

**Mary Taylor, CPA**  
Auditor of State



CITY OF NORTH CANTON  
STARK COUNTY

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# Mary Taylor, CPA

Auditor of State

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

City of North Canton  
Stark County  
145 North Main Street  
North Canton, Ohio 44720

To the Honorable Mayor and City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component unit and remaining fund information of the City of North Canton, Stark County, Ohio, (the City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2009 in which we noted the City restated the fund balance of the General Fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

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

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

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

We noted certain matters that we reported to the City's management in a separate letter dated June 22, 2009.

### **Compliance and Other Matters**

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

We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated June 22, 2009.

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

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

**Mary Taylor, CPA**  
Auditor of State

June 22, 2009

**CITY OF NORTH CANTON, OHIO**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2008

ALEXANDER A. ZUMBAR  
DIRECTOR OF FINANCE

PREPARED BY THE CITY FINANCE DEPARTMENT





## INTRODUCTORY SECTION

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**CITY OF NORTH CANTON, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

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# City of NORTH CANTON, OHIO

145 NORTH MAIN STREET  
NORTH CANTON, OHIO 44720-2587  
www.northcantonohio.com

June 22, 2009

Honorable Citizens of North Canton  
And Members of City Council  
North Canton, Ohio

## Transmittal Letter

The Comprehensive Annual Financial Report (CAFR) of the City of North Canton, Ohio (the "City") is hereby presented. This CAFR represents the official report of the City of North Canton's operations and financial position for the year ended December 31, 2008, and has been developed to accurately detail the status of City finances to North Canton residents and elected officials, investment banks, underwriters and all other interested parties. This report includes the City's implementation of accounting principles generally accepted in the United States of America (GAAP) set forth by the Governmental Accounting Standards Board (GASB).

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 and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financials statements are free of any material misstatements.

State statutes require the City to be subjected to an annual examination by the Auditor of State. The Auditor of State's office rendered an opinion on the City's financial statements as of December 31, 2008 and the Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Accountants' Report.

## **Reporting Entity**

The City has reviewed its reporting entity definition in order to ensure conformance with GASB Statement No. 14, "*The Financial Reporting Entity*" as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*". In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City of North Canton (the primary government) and its potential component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of North Canton, this includes the departments and agencies that provide the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, mayor's court and general administrative services. The City has one component unit: The City of North Canton Community Improvement Corporation that is shown as a separate discrete component unit. This component unit is included as part of the reporting entity because the primary government appoints all members of their board of trustees and is able to impose its will on the organization.

## **Profile of the Government**

The City acquired its first existence as a recognized political entity when the Village plat was recorded on February 19, 1831 as New Berlin. As a result of sentiment against Germany during World War I, the name of the Village was changed to North Canton on January 31, 1918. The City gained formal status as a City effective January 1, 1962. The City is located in the northern half of Stark County and is approximately 7.15 square miles in size. The City's population, according to the 2000 census, was 16,369.

The City is a home-rule municipal corporation operating under the laws of the State of Ohio. The City's current charter, its municipal constitution, has been amended seven times since its original adoption on November 8, 1960. 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 Charter provides for a "Mayor-Administrator-Council" form of government. The City's charter can only be amended by a majority vote of the City's registered voters.

Legislative authority is vested in a seven-member Council, four of which are elected from wards and three are elected at-large. Council members are elected for two year terms in the odd numbered years through a nonpartisan election process. Their term of office begins December 1. The Council holds an organizational meeting within the first three days of December each year. The Mayor presides over the meeting until President of Council is elected by the members of Council.

The Director of Law, Director of Finance and Clerk to the Council are appointed by, and serve at the pleasure of the Council. Council also appoints the three members of the City's Civil Service Commission. The Council fixes compensation of City officials and employees, and enacts legislation in the form of ordinances and resolutions relative to City services, tax levies, appropriating and borrowing monies, and other municipal purposes.

The Mayor is elected for a two year term to begin on the first day of December following the election. According to the Charter, the Mayor is the executive of the City and is responsible to the electors for enforcement of all laws and ordinances, and for control and proper operation of all administrative departments and divisions. The Mayor appoints a Director of Administration subject to confirmation by a majority vote of Council. The Director of Administration is responsible to the Mayor for the general administration of the affairs of the City.

As authorized by its charter and codes, the City provides the following broad categories of services to its citizens:

- The Department of Service includes the divisions of Streets, Sewer, Water, Engineering, and Parks and Playgrounds.
- The Department of Safety includes the divisions of Police, Fire, Health and Sanitation, Emergency Medical Services, and Inspection and Licensing.
- The City also operates three enterprise activities: a water system, a sewer system, and garbage service. The water service is metropolitan in nature and reaches far beyond the City's incorporated boundaries.

The Council is required to adopt a permanent appropriation measure within ninety days of the beginning of the year covered by such ordinance. The annual budget serves as the foundation for the City of North Canton's financial planning and control. The budget is prepared by fund. Amounts can be transferred between line items within a fund with the approval of the Finance Committee of Council. Transfers between funds, however, need special approval from Council.

## **Local Economy**

The City is in close proximity to Interstate 77 which provides access to other metropolitan areas, including Canton, Akron and Cleveland. The Akron-Canton Regional Airport, which is within 10 miles of the City, provides commercial passenger and air freight service to destinations nationwide.

For over 100 years, the City has been home to the Hoover Company, the City's largest employer. During 2006, the Maytag Corporation, the parent company of the Hoover Company, was acquired by the Whirlpool Corporation. Soon thereafter, Whirlpool announced its plans to sell the Hoover Company. On January 31, 2007, Techtronic Industries (TTI), a Hong Kong based floor care company, acquired the Hoover Company from Whirlpool. On April 2, 2007, TTI announced that it would close the North Canton facilities by the end of the third quarter of 2007. The plant was officially closed on September 27, 2007. However, TTI agreed to honor the current labor agreement which guaranteed 800 jobs until June of 2008. Displaced workers were offered many opportunities of help with reemployment including assistance from the Ohio Department of Development, Ohio Department of Job and Family Services and the non-profit Employment Source organization.

Prior to the plant closing, TTI hired a real estate company to locate a potential buyer for the Hoover property. In the fourth quarter of 2007, TTI was approached by the California-based Industrial Realty Group (IRG), a nationally known real estate development company specializing in redevelopment of older industrial buildings, about the possible purchase of the facility. After months of negotiations, the Hoover property was sold to IRG on January 28, 2008. IRG intends to redevelop the site for warehousing, manufacturing, office space, limited retail and some residential housing. Currently, there are several businesses that have already moved into the facility or are in the process of negotiating leases with the property owner. Although the soon-to-be redeveloped Hoover property will most likely not provide the same level of employment that the Hoover Company once did, there is the potential to replace at least 50 to 75 percent of the lost employment.

Over the last several years, other types of industries within the City continued to grow and expand. Walsh University, a private four-year school and the City's largest employer, continues to expand, both in physical size and enrollment. Over the past several years, five buildings have been added to the campus at a value of \$21 million. Also in the past several years, enrollment has increased over 50 percent and is currently at an all-time high.

In addition, the medical office business cluster grew as well. This growth is reflected in the construction of satellite facilities of Aultman Hospital and Mercy Medical Center plus increased employment at Windsor Medical Center and North Canton Medical Foundation. Together, these medical facilities employ over 800 workers. The remaining business community is made up of approximately 330 businesses involved in banking, insurance, investment, software development, dental and other personal services.

## **Long-Term Financial Planning**

The City's income tax ordinance provides for 0.30 percent of the first 1 percent tax rate (after paying all costs associated with the collection of the income tax) be used for capital improvements and 0.70 percent of the first 1 percent be used for general operations of the City. The remaining 0.5 percent tax rate may be used for either general operations of the City or capital improvements. In the past, the City has been able to use 50 percent of its income tax collections for capital projects. However, over the past few years, as the cost of general operations has increased at a greater pace than income tax collections, the amount directed to capital improvements has been reduced to the minimum amount allowed. As there are fewer funds for capital projects, the City has looked at other means to finance equipment purchases and road, curb and gutter improvements. These financing options include capital leasing, grants and zero interest loans.



## **Relevant Financial Policies**

During 2008, the City continued its commitment to fund the compensated absences fund in order to accumulate resources for the payout of earned vacation and eligible sick leave to employees who terminate employment with the City. In 2008, the City contributed \$200,000 to the fund and anticipates continuing funding that level on an annual basis.

Pursuant to the legislation established in 2006 which authorized the transfer of any estate tax collections in excess of \$300,000 to the capital improvement fund, over \$1.4 million was transferred during 2007. In part, these funds were used for the Sixth Street curb and gutter project and the Lipton Avenue rehabilitation project. By comparison, in 2008, only \$6,060 was transferred.

## **Major Initiatives**

The City continues its efforts to promote economic development within the City. During 2007, the City adopted agreements with its neighboring townships to negotiate future Joint Economic Development Districts (JEDD's) and Community Economic Development Agreements (CEDA's). This is the first time that the City and its bordering townships have united together to work on economic development opportunities.

The City has committed \$1.5 million to the North Canton Community Improvement Corporation (CIC) to assist the Corporation's efforts in pursuing economic development opportunities for the City. This funding came from the City's general fund and will be transferred to the CIC on an annual basis over a 14 year period. To date, \$543,000 has been transferred to the CIC. During 2007, the CIC was able to bring the Stark County Mental Retardation and Developmental Disabilities (MRDD) to North Canton. The CIC agreed to fund the purchase of a piece of property as well as the construction of a parking lot. As a result of the CIC's involvement, the MRDD moved into the vacant office space at the end of 2007. Currently, they have over forty employees at this location. They are anticipating a total of seventy new employees by the end of the third quarter of 2009.

In 2008, the CIC purchased 3 cranes (1 fifty-ton and 2 twenty-ton) to be used in the Hoover facility. The cranes are to be leased to Myers Controlled Power which signed a lease agreement for 197,000 square feet in the Hoover complex, which is a mixed-use facility. The company agreed to relocate to the facility which is located in North Canton. Myers Controlled Power is a manufacturer of circuit breakers and power control center switchgear.

In November of 2008, the City received notice from the Ohio Department of Development that the City would receive a \$5 million Jobs Ready Site Grant to help pay for street improvements and to redesign the buildings located at the Hoover facility. The total project is \$6.67 million. The developer is to contribute \$1.67 million as the local match. City plans are to use \$2 million to widen and improve streets around the factory. Work will be done on East Maple Street, Charlotte Street, Hower Street and Taft Avenue. The remaining \$3 million will be used by Maple Street Commerce to improve the buildings located at the Hoover facility. Work is anticipated to begin in 2009. High technology businesses such as computer communication, semi-conductor manufacturers, software publishers, architectural or engineering services firms or scientific research and development services are anticipated types of jobs which are being targeted for the facility.

Because of the built-out situation limiting economic development opportunities in North Canton, the City is focusing on developing any available developable land to encourage job growth. One of these opportunities involves approximately 17.28 acres of undeveloped land located on South Main Street. The owners of this property had a preliminary development plan for this property since 1999. During 2007, the City contacted the property owners about finally developing the site. The City indicated that they would pursue grant funding to help construct the roadway needed for this project if the developers would agree to provide sites for a high-tech compact business smart park that would bring high tech jobs to the City. The developers agreed and the City submitted a 629 research and development grant application with the State of Ohio Department of Development. The grant request was approved in late 2007 for \$350,000. The total project cost to construct the street is estimated at \$900,000. Bontrager Excavating was awarded the bid for \$616,367 in December 2008. The City and the developer will share any remaining construction costs on a fifty-fifty basis. It is expected that construction will begin during the summer of 2009.

