,144,457	\$ 29,251,109	\$ 32,399,032	\$ 31,702,510
Restricted	1,529,570	1,649,621	1,553,853	1,643,839
Unrestricted	9,979,887	11,096,137	8,954,437	11,091,091
Total primary government net position	<u>\$ 39,653,914</u>	<u>\$ 41,996,867</u>	<u>\$ 42,907,322</u>	<u>\$ 44,437,440</u>

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

2008	2009	2010	2011	2012	2013
\$ 18,719,874	\$ 17,647,995	\$ 18,369,056	\$ 18,529,391	\$ 17,813,396	\$ 17,423,842
1,902,468	2,973,347	1,683,821	1,514,275	2,257,902	1,741,398
1,694,536	2,226,868	4,290,037	5,878,178	6,688,846	8,651,613
<u>\$ 22,316,878</u>	<u>\$ 22,848,210</u>	<u>\$ 24,342,914</u>	<u>\$ 25,921,844</u>	<u>\$ 26,760,144</u>	<u>\$ 27,816,853</u>
\$ 13,978,571	\$ 13,666,756	\$ 13,520,720	\$ 13,039,068	\$ 12,947,885	\$ 13,040,099
7,662,014	7,383,084	7,276,621	7,246,755	6,008,069	5,547,959
<u>\$ 21,640,585</u>	<u>\$ 21,049,840</u>	<u>\$ 20,797,341</u>	<u>\$ 20,285,823</u>	<u>\$ 18,955,954</u>	<u>\$ 18,588,058</u>
\$ 31,213,445	\$ 29,944,751	\$ 30,677,297	\$ 30,495,949	\$ 29,828,740	\$ 29,676,369
1,902,468	2,973,347	1,683,821	1,514,275	2,257,902	1,741,398
10,841,550	10,979,952	12,779,137	14,197,443	13,629,456	14,987,144
<u>\$ 43,957,463</u>	<u>\$ 43,898,050</u>	<u>\$ 45,140,255</u>	<u>\$ 46,207,667</u>	<u>\$ 45,716,098</u>	<u>\$ 46,404,911</u>

TABLE 2

CITY OF TALLMADGE, OHIO

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

	Year Ended			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 2,813,020	\$ 2,909,459	\$ 3,083,058	\$ 3,477,962
Security of persons and property				
Police	3,587,033	3,602,372	3,897,751	3,859,300
Street lights	18,986	12,834	6,989	15,210
Fire	1,885,594	1,983,204	2,248,274	2,339,952
Public health and welfare	209,709	67,088	61,698	73,136
Transportation	2,168,223	2,843,072	3,366,399	3,284,385
Community environment	387,578	390,832	425,437	396,525
Leisure time activity	1,342,519	1,723,848	1,843,327	1,878,053
Interest and fiscal charges	383,820	453,538	442,733	462,321
Total governmental activities expenses	<u>12,796,482</u>	<u>13,986,247</u>	<u>15,375,666</u>	<u>15,786,844</u>
Business-type activities:				
Sewer operating	2,485,670	2,185,614	1,631,888	1,666,463
Water operating	1,708,243	1,640,657	1,653,398	1,634,790
Storm water	-	126,335	193,978	239,807
Total business-type activities expenses	<u>4,193,913</u>	<u>3,952,606</u>	<u>3,479,264</u>	<u>3,541,060</u>
Total primary government expenses	<u>\$ 16,990,395</u>	<u>\$ 17,938,853</u>	<u>\$ 18,854,930</u>	<u>\$ 19,327,904</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 104,361	\$ 133,617	\$ 157,812	\$ 174,923
Security of persons and property				
Police	8,070	10,313	16,567	82,646
Fire	320,636	357,757	357,459	351,813
Public health and welfare	63,360	70,254	81,450	78,865
Transportation	-	-	-	210,545
Community environment	305,058	203,636	264,462	205,682
Leisure time activity	887,084	1,282,008	1,498,857	1,572,305
Operating grants and contributions	764,100	993,310	894,485	949,361
Capital grants and contributions	106,961	386,216	1,283,034	786,581
Total governmental program revenues	<u>2,559,630</u>	<u>3,437,111</u>	<u>4,554,126</u>	<u>4,412,721</u>
Business-type activities:				
Charges for services:				
Sewer operating	2,196,419	2,233,693	1,523,778	1,493,098
Water operating	1,652,053	1,869,017	1,706,887	1,816,538
Storm water	-	388,021	459,861	451,756
Capital grants and contributions	-	-	-	251,858
Total business-type activities program revenues	<u>3,848,472</u>	<u>4,490,731</u>	<u>3,690,526</u>	<u>4,013,250</u>
Total primary government program revenue	<u>\$ 6,408,102</u>	<u>\$ 7,927,842</u>	<u>\$ 8,244,652</u>	<u>\$ 8,425,971</u>
Net (Expense)/Revenue				
Governmental activities	\$ (10,236,852)	\$ (10,549,136)	\$ (10,821,540)	\$ (11,374,123)
Business-type activities	(345,441)	538,125	211,262	472,190
Total primary government net expense	<u>\$ (10,582,293)</u>	<u>\$ (10,011,011)</u>	<u>\$ (10,610,278)</u>	<u>\$ (10,901,933)</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 3,253,790	\$ 3,254,377	\$ 3,075,749	\$ 3,182,528	\$ 3,266,514	\$ 3,564,772
3,816,522	3,822,765	3,707,305	3,814,646	3,537,529	3,717,588
39,208	28,469	33,874	38,378	148,496	30,364
2,585,492	2,901,712	2,633,358	2,619,214	2,511,315	2,671,188
72,170	49,994	67,526	65,616	59,265	70,758
3,778,324	2,655,392	3,132,926	2,496,576	3,763,869	3,483,558
657,143	355,154	313,757	235,743	148,111	161,310
1,817,187	2,003,019	2,066,476	2,046,925	2,141,666	2,142,722
482,825	479,892	455,252	482,500	438,561	415,825
<u>16,502,661</u>	<u>15,550,774</u>	<u>15,486,223</u>	<u>14,982,126</u>	<u>16,015,326</u>	<u>16,258,085</u>
1,785,418	1,805,970	1,822,095	3,408,512	4,110,699	3,847,032
1,890,821	1,700,746	1,808,067	1,880,466	2,044,350	1,903,383
243,329	466,800	508,817	507,385	364,964	445,813
<u>3,919,568</u>	<u>3,973,516</u>	<u>4,138,979</u>	<u>5,796,363</u>	<u>6,520,013</u>	<u>6,196,228</u>
<u>\$ 20,422,229</u>	<u>\$ 19,524,290</u>	<u>\$ 19,625,202</u>	<u>\$ 20,778,489</u>	<u>\$ 22,535,339</u>	<u>\$ 22,454,313</u>
\$ 193,794	\$ 310,336	\$ 441,489	\$ 407,928	\$ 407,030	\$ 398,855
3,067	17,732	9,438	19,112	11,083	5,665
321,641	405,050	358,781	396,854	371,784	404,330
1,346	7,935	2,790	2,538	1,824	3,821
30,254	239,805	50,195	46,256	57,466	54,232
251,070	127,858	151,381	47,321	35,799	29,781
1,457,708	1,562,356	1,614,573	1,750,273	1,743,332	1,752,221
854,695	828,557	932,825	954,482	1,510,826	1,096,602
151,646	500,000	1,465,130	426,352	10,000	10,513
<u>3,265,221</u>	<u>3,999,629</u>	<u>5,026,602</u>	<u>4,051,116</u>	<u>4,149,144</u>	<u>3,756,020</u>
1,518,955	1,481,699	1,739,256	3,032,289	2,920,769	3,495,275
1,721,534	1,577,632	1,726,179	1,922,162	1,926,826	1,998,973
317,288	312,841	309,293	324,368	298,770	311,614
-	-	100,000	-	28,660	-
<u>3,557,777</u>	<u>3,372,172</u>	<u>3,874,728</u>	<u>5,278,819</u>	<u>5,175,025</u>	<u>5,805,862</u>
<u>\$ 6,822,998</u>	<u>\$ 7,371,801</u>	<u>\$ 8,901,330</u>	<u>\$ 9,329,935</u>	<u>\$ 9,324,169</u>	<u>\$ 9,561,882</u>
\$ (13,237,440)	\$ (11,551,145)	\$ (10,459,621)	\$ (10,931,010)	\$ (11,866,182)	\$ (12,502,065)
(361,791)	(601,344)	(264,251)	(517,544)	(1,344,988)	(390,366)
<u>\$ (13,599,231)</u>	<u>\$ (12,152,489)</u>	<u>\$ (10,723,872)</u>	<u>\$ (11,448,554)</u>	<u>\$ (13,211,170)</u>	<u>\$ (12,892,431)</u>