The City continued the expansion of the City's water system. In June 2007, well number 9, located on East Maple Street, went into service. This well has the capacity to yield up to three million gallons of water per day. The City also began the process of developing well number 10, located at the City owned Oster property. There is currently a monitoring well being developed on this site. It is estimated this location could yield four to five million gallons of water per day. In 2009, it is anticipated that the City will go out for bid for the design and engineering for the well number 10 raw waterline.

In 2006, the City was awarded a zero percent loan from the Ohio Public Works Commission for a \$1.0 million booster pump station located at Water Tower 2. This pump station is an important part of the City's plan to expand its water system. This project was placed into operation in October 2007. For the first time in the City's history, the City applied for and was awarded Community Development Block Grant Funds for three water line replacement projects. The total amount of CDBG funding awarded for these projects is \$334,325. Two of these projects were completed in 2007. A third project was completed in 2008.

The City's water distribution continues to expand outside the borders of the City. The City began providing water service to the Akron-Canton Regional Airport and its lessees in late 2007. In addition, the City will be providing water service to the Gateway Corporate Park which is located between Lauby Road and Interstate 77. The first project completed within this Park was a 121-room hotel which opened in late 2006.

Construction of the South Main St/Everhard Road improvements was completed in 2007. Seventy-three percent of the project cost, or approximately \$2.4 million, was funded with Federal Surface Transportation funds. Sixteen percent of the project was funded with State Issue II funds. The remaining portion of the project was funded with City and County funds. This project entailed widening South Main Street to include left turn lanes on to Everhard Road as well as rebuilding the County owned bridge on South Main Street.

Also completed in 2007 was the continuation of the City's streetscape program on South Main Street, from Maplecrest to Easthill. This project included rebuilt curbs, sidewalks, roadway, brick work and decorative street lighting. This \$2.1 million project was partially funded by a \$1.0 million Ohio Public Works Commission (OPWC) grant. The remainder of the funding came from Municipal Road Funds and City funds.

Beginning in 2007, the City acquired right of way for the Applegrove widening project, a joint project with the County. In conjunction with the widening project, the City replaced a waterline. The project was completed in 2008. The waterline replacement was funded with a zero percent, \$419,088 OPWC loan and water funds.

The West Maple Street waterline improvement project began in 2008. The waterline improvement project is funded with a \$296,000 OPWC grant and water funds. The project is expected to cost \$400,000 and is expected to be completed in 2009.

2008 Municipal road funds were used to fund the Walsh University East Gate improvements and signalization alignment on East Maple Street from Crestland to Market Avenue. New sidewalks, curbs and gutters were installed. In addition, traffic signals were realigned to improve the flow of traffic between Walsh University and the Marketplace. The project is anticipated to be completed in 2009.

The success of the City's curbside recycling program continued into 2008. The City was awarded a \$63,655 grant from the Tri-County Solid Waste District to help fund the recycling program. Also in 2008, the City continued with the leaf recycling program and implemented a biennial Yard Waste Recycling Program through its refuse hauler. The City used grant funds to purchase leaf recycling bags for its residents for both of these programs. The City hopes to continue both of these important recycling initiatives into 2009 and beyond.

In 2008, a performance audit was conducted by the State Auditor's office at the request of the City to assist in identifying areas where the City could reduce expenditures and increase potential revenues. The City has taken steps to implement many of the suggestions and areas identified by the audit to help the City in cutting costs and attempt to avoid future projected deficits.

Due to declining income tax collections as a result of the closing of the Maytag TTI/Hoover Company it appears the City will continue to have a difficult budget situation for the near future. This is also due in part to other revenues such as shared support from the State, interest earnings and estate inheritance taxes continuing to remain stagnant or declining while operating costs continue to increase due to inflationary pressures, higher utility and gasoline prices, training costs due to new State requirements and rising costs of health care. As a result, it is anticipated that further cost containment efforts and revenue enhancement actions will be necessary through the remainder of 2009 and beyond.

#### **Awards and Acknowledgements**


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 North Canton for its Comprehensive Annual Financial Report for the year ended December 31, 2007. This was the twentieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This 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. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it the GFOA to determine its eligibility for another certificate.

I would like to thank the Mayor and Members of Council for their support for continued excellence in financial reporting and disclosure. The City would like to express its appreciation to Julian & Grube, Inc. for their assistance with the preparation of this CAFR.

This comprehensive annual financial report was prepared by the Finance Department with the efficient and dedicated services of its entire staff. I express my appreciation to each of them and to many of the City's other employees contributing to this effort.

Respectfully Submitted,



Alexander A. Zumbar  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Canton  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2007

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

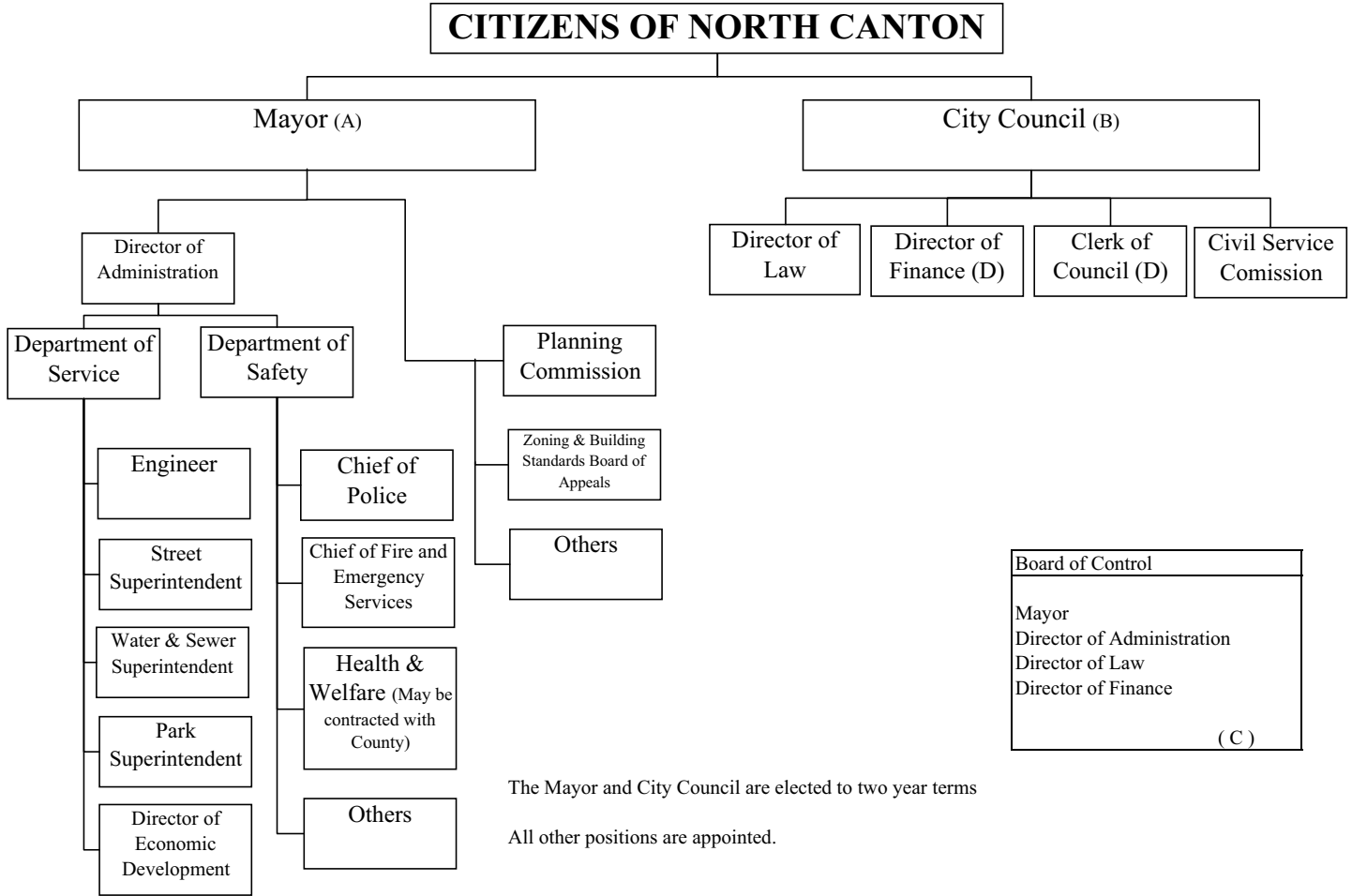


President

Executive Director

**CITY OF NORTH CANTON, OHIO**

CHARTER GOVERNMENT  
ORGANIZATIONAL CHART



The Mayor and City Council are elected to two year terms

All other positions are appointed.

(A) Chief executive with judicial powers and veto power over ordinances

(B) Elects Council President and Vice President

(C) Awards contracts over Ohio Revised Code bidding limit

(D) May be combined

**CITY OF NORTH CANTON, OHIO**

LIST OF PRINCIPAL OFFICIALS  
AS OF DECEMBER 31, 2008

**ELECTED CITY OFFICIALS**

**MAYOR**

HONORABLE DAVID J. HELD

**CITY COUNCIL**

DARYL REVOLDT, PRESIDENT, AT-LARGE

PATRICK A. DE ORIO, AT LARGE

MARCIA KIESLING, AT-LARGE

DOUGLAS V. FOLTZ, WARD 1

DAVID WRIGHT, WARD 2 (1)

JEFF DAVIES, WARD 3

JON F. SNYDER, VICE PRESIDENT, WARD 4

**APPOINTED CITY OFFICIALS**

**DIRECTOR OF ADMINISTRATION**

EARLE E. WISE, JR.

**DIRECTOR OF FINANCE**

ALEXANDER A. ZUMBAR

**DIRECTOR OF LAW**

RANDY MCFARREN

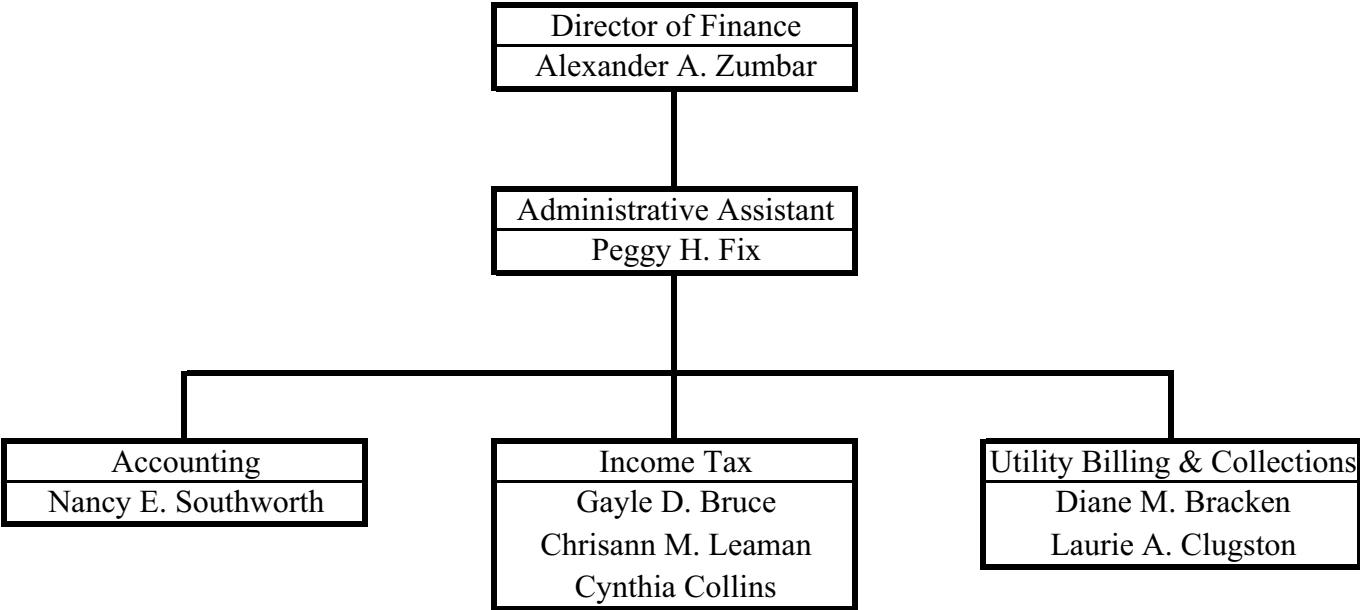
**CLERK OF COUNCIL**

GAIL M. KALPAC

(1) Daniel Peters became City Council Member for Ward 2 on January 1, 2009.

CITY OF NORTH CANTON, OHIO

DEPARTMENT OF FINANCE  
ORGANIZATIONAL CHART  
AS OF DECEMBER 31, 2008



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## FINANCIAL SECTION

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

City of North Canton  
Stark County  
145 North Main Street  
North Canton, Ohio 44720

To the Honorable Mayor and City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component unit and the remaining fund information of the City of North Canton, Stark County, Ohio, (the City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component unit and the remaining fund information of the City of North Canton, Stark County, Ohio, as of December 31, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General and Emergency Medical Services Levy Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2008 the City restated the fund balance of the General Fund to properly report the manuscript note.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 22, 2009

## CITY OF NORTH CANTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

The management's discussion and analysis for the City of North Canton's (the "City") financial statements provides an overview of the City's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter, the notes to the basic financial statements and the basic financial statements.

#### **Financial Highlights**

Key financial highlights for 2008 are as follows:

- The total net assets of the City increased \$779,964. Net assets of governmental activities decreased \$494,601 or 1.42% under 2007 and net assets of business-type activities increased \$1,274,565 or 4.55% over 2007.
- General revenues accounted for \$9,709,801 or 83.03% of total governmental activities revenue. Program specific revenues accounted for \$1,984,953 or 16.97% of total governmental activities revenue.
- The City had \$12,248,436 in expenses related to governmental activities; \$1,984,953 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$10,263,483 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$9,709,801.
- The general fund had revenues and other financing sources of \$8,033,792 in 2008. This represents a decrease of \$1,189,810 from 2007 revenues and other financing sources. The expenditures and other financing uses of the general fund, which totaled \$8,576,577 in 2008, decreased \$914,559 from 2007. The net decrease in fund balance for the general fund was \$542,785 or 14.75%, from \$3,679,841 in 2007 to \$3,137,056 in 2008.
- The capital improvements major fund had \$1,166,917 in revenues and other financing sources and \$1,708,789 in expenditures in 2008. The fund balance for the capital improvements fund decreased \$541,872 or 44.38%, from \$1,220,851 in 2007 to \$678,979 in 2008.
- The emergency medical services levy fund had \$1,122,385 in revenues and other financing sources and \$1,336,010 in expenditures and other financing uses in 2008. The fund balance for the emergency medical services levy fund decreased \$213,625 from \$214,805 to \$1,180 in 2008.
- Net assets for the business-type activities, which are made up of the water, sewer, and garbage funds, increased \$1,274,565 from a net asset balance of \$28,008,693 in 2007 to a net asset balance of \$29,283,258 in 2008.
- The water fund had \$5,949,012 in operating revenues and \$4,519,573 in operating expenses in 2008. The water fund also had non-operating revenues of \$188,670, non-operating expenses of \$577,063, capital contributions of \$58,603 and transfers out of \$110,261. The net assets of the water fund increased \$989,388 or 4.78%.
- The sewer fund had \$2,167,750 in operating revenues and \$1,940,190 in operating expenses in 2008. The sewer fund also had non-operating expenses of \$4,637 and transfers out of \$7,423. The net assets of the sewer fund increased \$215,500 or 3.06%.
- The garbage fund had \$759,547 in operating revenues and \$742,158 in operating expenses in 2008. The garbage fund also had non-operating revenues of \$63,655. The net assets of the garbage fund increased \$81,044 or 35.58%.

#### **Using this Comprehensive Annual Financial Report (CAFR)**

The City's annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City of North Canton as a total financial and operating entity. The individual statements provide a detailed look at specific financial activities.

## CITY OF NORTH CANTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

The City's basic financial statements are comprised of three components: 1) City-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The statement of net assets and the statement of activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell the reader how services were financed in the short-term, as well as the amount of funds remaining for future spending. The fund financial statements also look at the City's major funds with all other non-major funds presented in total in one column.

#### **Reporting the City as a Whole**

##### *Statement of Net Assets and Statement of Activities*

The analysis of the City as a whole begins on page 19. One of the most important questions asked about the City's finances is, "How did the City perform financially during 2008?" The statement of net assets and the statement of activities provide information concerning the City as a whole and its financial activities that will assist the reader in answering this question. These statements include all assets and liabilities using the accrual method of accounting similar to the accounting used by most private-sector businesses. This method of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net assets and changes in those assets. The change in net assets is important because it allows the reader to judge in many respects as to whether or not the City's financial position has improved or diminished over the past year. The causes of any change in financial position for the City may be related to, or the result of, many factors, some of which may be directly financial, and others which may be only indirectly related to the City's finances. Indirect financial factors include changes in the City's tax or revenue base, changes in general tax law in Ohio or the City, variations in economic conditions, the condition of the City's capital assets and other related factors which may impact revenues or expenses.

In the statement of net assets and the statement of activities, the City operation is divided into two distinct types of activities as follows:

- **Governmental Activities** - Most of the City's programs and services are considered to be governmental activities, including general government, security of persons and property, public health and welfare, transportation, community environment, leisure time activities and basic utility services. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided.

The City-wide financial statements can be found on pages 30 through 32 of this report.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like the State and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds, not on the City as a whole. The City's major governmental funds are the general fund, emergency medical services levy fund and the capital improvements fund. The City's major proprietary funds are the water fund, the sewer fund and the garbage fund.

## CITY OF NORTH CANTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

#### *Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on events that produce near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the year. This information is useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the City's governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 33 through 38 of this report.

The City adopts an annual appropriation budget for its general fund and other funds. Budgetary statements and schedules have been provided for all annually budgeted funds to demonstrate compliance.

#### *Proprietary Funds*

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water system, sewer and garbage. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-insurance programs for medical-related employee benefits. The basic proprietary fund statements can be found on pages 39 through 42 of this report.

#### *Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the City's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds. The basic fiduciary fund financial statements can be found on page 43 of this report.

#### *Notes to the Basic Financial Statements*

The financial statement notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the basic financial statements can be found on pages 44 through 77 of this report.

**CITY OF NORTH CANTON, OHIO**

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

**Government-Wide Financial Analysis**

The statement of net assets provides the perspective of the City as a whole. The table below provides a summary of the City's net assets at December 31, 2008 compared to December 31, 2007. Certain 2007 amounts have been restated to conform with 2008's presentation.

	<b>Net Assets</b>					
	Governmental	Restated Governmental	Business-Type	Business-Type		Restated
	Activities	Activities	Activities	Activities	2008	2007
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>Total</u>	<u>Total</u>
<b>Assets</b>						
Current and other assets	\$ 10,301,430	\$ 11,611,297	\$ 5,173,712	\$ 4,545,529	\$ 15,475,142	\$ 16,156,826
Capital assets, net	<u>29,141,603</u>	<u>29,364,473</u>	<u>40,298,693</u>	<u>40,250,034</u>	<u>69,440,296</u>	<u>69,614,507</u>
Total assets	<u>39,443,033</u>	<u>40,975,770</u>	<u>45,472,405</u>	<u>44,795,563</u>	<u>84,915,438</u>	<u>85,771,333</u>
<b>Liabilities</b>						
Current and other liabilities	2,776,770	3,474,612	392,019	652,766	3,168,789	4,127,378
Long term liabilities:						
Due within one year	268,857	412,312	794,479	781,365	1,063,336	1,193,677
Due in more than one year	<u>2,132,671</u>	<u>2,329,510</u>	<u>15,002,649</u>	<u>15,352,739</u>	<u>17,135,320</u>	<u>17,682,249</u>
Total liabilities	<u>5,178,298</u>	<u>6,216,434</u>	<u>16,189,147</u>	<u>16,786,870</u>	<u>21,367,445</u>	<u>23,003,304</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	28,494,366	27,680,040	24,501,565	24,165,821	52,995,931	51,845,861
Restricted	2,517,838	3,833,712	-	-	2,517,838	3,833,712
Unrestricted	<u>3,252,531</u>	<u>3,245,584</u>	<u>4,781,693</u>	<u>3,842,872</u>	<u>8,034,224</u>	<u>7,088,456</u>
Total net assets	<u>\$ 34,264,735</u>	<u>\$ 34,759,336</u>	<u>\$ 29,283,258</u>	<u>\$ 28,008,693</u>	<u>\$ 63,547,993</u>	<u>\$ 62,768,029</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2008, the City's assets exceeded liabilities by \$63,547,993. At year-end, net assets were \$34,264,735 and \$29,283,258 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At December 31, 2008, capital assets represented 81.78% of total assets. Capital assets include land, construction in progress (CIP), land improvements, buildings, equipment, and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2008, were \$28,494,366 and \$24,501,565 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Assets of governmental activities decreased \$1,532,737 or 3.74%. This decrease can mainly be attributed to a decrease in equity in pooled cash and investments. Equity in pooled cash and investments decreased due to decreases in revenues throughout the City and the City paying off a \$750,000 various purpose note payable during 2008. Liabilities of the governmental activities decreased \$1,038,136 or 16.70%. This decrease can also be attributed to the \$750,000 payment of the various purpose notes as well as principal payments on capital leases.



**CITY OF NORTH CANTON, OHIO**

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

Assets of business-type activities increased \$676,842 or 1.51%. While most assets remained comparable to 2007, the most significant increase was in the area of equity in pooled cash and investments. The increase of \$557,634 was due to many factors, specifically a decrease in spending on capital assets during 2008. Liabilities of the business-type activities decreased \$597,723 or 3.56% due to principal payments on outstanding general obligation bonds, OPWC loans and OWDA loans.

As of December 31, 2008, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's governmental net assets, \$2,517,838, represents resources that are subject to external restriction on how they may be used. This is a decrease of \$1,315,874 from 2007 due mainly to a decrease of \$1,388,785 in amounts restricted for capital projects. Amounts restricted for capital projects decreased due to the retirement of the various purpose notes as describe above. In the governmental activities, the remaining balance of unrestricted net assets of \$3,252,531 may be used to meet the government's ongoing obligations to citizens and creditors.