- Continued

TABLE 2

CITY OF TALLMADGE, OHIO

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

	Year Ended			
	2004	2005	2006	2007
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 1,979,761	\$ 2,089,647	\$ 2,159,769	\$ 2,129,530
Income taxes	6,686,817	7,291,435	7,037,324	7,864,634
Unrestricted grants and contributions	1,445,510	1,665,173	1,716,295	1,789,961
Investment earnings	61,788	165,066	293,692	286,805
Miscellaneous	38,535	40,897	89,481	136,321
Transfers	(13,742)	(2,158,885)	(999,580)	(171,573)
Total governmental activities	<u>10,198,669</u>	<u>9,093,333</u>	<u>10,296,981</u>	<u>12,035,678</u>
Business-type activities:				
Investment earnings	47,643	120,508	215,710	218,346
Miscellaneous	33,088	4,230	8,462	6,454
Transfers	13,742	2,158,885	999,580	171,573
Total business-type activities	<u>94,473</u>	<u>2,283,623</u>	<u>1,223,752</u>	<u>396,373</u>
Total primary government	<u>\$ 10,293,142</u>	<u>\$ 11,376,956</u>	<u>\$ 11,520,733</u>	<u>\$ 12,432,051</u>
Change in Net Position				
Governmental activities	\$ (38,183)	\$ (1,455,803)	\$ (524,559)	\$ 661,555
Business-type activities	(250,968)	2,821,748	1,435,014	868,563
Total primary government	<u>\$ (289,151)</u>	<u>\$ 1,365,945</u>	<u>\$ 910,455</u>	<u>\$ 1,530,118</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 2,447,935	\$ 2,225,056	\$ 2,258,920	\$ 2,264,267	\$ 2,030,192	\$ 2,077,781
8,118,368	7,226,715	7,455,553	7,957,003	8,685,855	9,423,158
1,968,428	2,223,903	2,148,650	2,317,116	1,854,900	1,810,363
210,924	141,630	43,871	32,582	39,407	34,549
223,833	265,173	47,331	96,496	94,128	212,923
48,401	-	-	-	-	-
<u>13,017,889</u>	<u>12,082,477</u>	<u>11,954,325</u>	<u>12,667,464</u>	<u>12,704,482</u>	<u>13,558,774</u>
139,449	-	-	-	-	-
10,317	10,599	11,752	6,026	15,119	22,470
(48,401)	-	-	-	-	-
<u>101,365</u>	<u>10,599</u>	<u>11,752</u>	<u>6,026</u>	<u>15,119</u>	<u>22,470</u>
<u>\$ 13,119,254</u>	<u>\$ 12,093,076</u>	<u>\$ 11,966,077</u>	<u>\$ 12,673,490</u>	<u>\$ 12,719,601</u>	<u>\$ 13,581,244</u>
\$ (219,551)	\$ 531,332	\$ 1,494,704	\$ 1,736,454	\$ 838,300	\$ 1,056,709
(260,426)	(590,745)	(252,499)	(511,518)	(1,329,869)	(367,896)
<u>\$ (479,977)</u>	<u>\$ (59,413)</u>	<u>\$ 1,242,205</u>	<u>\$ 1,224,936</u>	<u>\$ (491,569)</u>	<u>\$ 688,813</u>