**Statement of Activities**

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

	<b>Change in Net Assets</b>					
	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>	Business-Type Activities <u>2008</u>	Business-Type Activities <u>2007</u>	2008 <u>Total</u>	2007 <u>Total</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,019,546	\$ 1,061,440	\$ 8,876,309	\$ 8,512,792	\$ 9,895,855	\$ 9,574,232
Operating grants and contributions	896,344	819,115	63,655	61,800	959,999	880,915
Capital grants and contributions	<u>69,063</u>	<u>1,220,785</u>	<u>188,670</u>	<u>630,377</u>	<u>257,733</u>	<u>1,851,162</u>
Total program revenues	<u>1,984,953</u>	<u>3,101,340</u>	<u>9,128,634</u>	<u>9,204,969</u>	<u>11,113,587</u>	<u>12,306,309</u>
General revenues:						
Taxes	7,288,160	7,636,833	-	-	7,288,160	7,636,833
Grants and entitlements	2,041,947	2,199,383	-	-	2,041,947	2,199,383
Investment earnings	269,837	606,217	-	-	269,837	606,217
Gain on sale of capital assets	-	82,873	-	16,339	-	99,212
Miscellaneous	<u>109,857</u>	<u>33,134</u>	<u>-</u>	<u>133,433</u>	<u>109,857</u>	<u>166,567</u>
Total general revenues	<u>9,709,801</u>	<u>10,558,440</u>	<u>-</u>	<u>149,772</u>	<u>9,709,801</u>	<u>10,708,212</u>
Total revenues	<u>11,694,754</u>	<u>13,659,780</u>	<u>9,128,634</u>	<u>9,354,741</u>	<u>20,823,388</u>	<u>23,014,521</u>

**CITY OF NORTH CANTON, OHIO**

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

	<b>Change in Net Assets</b>					
	Governmental	Governmental	Business-type	Business-type	2008	2007
	Activities	Activities	Activities	Activities	Total	Total
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>Total</u>	<u>Total</u>
Expenses:						
General government	2,235,205	2,253,710	-	-	2,235,205	2,253,710
Security of persons and property:						
Police	3,049,396	3,587,425	-	-	3,049,396	3,587,425
Fire	705,273	819,062	-	-	705,273	819,062
Public health and welfare	1,476,085	1,703,059	-	-	1,476,085	1,703,059
Transportation	2,575,379	3,213,072	-	-	2,575,379	3,213,072
Community environment	619,805	547,013	-	-	619,805	547,013
Leisure time activities	965,725	1,356,650	-	-	965,725	1,356,650
Basic utility services	566,496	558,990	-	-	566,496	558,990
Interest and fiscal charges	55,072	184,341	-	-	55,072	184,341
Water	-	-	5,106,672	5,349,070	5,106,672	5,349,070
Sewer	-	-	1,946,158	2,031,424	1,946,158	2,031,424
Garbage	-	-	742,158	789,005	742,158	789,005
Total expenses	<u>12,248,436</u>	<u>14,223,322</u>	<u>7,794,988</u>	<u>8,169,499</u>	<u>20,043,424</u>	<u>22,392,821</u>
Excess (deficiency) before transfers	(553,682)	(563,542)	1,333,646	1,185,242	779,964	621,700
Transfers	<u>59,081</u>	<u>38,634</u>	<u>(59,081)</u>	<u>(38,634)</u>	-	-
Change in net assets	(494,601)	(524,908)	1,274,565	1,146,608	779,964	621,700
Net assets at beginning of year	<u>34,759,336</u>	<u>35,284,244</u>	<u>28,008,693</u>	<u>26,862,085</u>	<u>62,768,029</u>	<u>62,146,329</u>
Net assets at end of year	<u>\$ 34,264,735</u>	<u>\$ 34,759,336</u>	<u>\$ 29,283,258</u>	<u>\$ 28,008,693</u>	<u>\$ 63,547,993</u>	<u>\$ 62,768,029</u>

*Governmental Activities*

Governmental activities net assets decreased \$494,601 in 2008.

Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$3,754,669 of the total expenses of the City. These expenses were partially funded by \$8,006 in direct charges to users of the services. General government expenses totaled \$2,235,205. General government expenses were partially funded by \$236,634 in direct charges to users of the services.

The State and federal government contributed to the City a total of \$896,344 in operating grants and contributions and \$69,063 in capital grants and contributions. Capital grants and contributions decreased \$1,151,722 due mainly to a \$700,000 decrease in State issue II money received during the year. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$841,285 subsidized transportation and \$42,885 subsidized general government. Of the total capital grants and contributions, \$36,818 subsidized transportation programs.

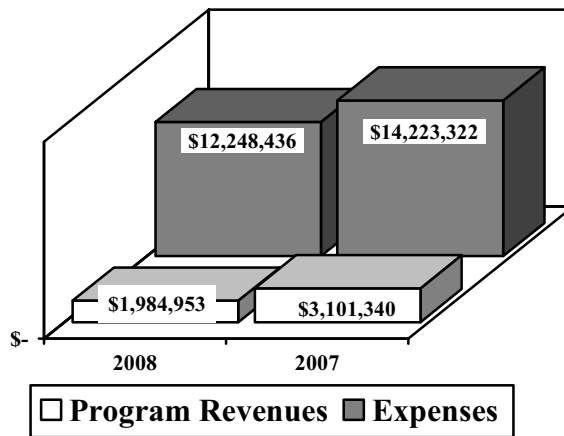
General revenues totaled \$9,709,801, and amounted to 83.03% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$7,288,160, a decrease of \$348,673 from 2007 amounts. This decrease can be attributed to a decrease in income taxes collected by the City during tough economic times. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$2,041,947. Investment earnings also decreased \$336,380 due to lower interest rates earned on investments.

**CITY OF NORTH CANTON, OHIO**

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

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

**Governmental Activities – Program Revenues vs. Total Expenses**



**Governmental Activities**

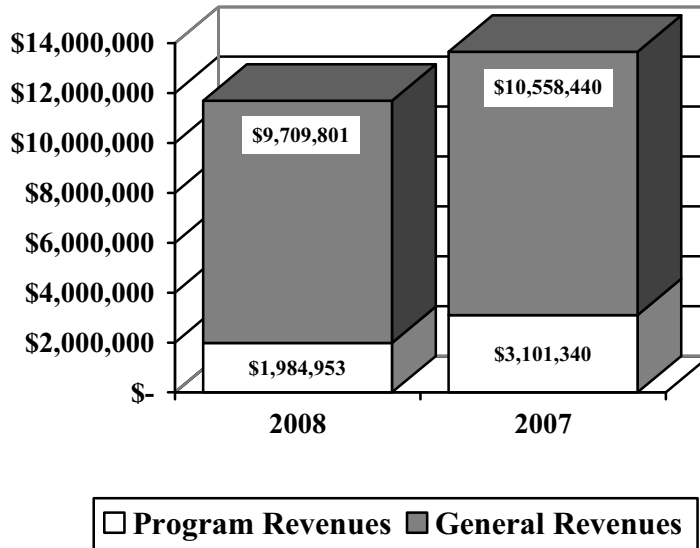
	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>
Program Expenses:				
General government	\$ 2,235,205	\$ 1,955,686	\$ 2,253,710	\$ 2,047,058
Security of persons and property:				
Police	3,049,396	3,032,442	3,587,425	3,579,490
Fire	705,273	702,814	819,062	801,594
Public health and welfare	1,476,085	1,244,817	1,703,059	1,317,707
Transportation	2,575,379	1,697,276	3,213,072	1,279,514
Community environment	619,805	465,649	547,013	427,257
Leisure time activities	965,725	543,231	1,356,650	980,937
Basic utility services	566,496	566,496	558,990	504,084
Interest and fiscal charges	55,072	55,072	184,341	184,341
<b>Total Expenses</b>	<b>\$ 12,248,436</b>	<b>\$ 10,263,483</b>	<b>\$ 14,223,322</b>	<b>\$ 11,121,982</b>

The dependence upon general revenues for governmental activities is apparent, with 83.79% of expenses supported through taxes and other general revenues in 2008 and 78.20% in 2007.

**CITY OF NORTH CANTON, OHIO**

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

**Governmental Activities – General and Program Revenues**

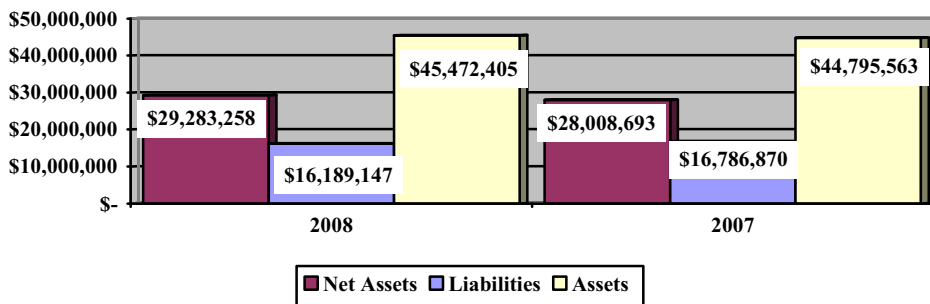


**Business-Type Activities**

Business-type activities include the water, sewer, and garbage enterprise funds. These programs had program revenues of \$9,128,634 and expenses of \$7,794,988 for 2008.

The graph below shows the business-type activities assets, liabilities and net assets at year-end.

**Net Assets in Business - Type Activities**



**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds (as presented on the balance sheet on page 33) reported a combined fund balance of \$5,362,438 which is \$996,340 lower than last year's restated total of \$6,358,778. The schedule on the next page indicates the fund balances and the total change in fund balances as of December 31, 2008 for all major and nonmajor governmental funds. See Note 3.C for details on the restatement.

**CITY OF NORTH CANTON, OHIO**

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

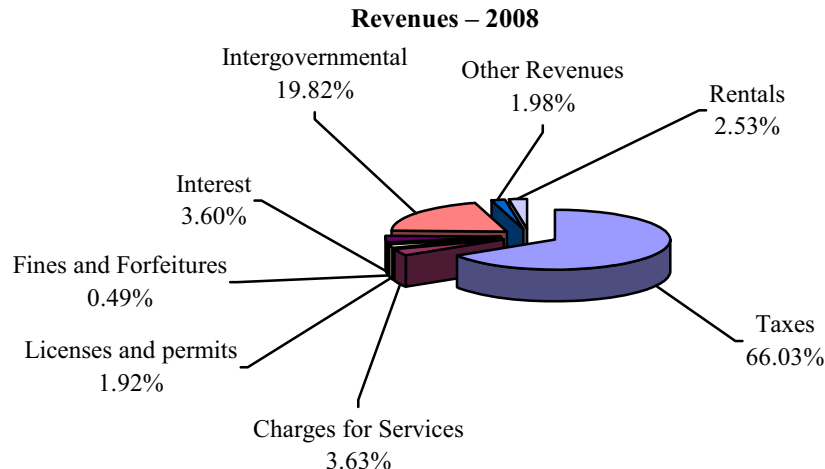
	Fund Balances 12/31/08	Restated Fund Balances 12/31/07	Increase/ (Decrease)
Major Funds:			
General	\$ 3,137,056	\$ 3,679,841	\$ (542,785)
Emergency Medical Services Levy	1,180	214,805	(213,625)
Capital Improvements	678,979	1,220,851	(541,872)
Other Nonmajor Governmental Funds	<u>1,545,223</u>	<u>1,243,281</u>	<u>301,942</u>
Total	<u>\$ 5,362,438</u>	<u>\$ 6,358,778</u>	<u>\$ (996,340)</u>

**General Fund**

The City's general fund balance decreased \$542,785. The table that follows assists in illustrating the revenues of the general fund.

	2008 Amount	2007 Amount	Increase/ (Decrease)	Percentage Change
Revenues				
Taxes	\$ 5,304,924	\$ 5,445,023	\$ (140,099)	(2.57) %
Charges for services	291,843	276,973	14,870	5.37 %
Licenses and permits	154,156	117,981	36,175	30.66 %
Fines and forfeitures	39,459	39,829	(370)	(0.93) %
Intergovernmental	1,592,442	2,540,498	(948,056)	(37.32) %
Interest	289,131	576,917	(287,786)	(49.88) %
Rentals	202,932	208,767	(5,835)	(2.79) %
Other	<u>158,905</u>	<u>10,214</u>	<u>148,691</u>	1,455.76 %
Total	<u>\$ 8,033,792</u>	<u>\$ 9,216,202</u>	<u>\$ (1,182,410)</u>	(12.83) %

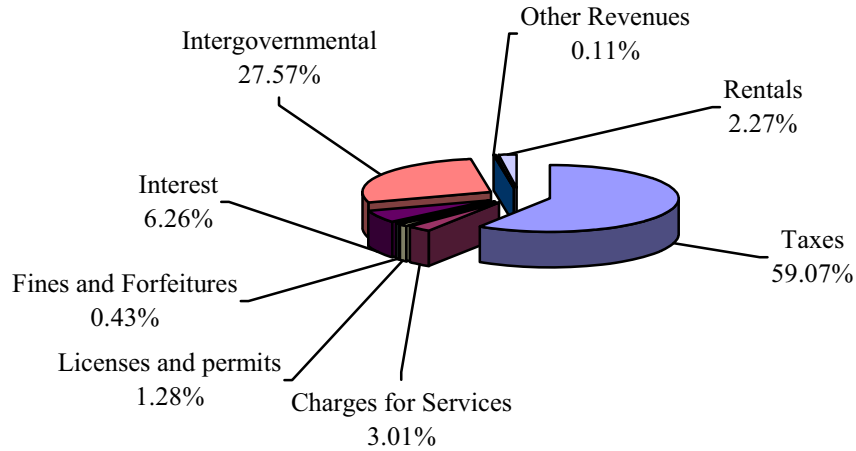
Revenues of the general fund decreased \$1,182,410 or 12.83%. Tax revenues decreased \$140,099 or 2.57%. This decrease is due to a decrease in income taxes collected by the City in comparison to 2007. Intergovernmental revenues decreased \$948,056 or 37.32% due to a decrease of approximately \$1 million in estate taxes collected by the City. Interest decreased \$287,786 from 2007. This is due mainly to decreased interest rates earned on investments during 2008. All other major revenue remained comparable to 2007.



**CITY OF NORTH CANTON, OHIO**

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

**Revenues – 2007**



The table that follows assists in illustrating the expenditures of the general fund. Some 2007 amounts have been restated to conform with 2008's presentation.

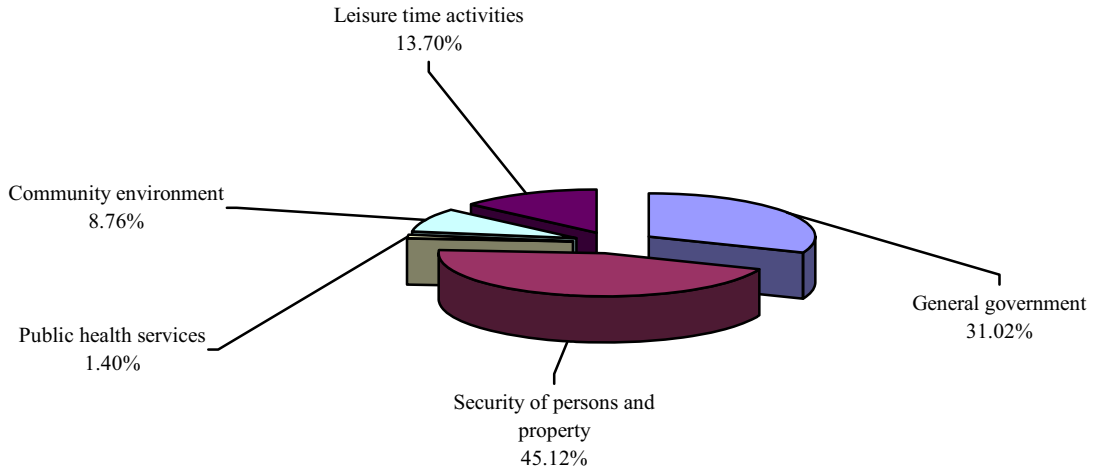
	2008 <u>Amount</u>	Restated 2007 <u>Amount</u>	Increase/ (Decrease)	Percentage <u>Change</u>
<b><u>Expenditures</u></b>				
General government	\$ 2,085,249	\$ 1,654,632	\$ 430,617	26.02 %
Security of persons and property:				
Police	3,033,881	2,930,700	103,181	3.52 %
Public health and welfare	94,238	85,440	8,798	10.30 %
Community environment	589,150	462,740	126,410	27.32 %
Leisure time activities	<u>921,375</u>	<u>1,020,238</u>	<u>(98,863)</u>	(9.69) %
<b>Total</b>	<u>\$ 6,723,893</u>	<u>\$ 6,153,750</u>	<u>\$ 570,143</u>	9.26 %

Expenditures of the general fund increased \$570,143 or 9.26%. The most significant increases were in the areas of general government and community environment. General government increased \$430,617 or 26.02% due to increases in personal service expenditures and an increase in property tax reimbursements to Plain Township during 2008. Community environment increased \$126,410 or 27.32%. This increase is due to an increase in the contribution to the City's component unit, North Canton Community Improvement Corporation (the "CIC"). During 2008, the City contributed \$243,000 to the CIC compared to \$100,000 in 2007.

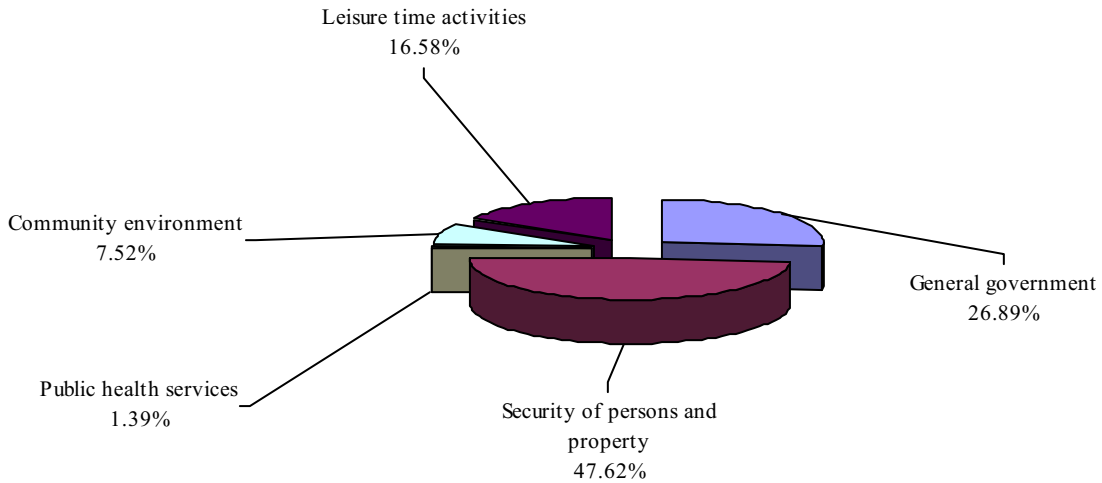
**CITY OF NORTH CANTON, OHIO**

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

**Expenditures – 2008**



**Expenditures – 2007**



***Emergency Medical Services Levy Fund***

The emergency medical services levy major fund had \$1,122,385 in revenues and other financing sources and \$1,336,010 in expenditures and other financing uses in 2008. The fund balance for the emergency medical services levy fund decreased \$213,625 from \$214,805 to \$1,180.

***Capital Improvements Fund***

The capital improvements major fund had \$1,166,917 in revenues and other financing sources and \$1,708,789 in expenditures in 2008. The fund balance for the capital improvements fund decreased \$541,872 or 44.38%, from \$1,220,851 in 2007 to \$678,979 in 2008. The decrease in fund balance is the result of a decrease in transfers in from the general fund during 2008. The general fund only transferred the capital improvements fund \$6,060 in 2008 compared to \$1,420,119 in 2007.

**CITY OF NORTH CANTON, OHIO**

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

**Budgeting Highlights – General Fund**

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund. In the general fund, the actual revenues and other financing sources of \$9,030,847 were higher than the final budget amount of \$9,020,868. Actual expenditures and other financing uses of \$9,960,772 were lower than the final budget amount of \$10,410,833. Budgeted revenues were increased \$40,000 from the original to the final budget. Budgeted expenditures and other financing uses were increased \$267,684 from the original to the final budget.

***Proprietary Funds***

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds. The only interfund activities reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

The City's business-type funds (as presented on the statement of net assets on page 39) reported a combined net assets of \$29,264,492, which is \$1,285,932 above last year's total of \$27,978,560.

The schedule below indicates the net assets and the total change in net assets as of December 31, 2008 for all major business-type funds.

	<u>Net Assets</u> <u>12/31/08</u>	<u>Net Assets</u> <u>12/31/07</u>	<u>Increase</u>
Major Funds:			
Water	\$ 21,686,964	\$ 20,697,576	\$ 989,388
Sewer	7,268,693	7,053,193	215,500
Garbage	<u>308,835</u>	<u>227,791</u>	<u>81,044</u>
Total	<u>\$ 29,264,492</u>	<u>\$ 27,978,560</u>	<u>\$ 1,285,932</u>

***Water Fund***

The water fund had \$5,949,012 in operating revenues and \$4,519,573 in operating expenses during 2008. The water fund also had \$188,670 in nonoperating revenues, \$577,063 in nonoperating expenses, \$58,603 in capital contributions and \$110,261 in transfers out. The net assets of the water fund increased \$989,388 or 4.78% from \$20,697,576 to \$21,686,964.

***Sewer Fund***

The sewer fund had \$2,167,750 in operating revenues and \$1,940,190 in operating expenses during 2008. The sewer fund also had \$4,637 in nonoperating revenues, \$7,423 in transfers out. The net assets of the sewer fund increased \$215,500 or 3.06% from \$7,053,193 to \$7,268,693.

***Garbage Fund***

The garbage fund had \$759,547 in operating revenues and \$742,158 in operating expenses in 2008. The garbage fund also had non-operating revenues of \$63,655. The net assets of the garbage fund increased \$81,044 or 35.58%.