TABLE 3

CITY OF TALLMADGE, OHIO

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	141,361	119,505	215,920	346,588
Unreserved	1,924,934	2,275,772	2,550,408	2,514,736
Total general fund	<u>\$ 2,066,295</u>	<u>\$ 2,395,277</u>	<u>\$ 2,766,328</u>	<u>\$ 2,861,324</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Reserved	105,120	255,652	1,252,535	218,875
Unreserved (deficit), reported in:				
Special revenue funds	426,887	411,964	170,674	190,731
Debt service funds	36,601	19,751	21,558	14,757
Capital projects funds	(140,627)	(32,187)	(989,740)	63,474
Total all other governmental funds	<u>\$ 427,981</u>	<u>\$ 655,180</u>	<u>\$ 455,027</u>	<u>\$ 487,837</u>

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

2008	2009	2010	2011	2012	2013
\$ -	\$ -	\$ -	\$ 95,421	\$ 103,426	\$ 109,310
-	-	-	-	-	-
-	-	-	235,992	206,371	1,985,047
-	-	-	5,359,392	5,985,065	6,113,312
318,914	374,719	166,229	-	-	-
2,671,181	3,104,686	4,629,330	-	-	-
<u>\$ 2,990,095</u>	<u>\$ 3,479,405</u>	<u>\$ 4,795,559</u>	<u>\$ 5,690,805</u>	<u>\$ 6,294,862</u>	<u>\$ 8,207,669</u>
\$ -	\$ -	\$ -	\$ 82,573	\$ 59,759	\$ 59,476
-	-	-	1,199,294	1,953,464	1,462,666
-	-	-	68,361	47,224	69,696
-	-	-	(142,958)	(29,818)	(489)
887,039	192,535	444,792	-	-	-
629,334	840,684	910,367	-	-	-
14,778	37,899	50,880	-	-	-
212,208	834,219	(175,793)	-	-	-
<u>\$ 1,743,359</u>	<u>\$ 1,905,337</u>	<u>\$ 1,230,246</u>	<u>\$ 1,207,270</u>	<u>\$ 2,030,629</u>	<u>\$ 1,591,349</u>

TABLE 4

CITY OF TALLMADGE, OHIO

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

	2004	2005	2006
Revenues			
Property and other taxes	\$ 1,980,804	\$ 2,058,105	\$ 2,158,881
Municipal income taxes	6,860,554	7,191,712	7,582,166
Intergovernmental	2,259,133	2,970,383	3,789,555
Investment income	61,788	162,809	279,309
Fines, licenses, and permits	339,752	316,559	382,257
Special assessments	103,835	96,587	110,518
Charges for services	1,270,980	1,709,942	1,934,540
Miscellaneous	145,496	109,857	156,581
Total revenues	<u>13,022,342</u>	<u>14,615,954</u>	<u>16,393,807</u>
Expenditures			
Current:			
General government	\$ 2,573,741	\$ 2,738,094	\$ 2,909,319
Security of persons and property			
Police	3,296,195	3,446,848	3,654,771
Street lighting	18,986	12,834	6,989
Fire	1,932,466	1,892,249	2,061,974
Public health and welfare	208,182	65,978	61,006
Transportation	1,767,576	2,092,159	1,934,062
Community environment	382,994	394,293	413,599
Leisure time activity	1,211,521	1,536,463	1,634,509
Capital outlay	1,797,036	1,053,137	2,961,006
Debt service			
Principal retirement	4,513,067	4,210,000	4,224,245
Interest and fiscal charges	422,365	416,172	534,116
Bond issue costs	-	-	126,892
Total expenditures	<u>18,124,129</u>	<u>17,858,227</u>	<u>20,522,488</u>
Excess of revenues over (under) expenditures	<u>(5,101,787)</u>	<u>(3,242,273)</u>	<u>(4,128,681)</u>
Other financing sources (uses)			
Capital lease transaction	-	41,684	397,815
Sale of bonds	-	-	4,670,000
Sale of notes	3,900,000	3,800,000	-
Premium on bond/note issuances	25,074	16,770	168,521
Discount on bond issuance	-	-	-
Refunding of notes	-	-	-
Payment to refunded bond escrow agent	-	-	(837,667)
Sale of assets	-	-	910
Transfers in	3,458,795	3,111,900	3,525,813
Transfers (out)	<u>(3,472,537)</u>	<u>(3,171,900)</u>	<u>(3,625,813)</u>
Total other financing sources (uses)	<u>3,911,332</u>	<u>3,798,454</u>	<u>4,299,579</u>
Change in reserve for inventory	-	-	-
Net change in fund balances	<u>\$ (1,190,455)</u>	<u>\$ 556,181</u>	<u>\$ 170,898</u>
Capital expenditures	2,207,738	1,124,509	1,818,506
Debt service as a percentage of noncapital expenditures (2)	31.01%	27.65%	25.44%

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

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

	2007	2008	2009	2010	2011	2012	2013
\$	2,141,540	\$ 2,453,020	\$ 2,241,114	\$ 2,228,915	\$ 2,252,159	\$ 2,023,704	\$ 2,109,423
	7,753,824	7,873,334	7,156,634	7,657,243	7,893,880	8,359,821	9,256,758
	3,199,101	3,132,224	3,589,375	4,563,381	3,385,703	3,537,553	2,957,933
	291,716	209,745	141,559	49,542	33,536	29,455	33,485
	434,971	372,776	438,045	548,635	425,414	413,255	370,469
	206,524	115,781	109,413	115,095	115,692	108,045	134,432
	1,982,851	1,837,708	2,188,832	2,036,244	2,201,320	2,185,009	2,227,877
	167,176	149,833	322,541	49,131	99,492	206,861	361,207
	<u>16,177,703</u>	<u>16,144,421</u>	<u>16,187,513</u>	<u>17,248,186</u>	<u>16,407,196</u>	<u>16,863,703</u>	<u>17,451,584</u>
\$	2,876,213	\$ 3,092,863	\$ 3,062,640	\$ 2,995,338	\$ 3,051,404	\$ 3,054,651	\$ 3,414,974
	3,744,689	3,835,309	3,808,963	3,647,373	3,675,245	3,424,600	3,566,511
	15,210	39,208	28,469	33,874	38,378	32,020	30,364
	2,187,089	2,304,753	2,644,911	2,490,438	2,474,408	2,521,518	2,551,371
	72,133	69,512	48,878	66,410	64,500	58,149	69,642
	1,941,612	1,943,729	1,847,529	1,534,582	1,480,892	2,105,228	1,254,060
	391,535	744,291	355,637	307,770	277,805	141,516	163,581
	1,577,690	1,234,503	1,726,060	1,732,010	1,691,805	1,799,907	1,802,674
	2,390,010	4,334,123	1,068,156	2,658,464	1,639,318	1,237,448	1,967,917
	516,201	534,792	4,396,214	619,374	781,055	775,851	731,542
	464,858	439,747	515,389	485,365	470,975	448,306	425,421
	-	-	-	118,828	-	-	-
	<u>16,177,240</u>	<u>18,572,830</u>	<u>19,502,846</u>	<u>16,689,826</u>	<u>15,645,785</u>	<u>15,599,194</u>	<u>15,978,057</u>
	463	(2,428,409)	(3,315,333)	558,360	761,411	1,264,509	1,473,527
	-	-	144,277	-	110,859	162,907	-
	-	-	-	5,320,000	-	-	-
	-	3,800,000	3,800,000	-	-	-	-
	-	8,702	22,344	15,190	-	-	-
	-	-	-	(26,842)	-	-	-
	-	-	-	(3,800,000)	-	-	-
	-	-	-	(1,425,645)	-	-	-
	3,631	4,000	-	-	-	-	-
	4,005,034	3,751,926	2,618,165	2,877,000	3,196,000	4,335,205	3,654,275
	<u>(3,881,322)</u>	<u>(3,751,926)</u>	<u>(2,618,165)</u>	<u>(2,877,000)</u>	<u>(3,196,000)</u>	<u>(4,335,205)</u>	<u>(3,654,275)</u>
	<u>127,343</u>	<u>3,812,702</u>	<u>3,966,621</u>	<u>82,703</u>	<u>110,859</u>	<u>162,907</u>	<u>-</u>
	-	-	-	-	-	-	-
\$	<u>127,806</u>	<u>\$ 1,384,293</u>	<u>\$ 651,288</u>	<u>\$ 641,063</u>	<u>\$ 872,270</u>	<u>\$ 1,427,416</u>	<u>\$ 1,473,527</u>
	2,010,525	3,348,476	964,180	1,880,986	1,219,682	393,428	581,540
	6.93%	6.40%	26.49%	7.46%	8.68%	8.05%	7.51%

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TABLE 5

CITY OF TALLMADGE, OHIO

REAL AND PUBLIC UTILITY PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year	Net Tax Levy (Current Billed Portion)	Current Collections	Percent of Current Collections to Net Levy	Delinquent Collections	Total Collections	Percent of Total Collections to Levy	Current Delinquent Amount
2004	\$ 1,824,148	\$ 1,764,078	96.71%	\$ 83,855	\$ 1,847,933	101.30%	\$ 60,070
2005	1,882,841	1,819,123	96.62%	43,881	1,863,004	98.95%	63,718
2006	1,967,591	1,906,144	96.88%	69,070	1,975,214	100.39%	61,446
2007	2,001,596	1,920,043	95.93%	55,619	1,975,662	98.70%	81,553
2008	2,507,495	2,423,088	96.63%	81,032	2,504,120	99.87%	84,407
2009	2,510,557	2,428,896	96.75%	69,123	2,498,019	99.50%	81,661
2010	2,523,496	2,443,297	96.82%	55,510	2,498,807	99.02%	80,199
2011	2,542,622	2,435,036	95.77%	81,141	2,516,177	98.96%	107,585
2012	2,294,001	2,212,443	96.44%	67,918	2,280,361	99.41%	81,558
2013	2,293,350	2,245,271	97.90%	125,476	2,370,747	103.37%	48,079

Source: Summit County, Ohio; County Fiscal Officer

TABLE 6

CITY OF TALLMADGE, OHIO

TANGIBLE PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year	Net Tax Levy (Current Billed Portion)	Current Collections	Percent of Current Collections to Net Levy	Delinquent Collections	Total Collections	Percent of Total Collections to Levy	Current Delinquent Amount
2004	\$ 243,161	\$ 226,035	92.96%	\$ 9,025	\$ 235,060	96.67%	\$ 17,126
2005	263,235	245,108	93.11%	27,437	272,545	103.54%	18,128
2006	189,649	183,596	96.81%	19,468	203,064	107.07%	6,053
2007	119,725	116,450	97.26%	30,432	146,882	122.68%	3,275
2008	60,655	55,454	91.43%	8,290	63,744	105.09%	5,021
2009	4,580	4,567	99.72%	9,963	14,530	317.25%	12
2010	2,036	2,036	100.00%	1,052	3,088	151.67%	-
2011 (1)	-	-	N/A	318	318	N/A	-
2012	-	-	N/A	144	144	N/A	-
2013	-	-	N/A	-	-	N/A	-

Source: Summit County, Ohio; County Fiscal Officer

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

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

TABLE 7

CITY OF TALLMADGE, OHIO

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Year	Real Property		Public Utility Property	
	Estimated Actual Value (A)	Assessed Value	Estimated Actual Value (B)	Assessed Value
2004*	\$ 994,362,914	\$ 348,027,020	\$ 8,414,250	\$ 7,404,540
2005*	1,187,532,747	360,024,610	8,574,636	7,545,680
2006*	1,113,123,171	389,593,110	7,577,057	6,667,810
2007*	1,223,779,088	398,010,000	6,915,443	6,085,590
2008*	1,200,996,389	405,268,120	4,155,205	3,656,580
2009*	1,162,772,988	404,401,940	4,337,841	3,817,300
2010*	1,166,894,558	406,296,800	4,557,318	4,010,440
2011*	1,174,132,314	409,291,820	4,727,114	4,159,860
2012*	1,058,243,087	368,653,730	4,946,716	4,353,110
2013*	1,068,253,993	368,131,590	5,419,909	4,769,520

Note:

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

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

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

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

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

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

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

* Summit County valuations only - Portage County not included.