**CITY OF NORTH CANTON, OHIO**

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

**Capital Assets and Debt Administration**

***Capital Assets***

At December 31, 2008, the City had \$69,440,296 (net of accumulated depreciation) invested in land, construction in progress (CIP), land improvements, buildings, equipment, and infrastructure. Of this total, \$29,141,603 was reported in governmental activities and \$40,298,693 was reported in business-type activities. See Note 10 in the basic financial statements for additional capital asset disclosure. The following table shows December 31, 2008 balances compared to December 31, 2007:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 5,131,635	\$ 5,183,113	\$ 960,202	\$ 909,984	\$ 6,091,837	\$ 6,093,097
Construction in progress	571,030	347,428	556,067	367,731	1,127,097	715,159
Land improvements	623,026	550,939	490,761	511,631	1,113,787	1,062,570
Buildings	2,923,708	2,940,094	11,955,806	12,285,931	14,879,514	15,226,025
Equipment	2,719,793	2,919,332	3,465,939	3,848,850	6,185,732	6,768,182
Infrastructure	<u>17,172,411</u>	<u>17,423,567</u>	<u>22,869,918</u>	<u>22,325,907</u>	<u>40,042,329</u>	<u>39,749,474</u>
Totals	<u>\$29,141,603</u>	<u>\$29,364,473</u>	<u>\$40,298,693</u>	<u>\$40,250,034</u>	<u>\$69,440,296</u>	<u>\$69,614,507</u>

***Debt***

The City had the following long-term obligations outstanding at December 31, 2008 and 2007. Long-term obligations at December 31, 2007 have been restated as described in Note 3.C.

	<u>Governmental Activities 2008</u>	<u>Restated Governmental Activities 2007</u>
Capital leases	<u>\$ 647,237</u>	<u>\$ 934,433</u>
	<u>Business-type Activities 2008</u>	<u>Business-type Activities 2007</u>
OWDA loans	\$ 10,263,181	\$ 10,813,200
OPWC loans	1,388,947	1,020,904
General obligation bonds	<u>4,145,000</u>	<u>4,300,000</u>
Total business-type activities long-term obligations	<u>\$ 15,797,128</u>	<u>\$ 16,134,104</u>

See Note 16 in the basic financial statements for additional disclosures and detail regarding the City's debt activity.

## CITY OF NORTH CANTON, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

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

With the downturn in the national and State economy the City anticipates difficult budgets in the future. This is due to other revenues such as shared support from the State, interest earnings and estate inheritance taxes, continuing to remain stagnant or declining while operating costs continue to increase due to inflationary pressures, higher utility and gasoline prices, and training costs due to new State requirements and rising costs of health care. Furthermore, on September 27, 2007, the Hoover Company plant was officially closed. As a result, the City is tightening its belt and anticipates reductions in expenditures and revenue enhancement actions will be necessary through the remainder of 2009 and beyond.

Techtronic Industries Company Limited (TTI), the company that purchased the Hoover Company in 2007, did agree to abide by the labor union's contract which guaranteed jobs through June of 2008. The Hoover company facility was sold to a real estate development company in January of 2008. The site will be redeveloped for warehousing, manufacturing, office space, limited retail and some residential housing units.

Wherever possible, the City is pursuing grants to assist in projects. A \$5,000,000 Jobs Ready Site Grant was awarded to the City by the State to assist in redeveloping the Hoover District Site. The City also was awarded an \$802,246 Ohio Public Works Commission grant (OPWC) for the Willoway Sewer Project.

City officials have been preparing for the closure of the Hoover Company for over the last three years. Budgets have been reduced in all areas of the City. Through attrition, the City has reduced its workforce. Vacant jobs will not be filled upon retirements. Administration officials have realigned job positions within the City to accommodate the decrease in employees. To help supplement the work, part-time workers are being used to assist the City in accomplishing the various tasks.

During 2008, a performance audit was conducted by the State Auditor's office to assist the City officials in reviewing operations and identify areas where further costs could be reduced and potential areas where revenues could be increased. As a result of the performance audit, the City has contracted with a new EMS billing company. It is anticipated that this will assist in providing better contract management of the accounts and provide the City with more meaningful reports. Financial forecasts have been prepared by the finance director for the City Administration and Council. It is anticipated that this forecast will be used to assist the Administration and Council in its decision making process regarding city-wide operations. The City recently renewed, for one year, the healthcare insurance with its existing provider. Controlling health care costs continues to be a priority. The City is currently in negotiations with bargaining units. It is striving to gain relief and concessions among the collective bargaining contracts in areas such as wages and benefits.

Snow and Ice Control policies have been revised due to the rising cost of salt. The City anticipates utilizing the State Cooperative program in FY2009-2010 for the purchase of salt. Ice control areas have been identified in order of priority ranging from main streets (state routes) to all other emergency routes then to secondary streets, alleys and parking lots. Snow removal is also identified in order of priority.

The City of North Canton has committed itself to financial excellence. The City is preparing its twenty-first Comprehensive Annual Financial Report. We will be submitting our 2008 CAFR for the Government Finance Officers Certificate of Achievement for Excellence in Financial Reporting.

#### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for City officials, members of the public and others who may have an interest in the City's financial standing. It also is designed to demonstrate the City's accountability for the money it receives from all sources, particularly the taxpayers of North Canton. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Alexander Zumbar, Director of Finance, City of North Canton, 145 North Main Street, North Canton, Ohio 44720.

CITY OF NORTH CANTON, OHIO

STATEMENT OF NET ASSETS  
DECEMBER 31, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	North Canton Community Improvement Corporation
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 4,856,371	\$ 3,644,430	\$ 8,500,801	\$ -
Cash and cash equivalents:				
In segregated accounts . . . . .	40,899	-	40,899	-
With fiscal agents. . . . .	-	-	-	49,119
With escrow agent . . . . .	957,000	-	957,000	-
Receivables:				
Property taxes . . . . .	1,886,433	-	1,886,433	-
Municipal income taxes. . . . .	988,946	-	988,946	-
Accounts . . . . .	136,138	1,027,468	1,163,606	-
Intergovernmental . . . . .	1,309,800	31,828	1,341,628	957,000
Accrued interest . . . . .	4,999	-	4,999	4
Special assessments . . . . .	7,848	105,263	113,111	-
Internal balances . . . . .	(18,766)	18,766	-	-
Materials and supplies inventory. . . . .	95,071	116,086	211,157	-
Prepayments. . . . .	36,691	17,392	54,083	-
Deferred charges . . . . .	-	212,479	212,479	-
Capital assets:				
Nondepreciable capital assets . . . . .	5,702,665	1,516,269	7,218,934	71,439
Depreciable capital assets, net. . . . .	23,438,938	38,782,424	62,221,362	483,780
Total capital assets. . . . .	<u>29,141,603</u>	<u>40,298,693</u>	<u>69,440,296</u>	<u>555,219</u>
Total assets. . . . .	<u>39,443,033</u>	<u>45,472,405</u>	<u>84,915,438</u>	<u>1,561,342</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	27,435	78,322	105,757	47,894
Contracts payable. . . . .	461,843	39,899	501,742	-
Accrued wages and benefits . . . . .	156,571	39,241	195,812	-
Intergovernmental payable . . . . .	227,306	31,406	258,712	-
Unearned revenue. . . . .	1,816,665	-	1,816,665	957,000
Accrued interest payable. . . . .	11,280	203,151	214,431	-
Claims payable. . . . .	75,670	-	75,670	-
Long-term liabilities:				
Due within one year . . . . .	268,857	794,479	1,063,336	-
Due in more than one year . . . . .	<u>2,132,671</u>	<u>15,002,649</u>	<u>17,135,320</u>	<u>-</u>
Total liabilities . . . . .	<u>5,178,298</u>	<u>16,189,147</u>	<u>21,367,445</u>	<u>1,004,894</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt . . . . .	28,494,366	24,501,565	52,995,931	555,219
Restricted for:				
Capital projects . . . . .	976,112	-	976,112	-
Street construction, maintenance and repair. . . . .	774,996	-	774,996	-
Emergency medical services . . . . .	128,653	-	128,653	-
Fire operating levy . . . . .	44,003	-	44,003	-
Computer systems . . . . .	34,987	-	34,987	-
Storm sewer . . . . .	524,203	-	524,203	-
Donations for supplies . . . . .	17,062	-	17,062	-
Other purposes . . . . .	17,822	-	17,822	-
Unrestricted . . . . .	<u>3,252,531</u>	<u>4,781,693</u>	<u>8,034,224</u>	<u>1,229</u>
Total net assets . . . . .	<u>\$ 34,264,735</u>	<u>\$ 29,283,258</u>	<u>\$ 63,547,993</u>	<u>\$ 556,448</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF NORTH CANTON, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities:</b>				
General government. . . . .	\$ 2,235,205	\$ 236,634	\$ 42,885	\$ -
Security of persons and property:				
Police . . . . .	3,049,396	8,006	8,948	-
Fire . . . . .	705,273	-	2,459	-
Public health and welfare. . . . .	1,476,085	231,002	266	-
Transportation . . . . .	2,575,379	-	841,285	36,818
Community environment . . . . .	619,805	154,156	-	-
Leisure time activities . . . . .	965,725	389,748	501	32,245
Basic utility services . . . . .	566,496	-	-	-
Interest and fiscal charges. . . . .	55,072	-	-	-
	<u>12,248,436</u>	<u>1,019,546</u>	<u>896,344</u>	<u>69,063</u>
<b>Business-type Activities:</b>				
Water . . . . .	5,106,672	5,949,012	-	188,670
Sewer. . . . .	1,946,158	2,167,750	-	-
Garbage. . . . .	742,158	759,547	63,655	-
	<u>7,794,988</u>	<u>8,876,309</u>	<u>63,655</u>	<u>188,670</u>
Total business-type activities . . . . .				
Total primary government. . . . .	<u>\$ 20,043,424</u>	<u>\$ 9,895,855</u>	<u>\$ 959,999</u>	<u>\$ 257,733</u>
<b>Component Unit:</b>				
North Canton Community Improvement Corporation. . . . .	<u>\$ 4,420</u>	<u>\$ -</u>	<u>\$ 243,000</u>	<u>\$ -</u>

**General Revenues:**

Property taxes levied for:

- General purposes . . . . .
- Fire operating levy . . . . .
- Emergency medical services levy . . . . .
- Storm sewer levy . . . . .
- Street levy . . . . .

Municipal income taxes levied for:

- General purposes . . . . .
- Capital improvement . . . . .
- Grants and entitlements not restricted to specific programs . . . . .
- Investment earnings . . . . .
- Other. . . . .

Total general revenues. . . . .

Transfers. . . . .

Change in net assets . . . . .