Source: Summit County, Ohio; County Fiscal Officer

Tangible Personal Property		Total		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
Estimated Actual Value (C)	Assessed Value	Estimated Actual Value	Assessed Value		
\$ 157,341,724	\$ 39,335,431	\$ 1,160,118,888	\$ 394,766,991	6.15	34.03%
150,316,368	37,579,092	1,346,423,751	405,149,382	6.15	30.09%
163,374,843	30,632,783	1,284,075,070	426,893,703	6.15	33.25%
159,384,432	19,923,054	1,390,078,963	424,018,644	6.15	30.50%
155,729,088	9,733,068	1,360,880,682	418,657,768	6.15	30.76%
7,502,580	750,258	1,174,613,409	408,969,498	6.15	34.82%
3,723,100	372,310	1,175,174,976	410,679,550	6.15	34.95%
-	-	1,178,859,428	413,451,680	6.15	35.07%
-	-	1,063,189,803	373,006,840	6.15	35.08%
-	-	1,073,673,902	372,901,110	6.15	34.73%

TABLE 8**CITY OF TALLMADGE, OHIO**

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

Collection Year	County Levy	School Levy	Akron/Summit Library	Tallmadge City	Total Levy	Debt Service
1 2004	13.07	59.73	0.78	6.15	79.73	1.47
2 2004	13.07	47.93		6.15	67.15	2.09
1 2005	13.07	64.42	2.14	6.15	85.78	6.10
2 2005	13.07	47.88		6.15	67.10	2.07
1 2006	13.07	64.42	2.04	6.15	85.68	6.10
2 2006	13.07	46.73	1.00	6.15	66.95	2.07
1 2007	14.57	64.07	2.03	6.15	86.82	5.82
2 2007	14.57	45.62	1.00	6.15	67.34	0.86
1 2008	14.26	64.46	2.07	6.15	86.94	5.82
2 2008	14.26	45.93	1.00	6.15	67.34	0.86
1 2009	14.16	64.63	2.08	6.15	87.02	5.99
2 2009	14.16	45.25	1.00	6.15	66.56	0.41
1 2010	14.16	71.57	2.10	6.15	93.98	5.88
2 2010	14.16	45.15	1.00	6.15	66.46	0.48
1 2011	14.16	71.56	2.10	6.15	93.97	6.09
2 2011	14.16	45.05	2.00	6.15	67.36	0.59
1 2012	14.16	72.80	2.10	6.15	95.21	6.59
2 2012	14.16	53.24	2.00	6.15	75.55	0.59
1 2013	14.16	71.56	2.10	6.15	93.97	6.09
2 2013	14.16	45.05	2.00	6.15	67.36	0.59

Source: Summit County, Ohio; County Fiscal Officer

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

TABLE 9**CITY OF TALLMADGE, OHIO**

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

Collection Year	Inside Operating	Outside Operating	Police Pension	Fire/Ambulance	Total Tax Rate
2004	2.10	N/A	0.30	3.75	6.15
2005	2.10	N/A	0.30	3.75	6.15
2006	2.10	N/A	0.30	3.75	6.15
2007	2.10	N/A	0.30	3.75	6.15
2008	2.10	N/A	0.30	3.75	6.15
2009	2.10	N/A	0.30	3.75	6.15
2010	2.10	N/A	0.30	3.75	6.15
2011	2.10	N/A	0.30	3.75	6.15
2012	2.10	N/A	0.30	3.75	6.15
2013	2.10	N/A	0.30	3.75	6.15

Source: Summit County, Ohio; County Fiscal Officer

TABLE 10

CITY OF TALLMADGE, OHIO

*REAL PROPERTY PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO*

		December 31, 2013	
Name of Taxpayer	Nature of Business	Valuation	Percent of Total
Big Zilla Development LLC	Retail Property Management	\$ 3,290,270	0.89%
Eastwood Square Associates LTD	Retail Property Management	2,221,900	0.60%
Tallmadge Oaks LTD	Apartment Complex	1,900,740	0.52%
Saxon Village Limited	Apartment Complex	1,637,180	0.44%
Tallmadge Shopping Center LLC	Retail Property Management	1,541,710	0.42%
Mindale Farms Co.	Agriculture	1,511,850	0.41%
Tallmadge Associates	Retail Property Management	1,447,080	0.39%
Heather Knoll Rental Properties LLC	Apartment Complex	1,339,160	0.36%
Colonial Gardens LLC	Nursing Home	1,250,740	0.34%
Myers Family Limited Partnership	Light Manufacturing	1,115,340	0.30%
Total		<u>\$ 17,255,970</u>	<u>4.70%</u>
Total Assessed Valuation - Real Property		<u>\$ 368,131,590</u>	

		December 31, 2004	
Name of Taxpayer	Nature of Business	Valuation	Percent of Total
Tallmadge Associates	Retail Property Management	\$ 3,008,150	0.86%
Eastwood Square Associates LTD	Retail Property Management	2,759,100	0.79%
Tallmadge Oaks II	Apartment Complex	2,392,550	0.69%
Big Zilla Development LLC	Retail Property Management	2,352,310	0.68%
Saxon Village Limited	Apartment Complex	1,908,730	0.55%
87 Midway Plaza LLC	Retail Property Management	1,617,140	0.46%
Colonial Gardens LLC	Nursing Home	1,568,590	0.45%
Myers Family Limited Partnership	Light Manufacturing	1,544,060	0.44%
Mindale Farms Co.	Agriculture	1,506,600	0.43%
Cooper Equities Co. LTD	Retail Store	1,408,030	0.40%
Total		<u>\$ 20,065,260</u>	<u>5.75%</u>
Total Assessed Valuation - Real Property		<u>\$ 348,027,020</u>	

Source: Summit County, Ohio; County Fiscal Officer

TABLE 11**CITY OF TALLMADGE, OHIO***INCOME TAX REVENUE BASE AND COLLECTIONS
LAST TEN YEARS*

Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits
2004	2.00%	\$ 6,688,843	\$ 4,860,149	72.66%	\$ 821,027	12.27%
2005	2.00%	7,211,176	5,289,862	73.36%	895,984	12.42%
2006	2.00%	7,438,498	5,519,329	74.20%	960,195	12.91%
2007	2.00%	7,882,554	5,683,401	72.10%	1,273,276	16.15%
2008	2.00%	8,081,858	5,860,462	72.51%	1,134,774	14.04%
2009	2.00%	7,108,195	5,260,829	74.01%	877,343	12.34%
2010	2.00%	7,371,493	5,590,479	75.84%	852,121	11.56%
2011	2.00%	7,812,169	5,690,592	72.84%	1,190,873	15.24%
2012	2.00%	8,299,566	6,041,802	72.80%	1,220,616	14.71%
2013	2.00%	9,190,631	6,457,114	70.26%	1,691,232	18.40%

Sources: City of Tallmadge Income Tax Department (2004-2009)
Regional Income Tax Agency (RITA) (2009-Present)

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

Taxes from Individuals	Percentage of Taxes from Individuals	Tax from Utilities	Percentage of Tax from Utilities
\$ 959,188	14.34%	\$ 48,479	0.72%
947,627	13.14%	77,703	1.08%
936,441	12.59%	22,533	0.30%
890,414	11.30%	35,463	0.45%
1,016,927	12.58%	69,695	0.86%
916,959	12.90%	54,064	0.76%
888,177	12.05%	40,716	0.55%
903,595	11.57%	27,109	0.35%
1,031,165	12.42%	5,983	0.07%
1,037,692	11.29%	4,593	0.05%

TABLE 12

CITY OF TALLMADGE, OHIO

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Year	Governmental Activities				Business-Type Activities		
	General Obligation Bonds	Special Assessment Bonds	Notes	Capital Leases	Special Assessment Bonds	OWDA Loans	Capital Leases
2004	\$ 5,059,000	\$ 945,000	\$ 4,200,000	\$ -	\$ 1,146,000	\$ -	\$ -
2005	4,784,000	910,000	3,900,000	41,684	1,006,000	-	-
2006	8,338,000	870,000	-	366,254	867,000	-	-
2007	7,937,000	830,000	-	291,053	718,000	-	-
2008	7,526,000	785,000	3,800,000	212,261	564,000	-	-
2009	7,100,000	740,000	3,800,000	231,324	445,000	912,749	-
2010	10,579,000	690,000	-	132,950	316,000	1,359,638	-
2011	9,957,000	640,000	-	134,754	188,000	1,315,204	58,928
2012	9,320,000	585,000	-	213,810	135,000	1,267,148	48,078
2013	8,700,000	525,000	-	162,268	105,000	1,216,832	36,326

Sources:

(a) See notes to the financial statements regarding the City's debt information.

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

(a) Total Primary Government	(b) Total Personal Income	Percentage of Personal Income	(b) Population	Per Capita
\$ 11,350,000	\$ 447,922,310	2.53%	16,390	\$ 692
10,641,684	475,743,232	2.24%	17,408	611
10,441,254	475,743,232	2.19%	17,408	600
9,776,053	474,704,730	2.06%	17,370	563
12,887,261	472,682,384	2.73%	17,296	745
13,229,073	475,251,310	2.78%	17,390	761
13,077,588	479,268,673	2.73%	17,537	746
12,293,886	483,299,542	2.54%	17,257	712
11,569,036	500,409,247	2.31%	17,473	662
10,745,426	483,484,060	2.22%	17,515	613

TABLE 13

CITY OF TALLMADGE, OHIO

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

Year	General Obligation Bonds	(a) Estimated Actual Property Value	Percentage of Actual Taxable Value of Property	(b) Population	Per Capita
2004	\$ 5,059,000	\$ 1,160,118,888	0.44%	16,390	\$ 309
2005	4,784,000	1,346,423,751	0.36%	17,408	275
2006	8,338,000	1,284,075,070	0.65%	17,408	479
2007	7,937,000	1,390,078,963	0.57%	17,370	457
2008	7,526,000	1,360,880,682	0.55%	17,296	435
2009	7,100,000	1,174,613,409	0.60%	17,390	408
2010	10,579,000	1,175,174,976	0.90%	17,537	603
2011	9,957,000	1,178,859,428	0.84%	17,257	577
2012	9,320,000	1,063,189,803	0.88%	17,473	533
2013	8,700,000	1,073,673,902	0.81%	17,515	497

Sources:

(a) Summit County, Ohio; County Fiscal Officer

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

TABLE 14

CITY OF TALLMADGE, OHIO

SPECIAL ASSESSMENT TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year	Current Billed	Delinquent Billed	Current % Collected	Total Collected	Total % Collected	Current Delinquent
2004	\$ 320,793	\$ 22,047	86.70%	\$ 310,487	96.79%	\$ 32,353
2005	324,158	23,846	44.06%	160,920	49.64%	181,334
2006	307,396	32,620	93.32%	318,301	103.55%	20,529
2007	304,976	22,574	92.45%	302,317	99.13%	23,016
2008	311,602	49,946	92.30%	312,351	100.24%	23,983
2009	292,208	27,465	91.39%	283,472	97.01%	25,167
2010	277,137	44,477	89.69%	275,412	99.38%	28,576
2011	273,936	53,176	88.13%	262,549	95.84%	32,511
2012	238,180	48,252	88.38%	228,895	96.10%	27,667
2013	230,276	93,295	92.72%	245,768	106.73%	16,757