**Net assets at beginning of year. . . . .**

**Net assets at end of year . . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Net (Expense) Revenue and Changes in Net Assets</b>			<b>Component</b>
<b>Primary Government</b>			<b>Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>North Canton Community Improvement Corporation</b>
\$ (1,955,686)	\$ -	\$ (1,955,686)	\$ -
(3,032,442)	-	(3,032,442)	-
(702,814)	-	(702,814)	-
(1,244,817)	-	(1,244,817)	-
(1,697,276)	-	(1,697,276)	-
(465,649)	-	(465,649)	-
(543,231)	-	(543,231)	-
(566,496)	-	(566,496)	-
(55,072)	-	(55,072)	-
(10,263,483)	-	(10,263,483)	-
-	1,031,010	1,031,010	-
-	221,592	221,592	-
-	81,044	81,044	-
-	1,333,646	1,333,646	-
(10,263,483)	1,333,646	(8,929,837)	-
-	-	-	238,580
836,437	-	836,437	-
83,655	-	83,655	-
149,878	-	149,878	-
323,116	-	323,116	-
323,116	-	323,116	-
4,465,795	-	4,465,795	-
1,106,163	-	1,106,163	-
2,041,947	-	2,041,947	-
269,837	-	269,837	5,303
109,857	-	109,857	-
9,709,801	-	9,709,801	5,303
59,081	(59,081)	-	-
(494,601)	1,274,565	779,964	243,883
34,759,336	28,008,693	62,768,029	312,565
<u>\$ 34,264,735</u>	<u>\$ 29,283,258</u>	<u>\$ 63,547,993</u>	<u>\$ 556,448</u>

**CITY OF NORTH CANTON, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008

	<u>General</u>	<u>Emergency Medical Services Levy</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and investments. . . . .	\$ 1,981,741	\$ 55,878	\$ 754,024	\$ 1,739,966	\$ 4,531,609
Cash and cash equivalents:					
In segregated accounts . . . . .	-	-	-	40,899	40,899
With escrow agent . . . . .	957,000	-	-	-	957,000
Receivables:					
Property taxes . . . . .	855,229	173,991	-	857,213	1,886,433
Municipal income taxes . . . . .	799,871	-	189,075	-	988,946
Accounts . . . . .	13,750	122,388	-	-	136,138
Intergovernmental . . . . .	870,339	15,557	-	423,904	1,309,800
Accrued interest . . . . .	4,999	-	-	-	4,999
Special assessments . . . . .	7,848	-	-	-	7,848
Materials and supplies inventory . . . . .	10,609	5,778	-	78,684	95,071
Prepayments. . . . .	21,256	2,734	-	12,701	36,691
Total assets . . . . .	<u>\$ 5,522,642</u>	<u>\$ 376,326</u>	<u>\$ 943,099</u>	<u>\$ 3,153,367</u>	<u>\$ 9,995,434</u>
<b>Liabilities:</b>					
Accounts payable. . . . .	\$ 14,194	\$ 5,709	\$ -	\$ 7,532	\$ 27,435
Contracts payable . . . . .	-	-	160,754	301,089	461,843
Accrued wages and benefits . . . . .	96,165	26,864	-	33,542	156,571
Compensated absences payable. . . . .	-	-	-	11,550	11,550
Intergovernmental payable . . . . .	146,160	48,612	-	32,534	227,306
Deferred revenue . . . . .	1,306,567	127,473	103,366	394,220	1,931,626
Unearned revenue . . . . .	822,500	166,488	-	827,677	1,816,665
Total liabilities . . . . .	<u>2,385,586</u>	<u>375,146</u>	<u>264,120</u>	<u>1,608,144</u>	<u>4,632,996</u>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	81,670	1,049	555,985	342,389	981,093
Unreserved, designated for:					
CIC . . . . .	957,000	-	-	-	957,000
Unreserved, undesignated, reported in:					
General fund. . . . .	2,098,386	-	-	-	2,098,386
Special revenue funds . . . . .	-	131	-	1,133,731	1,133,862
Capital projects funds . . . . .	-	-	122,994	69,103	192,097
Total fund balances . . . . .	<u>3,137,056</u>	<u>1,180</u>	<u>678,979</u>	<u>1,545,223</u>	<u>5,362,438</u>
Total liabilities and fund balances . . . . .	<u>\$ 5,522,642</u>	<u>\$ 376,326</u>	<u>\$ 943,099</u>	<u>\$ 3,153,367</u>	<u>\$ 9,995,434</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF NORTH CANTON, OHIO**

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

<b>Total governmental fund balances</b>		\$ 5,362,438
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		29,141,603
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$ 69,768	
Municipal income taxes receivable	540,651	
Accounts receivable	118,163	
Intergovernmental receivable	1,190,234	
Accrued interest receivable	4,962	
Special assessments receivable	<u>7,848</u>	
Total		1,931,626
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:		
Compensated absences	(1,742,741)	
Capital lease obligations	<u>(647,237)</u>	
Total		(2,389,978)
In the statement of activities interest is accrued on capital leases, whereas in governmental funds, interest expenditures are reported when due.		(11,280)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		249,092
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		<u>(18,766)</u>
<b>Net assets of governmental activities</b>		<u><u>\$ 34,264,735</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF NORTH CANTON, OHIO**

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

	<u>General</u>	<u>Emergency Medical Services Levy</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Property and other taxes . . . . .	\$ 822,300	\$ 147,091	\$ -	\$ 717,601	\$ 1,686,992
Municipal income taxes . . . . .	4,482,624	-	1,128,612	-	5,611,236
Charges for services . . . . .	291,843	126,589	-	-	418,432
Licenses and permits . . . . .	154,156	-	-	-	154,156
Fines and forfeitures . . . . .	39,459	-	-	69,444	108,903
Intergovernmental . . . . .	1,592,442	48,705	-	1,136,654	2,777,801
Interest . . . . .	289,131	-	-	-	289,131
Rentals . . . . .	202,932	-	-	-	202,932
Contributions and donations . . . . .	42,885	-	32,245	7,514	82,644
Other . . . . .	116,020	-	-	7,832	123,852
Total revenues . . . . .	<u>8,033,792</u>	<u>322,385</u>	<u>1,160,857</u>	<u>1,939,045</u>	<u>11,456,079</u>
<b>Expenditures:</b>					
Current:					
General government . . . . .	2,085,249	-	-	64,607	2,149,856
Security of persons and property:					
Police . . . . .	3,033,881	-	-	4,817	3,038,698
Fire . . . . .	-	-	-	578,707	578,707
Public health and welfare . . . . .	94,238	1,321,806	-	272	1,416,316
Community environment . . . . .	589,150	-	-	-	589,150
Transportation . . . . .	-	-	-	1,515,298	1,515,298
Leisure time activities . . . . .	921,375	-	-	19,810	941,185
Basic utility services . . . . .	-	-	-	460,158	460,158
Capital outlay . . . . .	-	-	1,360,148	100,002	1,460,150
Debt service:					
Principal retirement . . . . .	-	-	287,196	-	287,196
Interest and fiscal charges . . . . .	-	-	61,445	-	61,445
Total expenditures . . . . .	<u>6,723,893</u>	<u>1,321,806</u>	<u>1,708,789</u>	<u>2,743,671</u>	<u>12,498,159</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>1,309,899</u>	<u>(999,421)</u>	<u>(547,932)</u>	<u>(804,626)</u>	<u>(1,042,080)</u>
<b>Other financing sources (uses):</b>					
Transfers in . . . . .	-	800,000	6,060	1,130,000	1,936,060
Transfers out . . . . .	<u>(1,852,684)</u>	<u>(14,204)</u>	<u>-</u>	<u>(23,432)</u>	<u>(1,890,320)</u>
Total other financing sources (uses) . . . . .	<u>(1,852,684)</u>	<u>785,796</u>	<u>6,060</u>	<u>1,106,568</u>	<u>45,740</u>
Net change in fund balances . . . . .	(542,785)	(213,625)	(541,872)	301,942	(996,340)
<b>Fund balances at beginning of year (restated) .</b>	<u>3,679,841</u>	<u>214,805</u>	<u>1,220,851</u>	<u>1,243,281</u>	<u>6,358,778</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 3,137,056</u>	<u>\$ 1,180</u>	<u>678,979</u>	<u>\$ 1,545,223</u>	<u>\$ 5,362,438</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF NORTH CANTON, OHIO**

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

**Net change in fund balances - total governmental funds** \$ (996,340)

*Amounts reported for governmental activities in the statement of activities are different because:*

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period.

Capital asset additions	\$ 1,709,755	
Current year depreciation	(1,953,091)	
Total		(243,336)

The net effect of various miscellaneous transactions involving capital assets is to increase net assets. The City received \$71,944 in capital contributions from the water fund, recorded (\$1,260) related to disposals and transferred \$50,218 in land to the water fund.

20,466

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent property taxes	29,210	
Municipal income taxes	(180,087)	
Charges for services	104,413	
Intergovernmental	287,718	
Interest	(19,294)	
Special assessments	2,965	
Rentals	13,750	
Total		238,675

Repayments of capital lease obligations are an expenditure in the governmental funds, but the repayments reduce long-term liabilities on the statement of net assets.

287,196

In the statement of activities, interest is accrued on capital leases, whereas in governmental funds, interest is expensed when due.

6,373

Some expenses, such as compensated absences, reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds.

64,648

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund, including internal balance of \$11,367 is allocated among the governmental activities.

127,717

**Change in net assets of governmental activities** **\$ (494,601)**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF NORTH CANTON, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 881,000	\$ 881,000	\$ 822,300	\$ (58,700)
Municipal income taxes . . . . .	4,575,000	4,575,000	4,506,592	(68,408)
Charges for services . . . . .	276,600	276,600	291,843	15,243
Licenses and permits . . . . .	120,000	120,000	154,156	34,156
Fines and forfeitures . . . . .	41,000	41,000	39,459	(1,541)
Intergovernmental . . . . .	1,381,268	1,381,268	1,594,540	213,272
Interest . . . . .	440,000	440,000	360,120	(79,880)
Rentals . . . . .	260,500	260,500	202,932	(57,568)
Contributions and donations . . . . .	-	40,000	42,885	2,885
Other . . . . .	105,500	105,500	116,020	10,520
Total revenues . . . . .	<u>8,080,868</u>	<u>8,120,868</u>	<u>8,130,847</u>	<u>9,979</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	2,280,642	2,345,997	2,197,782	148,215
Security of persons and property:				
Police . . . . .	3,063,985	3,060,125	3,014,272	45,853
Public health and welfare . . . . .	94,500	94,500	94,238	262
Community environment . . . . .	560,375	744,270	611,095	133,175
Leisure time activities . . . . .	1,024,563	1,021,333	923,952	97,381
Debt service:				
Principal retirement . . . . .	1,200,000	1,200,000	1,200,000	-
Interest and fiscal charges . . . . .	66,400	66,924	66,749	175
Total expenditures . . . . .	<u>8,290,465</u>	<u>8,533,149</u>	<u>8,108,088</u>	<u>425,061</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(209,597)</u>	<u>(412,281)</u>	<u>22,759</u>	<u>435,040</u>
<b>Other financing sources (uses):</b>				
Note issuance . . . . .	900,000	900,000	900,000	-
Transfers out . . . . .	<u>(1,852,684)</u>	<u>(1,877,684)</u>	<u>(1,852,684)</u>	<u>25,000</u>
Total other financing sources (uses) . . . . .	<u>(952,684)</u>	<u>(977,684)</u>	<u>(952,684)</u>	<u>25,000</u>
Net change in fund balance . . . . .	(1,162,281)	(1,389,965)	(929,925)	460,040
<b>Fund balance at beginning of year . . . . .</b>	<b>4,577,994</b>	<b>4,577,994</b>	<b>4,577,994</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>64,665</b>	<b>64,665</b>	<b>64,665</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 3,480,378</u></b>	<b><u>\$ 3,252,694</u></b>	<b><u>\$ 3,712,734</u></b>	<b><u>\$ 460,040</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF NORTH CANTON, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes . . . . .	\$ 159,220	\$ 159,220	\$ 147,091	\$ (12,129)
Charges for services . . . . .	303,000	303,000	269,287	(33,713)
Intergovernmental . . . . .	43,257	43,257	48,705	5,448
Total revenues . . . . .	<u>505,477</u>	<u>505,477</u>	<u>465,083</u>	<u>(40,394)</u>
<b>Expenditures:</b>				
Current:				
Public health and welfare. . . . .	<u>1,346,272</u>	<u>1,345,699</u>	<u>1,322,883</u>	<u>22,816</u>
Total expenditures. . . . .	<u>1,346,272</u>	<u>1,345,699</u>	<u>1,322,883</u>	<u>22,816</u>
Excess expenditures over revenues . . . . .	<u>(840,795)</u>	<u>(840,222)</u>	<u>(857,800)</u>	<u>(17,578)</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	800,000	800,000	800,000	-
Transfers out . . . . .	<u>(14,204)</u>	<u>(14,204)</u>	<u>(14,204)</u>	<u>-</u>
Total other financing sources (uses). . .	<u>785,796</u>	<u>785,796</u>	<u>785,796</u>	<u>-</u>
Net change in fund balance . . . . .	(54,999)	(54,426)	(72,004)	(17,578)
<b>Fund balance at beginning of year . . . .</b>	119,513	119,513	119,513	-
<b>Prior year encumbrances appropriated .</b>	<u>2,172</u>	<u>2,172</u>	<u>2,172</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 66,686</u>	<u>\$ 67,259</u>	<u>\$ 49,681</u>	<u>\$ (17,578)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF FUND NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2008