Source: Summit County, Ohio; County Fiscal Officer

TABLE 15

CITY OF TALLMADGE, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2013

Jurisdiction	Governmental Activities Debt	Percentage Overlapping	Applicable to the City
Direct:			
City of Tallmadge	\$ 9,387,268	100.00%	\$ 9,387,268
Overlapping Debt:			
Summit County	43,145,000	3.30%	1,423,785
Portage County	29,211,446	0.42%	122,688
MRTA (Metro Regional Transit Authority)	105,000	3.30%	3,465
Tallmadge City School District	25,179,480	99.83%	25,136,675
Field Local School District	23,850,000	1.98%	472,230
Akron/Summit Library	31,630,000	4.97%	1,572,011
Total Overlapping Debt	<u>153,120,926</u>		<u>28,730,854</u>
Total Direct and Overlapping Debt	<u>\$ 162,508,194</u>		<u>\$ 38,118,122</u>

Sources: Summit County, Ohio; County Fiscal Officer

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

TABLE 16

CITY OF TALLMADGE, OHIO

COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN YEARS

Year	Debt Limit - Voted	Debt Limit - Unvoted	Net Debt Applicable to Limit	Debt Service Available Balance	Legal Debt Margin - Voted	Legal Debt Margin - Unvoted	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2004	\$ 41,450,534	\$ 21,712,185	\$ 5,059,000	\$ 36,601	\$ 36,428,135	\$ 21,712,185	12.20%
2005	42,540,685	22,283,216	4,784,000	19,751	37,776,436	22,283,216	11.25%
2006	44,823,839	23,479,154	8,338,000	21,558	36,507,397	23,479,154	18.60%
2007	42,173,749	22,091,011	7,937,000	14,757	34,251,506	22,091,011	18.82%
2008	42,954,132	22,499,783	7,526,000	14,778	35,442,910	22,499,783	17.52%
2009	42,885,116	22,463,632	7,100,000	37,899	35,823,015	22,463,632	16.56%
2010	43,082,260	22,566,898	10,579,000	50,880	32,554,140	22,566,898	24.56%
2011	43,412,426	22,739,842	9,957,000	68,361	33,523,787	22,739,842	22.94%
2012	39,165,718	20,515,376	9,320,000	47,224	29,892,942	20,515,376	23.80%
2013	39,154,617	20,509,561	8,700,000	69,696	30,524,313	20,509,561	22.22%

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

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

TABLE 17

CITY OF TALLMADGE, OHIO

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year	Population (a)	Personal Income (c)	Per Capita Personal Income (a)	Unemployment Rates (b)		
				Summit County	Ohio	United States
2004	16,390	\$ 447,922,310	\$ 27,329	6.1%	6.2%	5.5%
2005	17,408	475,743,232	27,329	5.8%	5.9%	5.1%
2006	17,408	475,743,232	27,329	4.9%	5.1%	4.3%
2007	17,370	474,704,730	27,329	5.4%	5.6%	4.6%
2008	17,296	472,682,384	27,329	6.1%	6.5%	5.8%
2009	17,390	475,251,310	27,329	9.8%	10.2%	9.3%
2010	17,537	479,268,673	27,329	9.9%	10.1%	9.6%
2011	17,257	483,299,542	28,006	8.5%	8.9%	9.0%
2012	17,473	500,409,247	28,639	6.8%	7.2%	8.1%
2013	17,515	483,484,060	27,604	6.5%	7.0%	7.0%

Sources:

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

TABLE 18

CITY OF TALLMADGE, OHIO

NEW HOUSING STARTS
LAST TEN YEARS

Year	New Housing Starts	
	Single Family	Condominium
2004	104	54
2005	54	14
2006	78	13
2007	30	25
2008	31	10
2009	6	-
2010	23	-
2011	24	-
2012	12	-
2013	19	-

- Sources: City of Tallmadge Building Department (2004-2010)
 Summit County Department of Building Standards (2011-2013)

TABLE 19

CITY OF TALLMADGE, OHIO

*PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO*

	2013			2004		
	Employees**	Rank	Percentage of Total City Employment	Employees**	Rank	Percentage of Total City Employment
Auto Sales, Inc.	*	1	*	*	1	*
Tallmadge City Schools	315	2	4.5%	215	4	3.1%
Steere Enterprises Inc	307	3	4.4%	200	5	2.9%
S. D. Myers Inc	200	4	2.9%	300	3	4.4%
Waltco Truck Equipment Company	179	5	2.6%	240	2	3.5%
East End Welding	118	6	1.7%	72	10	1.1%
Giant Eagle	111	7	1.6%	114	6	1.7%
Acme	110	8	1.6%	-		0.0%
The Martin Wheel Co., Inc	97	9	1.4%	90	9	1.3%
City of Tallmadge	89	10	1.3%	105	8	1.5%
Owens Corning	-		0.0%	110	7	1.6%
Total	1,526		21.8%	1,446		21.1%

Source: City of Tallmadge Economic Development Department

* Employer would not disclose the total number of employees.

** Full-time, permanent employees only.

TABLE 20

CITY OF TALLMADGE, OHIO

*MISCELLANEOUS STATISTICS
DECEMBER 31, 2013*

Founded	1806
Incorporated as Village	1936
Incorporated as City	1951
Town Hall erected	1859
Form of government	Charter
Population	17,473
Area	7,413 Dwelling units
	13.5 Square miles
	8,915 Acres
Education:	
Elementary schools	2 K-2, 3-5
Middle schools	1 6-8
High schools	1 9-12
Libraries	1 (30,000 volumes)
Churches	28

Source: Various Departments of the City of Tallmadge

TABLE 21

CITY OF TALLMADGE, OHIO

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Council	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Mayor	6.5	5.5	5.5	5.5	6.0	6.0	5.5	4.5	5.0	5.0
Finance	6.0	6.0	11.0	9.5	9.5	10.0	6.5	6.5	6.5	6.5
Treasurer *	4.5	5.0	-	-	-	-	-	-	-	-
Law	3.5	3.0	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Service	6.5	5.5	5.0	5.0	5.5	3.0	2.0	3.0	3.0	3.0
Information Systems	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5
Civil Service	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Maintenance	2.0	2.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Boards and Commissions	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Security of Persons and Property										
Police	51.5	52.0	51.5	51.0	42.0	48.5	34.0	34.0	32.0	34.5
Fire	35.5	36.5	36.5	37.0	39.0	38.0	39.0	39.5	38.0	38.5
Leisure Time Activities										
MACA Pool	18.0	18.5	17.5	7.0	-	15.0	15.5	14.5	17.5	16.0
Aquatics Center	-	9.5	-	-	-	-	-	-	-	-
Recreation Center	24.5	56.0	62.5	67.0	63.0	65.5	61.5	62.5	63.0	62.5
Community Environment										
Building & Zoning	8.0	7.5	9.0	9.5	8.5	9.5	8.5	2.0	2.0	2.0
Transportation										
Garage	6.0	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Street	21.5	22.0	22.0	25.0	20.5	20.0	17.0	18.0	18.0	19.0
Utilities										
Utilities Services	11.0	9.0	8.5	8.5	8.5	8.5	8.0	6.0	7.0	6.0
Total	<u>213.5</u>	<u>251.5</u>	<u>246.5</u>	<u>242.0</u>	<u>219.5</u>	<u>241.0</u>	<u>214.5</u>	<u>207.5</u>	<u>209.0</u>	<u>210.5</u>

Source: City of Tallmadge Finance Department

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

TABLE 22

CITY OF TALLMADGE, OHIO

OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Security of Persons and Property										
Police										
Physical Arrests	711	793	718	544	752	850	819	730	671	593
Parking Violations	62	61	23	17	12	26	22	14	7	16
Traffic Violations	1,307	1,544	1,082	1,452	1,257	995	1,091	1,526	1,219	995
Fire										
Emergency Response Calls	2,073	2,261	2,283	2,165	2,266	2,268	2,260	2,371	2,337	2,544
Fires Extinguished	27	42	34	28	35	32	26	22	65	27
Inspections Conducted	603	638	605	622	626	1,024	921	822	748	753
Transportation										
Street resurfacing miles	4.71	7.03	6.02	9.20	3.12	-	3.14	1.82	6.75	5.23
Leisure Time Activities										
Trees Planted	-	8	36	68	30	-	-	2	-	-
Recreation Center Memberships**										
Annual	N/A	N/A	1,238	1,124	1,319	1,305	1,935	1,579	3,250	3,694
Monthly	N/A	N/A	2,902	2,925	2,866	2,767	2,665	2,590	2,100	1,908
Swimming Pool Memberships***										
Family	170	145	166	N/A						
Adult	N/A	N/A	N/A	352	N/A	833	1,139	1,110	1,081	975
Child	N/A	N/A	N/A	297	N/A	433	751	740	792	709
Water										
Customers Served	6,629	6,723	7,088	6,913	7,309	7,028	7,207	7,063	7,126	7,091
New Connections	131	127	150	34	77	13	18	14	20	25
Water Main Breaks	21	16	10	17	17	16	21	12	13	18
Avg. Daily Consumption (gpd) million gallons per day	1.42	1.55	1.31	1.35	1.30	1.20	1.30	1.30	1.30	1.20
Peak Daily Consumption (gpd) million gallons per day	1.82	1.95	1.61	1.73	1.70	1.80	1.60	1.60	2.00	1.70
Sewer										
Customers Served	7,519	7,571	5,318	5,464	5,751	5,781	5,779	7,990	7,991	7,981
Storm Water										
Customers Served*	N/A	5,918	6,006	5,906	5,919	5,999	5,866	5,932	5,948	6,039

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

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

**The Recreation Center opened February 14, 2004. Information regarding memberships was not available until 2006. The City began participating in the Silver Sneakers Program in 2011 resulting in a significant increase in annual membership in 2012.

***The City began tracking memberships for the Swimming Pool in a different format during 2007. The Pool was closed for construction in 2008 and re-opened in June 2009.

Source: Various City of Tallmadge Department Records

TABLE 23

CITY OF TALLMADGE, OHIO

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Security of Persons and Property										
Police:										
Stations	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Patrol Units	16.0	19.0	22.0	23.0	21.0	23.0	21.0	19.0	21.0	19.0
Fire Stations	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Health and Welfare										
Cemeteries	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Leisure Time Activities										
Park Acreage	161.7	161.7	161.7	161.7	161.7	161.7	161.7	161.7	161.7	161.7
Parks	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Swimming Pools	1.0	2.0	2.0	1.0	-	1.0	1.0	1.0	1.0	1.0
Tennis Courts	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Baseball/Softball Fields	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Soccer Fields	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Recreation Center	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Transportation										
Streets (paved miles)	91.7	91.7	108.5	96.3	96.3	96.3	96.3	96.3	96.3	96.3
Traffic Signals	186.0	186.0	187.0	188.0	188.0	188.0	188.0	187.0	187.0	187.0
Water										
Water Mains (miles)	80.5	80.5	84.5	84.5	84.5	84.5	86.1	86.1	86.1	87.0
Sewer										
Sanitary Sewers (miles)	57.8	57.8	60.7	60.7	60.7	60.7	60.7	60.7	60.7	60.7

Source: City of Tallmadge Records



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CITY OF TALLMADGE
SUMMIT COUNTY

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Dave Yost • Auditor of State

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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tallmadge, Summit County, (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 16, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

June 16, 2014



Dave Yost • Auditor of State

CITY OF TALLMADGE

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 8, 2014**