	Business-type Activities -Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Total	
<b>Assets:</b>					
Current assets:					
Equity in pooled cash and investments . . . . .	\$ 2,670,056	\$ 697,826	\$ 276,548	\$ 3,644,430	\$ 324,762
Receivables:					
Accounts . . . . .	824,695	198,589	4,184	1,027,468	-
Intergovernmental . . . . .	-	-	31,828	31,828	-
Special assessments . . . . .	2,706	102,557	-	105,263	-
Materials and supplies inventory . . . . .	112,640	3,446	-	116,086	-
Prepayments. . . . .	14,691	2,596	105	17,392	-
Total current assets . . . . .	<u>3,624,788</u>	<u>1,005,014</u>	<u>312,665</u>	<u>4,942,467</u>	<u>324,762</u>
Noncurrent assets:					
Deferred charges . . . . .	212,479	-	-	212,479	-
Capital assets:					
Nondepreciable capital assets . . . . .	1,333,914	182,355	-	1,516,269	-
Depreciable capital assets, net. . . . .	32,674,902	6,107,522	-	38,782,424	-
Total noncurrent assets . . . . .	<u>34,221,295</u>	<u>6,289,877</u>	<u>-</u>	<u>40,511,172</u>	<u>-</u>
Total assets . . . . .	<u>37,846,083</u>	<u>7,294,891</u>	<u>312,665</u>	<u>45,453,639</u>	<u>324,762</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable . . . . .	56,988	17,568	3,766	78,322	-
Contracts payable. . . . .	39,835	-	64	39,899	-
Accrued wages and benefits. . . . .	34,540	4,701	-	39,241	-
Intergovernmental payable . . . . .	27,477	3,929	-	31,406	-
Accrued interest payable. . . . .	203,151	-	-	203,151	-
Claims payable. . . . .	-	-	-	-	75,670
Current portion of general obligation bonds payable . . . . .	160,000	-	-	160,000	-
Current portion of OWDA loans. . . . .	576,449	-	-	576,449	-
Current portion of OPWC loans . . . . .	58,030	-	-	58,030	-
Total current liabilities . . . . .	<u>1,156,470</u>	<u>26,198</u>	<u>3,830</u>	<u>1,186,498</u>	<u>75,670</u>
Long-term liabilities:					
General obligation bonds payable . . . . .	3,985,000	-	-	3,985,000	-
OWDA loans . . . . .	9,686,732	-	-	9,686,732	-
OPWC loans . . . . .	1,330,917	-	-	1,330,917	-
Total long-term liabilities . . . . .	<u>15,002,649</u>	<u>-</u>	<u>-</u>	<u>15,002,649</u>	<u>-</u>
Total liabilities . . . . .	<u>16,159,119</u>	<u>26,198</u>	<u>3,830</u>	<u>16,189,147</u>	<u>75,670</u>
<b>Net assets:</b>					
Invested in capital assets, net of related debt. . . . .	18,211,688	6,289,877	-	24,501,565	-
Unrestricted. . . . .	3,475,276	978,816	308,835	4,762,927	249,092
Total net assets . . . . .	<u>\$ 21,686,964</u>	<u>\$ 7,268,693</u>	<u>\$ 308,835</u>	<u>29,264,492</u>	<u>\$ 249,092</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.				18,766	
Net assets of business-type activities				<u>\$ 29,283,258</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF NORTH CANTON, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Business-type Activities - Enterprise Funds</u>				<b>Governmental</b>
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>	<b>Activities - Internal Service Fund</b>
<b>Operating revenues:</b>					
Charges for services . . . . .	\$ 5,814,481	\$ 2,110,266	\$ 759,547	\$ 8,684,294	\$ 1,347,516
Tap-in fees . . . . .	45,209	50,526	-	95,735	-
Other. . . . .	89,322	6,958	-	96,280	-
Total operating revenues . . . . .	<u>5,949,012</u>	<u>2,167,750</u>	<u>759,547</u>	<u>8,876,309</u>	<u>1,347,516</u>
<b>Operating expenses:</b>					
Personal services . . . . .	1,561,615	364,029	49,822	1,975,466	-
Contract services . . . . .	883,797	1,068,565	641,741	2,594,103	198,904
Materials and supplies . . . . .	499,443	219,005	50,595	769,043	-
Claims. . . . .	-	-	-	-	1,032,262
Depreciation . . . . .	1,572,677	288,591	-	1,861,268	-
Other . . . . .	2,041	-	-	2,041	-
Total operating expenses . . . . .	<u>4,519,573</u>	<u>1,940,190</u>	<u>742,158</u>	<u>7,201,921</u>	<u>1,231,166</u>
Operating income . . . . .	<u>1,429,439</u>	<u>227,560</u>	<u>17,389</u>	<u>1,674,388</u>	<u>116,350</u>
<b>Nonoperating revenues (expenses):</b>					
Interest expense and fiscal charges . . . . .	(569,251)	(4,637)	-	(573,888)	-
Loss on disposal of capital assets. . . . .	(7,812)	-	-	(7,812)	-
Intergovernmental. . . . .	188,670	-	63,655	252,325	-
Total nonoperating revenues (expenses) . . . . .	<u>(388,393)</u>	<u>(4,637)</u>	<u>63,655</u>	<u>(329,375)</u>	<u>-</u>
Income before capital contributions and transfers . . . . .	1,041,046	222,923	81,044	1,345,013	116,350
Capital contributions . . . . .	58,603	-	-	58,603	-
Transfers out . . . . .	(110,261)	(7,423)	-	(117,684)	-
Changes in net assets. . . . .	989,388	215,500	81,044	1,285,932	116,350
<b>Net assets at beginning of year. . . . .</b>	<u>20,697,576</u>	<u>7,053,193</u>	<u>227,791</u>		<u>132,742</u>
<b>Net assets at end of year . . . . .</b>	<u>\$ 21,686,964</u>	<u>\$ 7,268,693</u>	<u>\$ 308,835</u>		<u>\$ 249,092</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.				(11,367)	
Changes in net assets of business-type activities				<u>\$ 1,274,565</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF NORTH CANTON, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Water</b>	<b>Sewer</b>	<b>Garbage</b>	<b>Total</b>	<b>Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>					
Cash received from customers . . . . .	\$ 5,759,068	\$ 2,092,874	\$ 759,072	\$ 8,611,014	\$ -
Cash received from interfund services. . . . .	-	-	-	-	1,347,516
Cash received from tap-in fees . . . . .	45,209	50,526	-	95,735	-
Cash received from other operations. . . . .	89,322	6,958	-	96,280	-
Cash payments for personal services . . . . .	(1,564,431)	(366,969)	(50,541)	(1,981,941)	-
Cash payments for contract services . . . . .	(818,712)	(1,159,495)	(693,451)	(2,671,658)	(198,904)
Cash payments for materials and supplies . . . . .	(497,421)	(219,203)	(50,595)	(767,219)	-
Cash payments for claims . . . . .	-	-	-	-	(999,032)
Cash payments for other expenses . . . . .	(2,041)	-	-	(2,041)	-
Net cash provided by (used in) operating activities. . . . .	<u>3,010,994</u>	<u>404,691</u>	<u>(35,515)</u>	<u>3,380,170</u>	<u>149,580</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers out to other funds . . . . .	(110,261)	(7,423)	-	(117,684)	-
Noncapital grants received. . . . .	-	-	54,415	54,415	-
Net cash provided by (used in) noncapital financing activities . . . . .	<u>(110,261)</u>	<u>(7,423)</u>	<u>54,415</u>	<u>(63,269)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets. . . . .	(1,668,757)	(190,379)	-	(1,859,136)	-
Capital grants received . . . . .	188,670	-	-	188,670	-
Principal payments - bonds. . . . .	(155,000)	-	-	(155,000)	-
Principal payments - OWDA loans . . . . .	(550,019)	-	-	(550,019)	-
Principal payments - OPWC loans . . . . .	(51,045)	-	-	(51,045)	-
Principal payments - notes. . . . .	-	(175,000)	-	(175,000)	-
OPWC loans received. . . . .	419,088	-	-	419,088	-
Interest and fiscal charges - bonds . . . . .	(172,978)	-	-	(172,978)	-
Interest and fiscal charges - OWDA loans . . . . .	(395,994)	-	-	(395,994)	-
Interest and fiscal charges - notes . . . . .	-	(7,853)	-	(7,853)	-
Net cash used in capital and related financing activities . . . . .	<u>(2,386,035)</u>	<u>(373,232)</u>	<u>-</u>	<u>(2,759,267)</u>	<u>-</u>
Net increase in cash and investments. . . . .	514,698	24,036	18,900	557,634	149,580
<b>Cash and investments at beginning of year . . . . .</b>	<u>2,155,358</u>	<u>673,790</u>	<u>257,648</u>	<u>3,086,796</u>	<u>175,182</u>
<b>Cash and investments at end of year . . . . .</b>	<u>\$ 2,670,056</u>	<u>\$ 697,826</u>	<u>\$ 276,548</u>	<u>\$ 3,644,430</u>	<u>\$ 324,762</u>

- - continued

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

	<u>Business-type Activities - Enterprise Funds</u>				<b>Governmental Activities - Internal Service Fund</b>
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>	
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>					
Operating income . . . . .	\$ 1,429,439	\$ 227,560	\$ 17,389	\$ 1,674,388	\$ 116,350
Adjustments:					
Depreciation. . . . .	1,572,677	288,591	-	1,861,268	-
Changes in assets and liabilities:					
(Increase) in accounts receivable . . . . .	(54,041)	(21,229)	(475)	(75,745)	-
(Increase) decrease in special assessments . . . . .	(1,372)	3,837	-	2,465	-
(Increase) in materials and supplies inventory . . . . .	(12,866)	(497)	-	(13,363)	-
(Increase) decrease in prepayments. . . . .	2,289	(740)	6	1,555	-
Increase in accounts payable. . . . .	48,520	16,793	3,766	69,079	-
Increase (decrease) in contracts payable . . . . .	30,292	(10,218)	(55,482)	(35,408)	-
Increase in accrued wages and benefits . . . . .	9,059	1,416	-	10,475	-
(Decrease) in intergovernmental payable. . . . .	(13,003)	(100,822)	(719)	(114,544)	-
Increase in claims payable . . . . .	-	-	-	-	33,230
Net cash provided by (used in) operating activities. . . . .	<u>\$ 3,010,994</u>	<u>\$ 404,691</u>	<u>\$ (35,515)</u>	<u>\$ 3,380,170</u>	<u>\$ 149,580</u>

**Non-cash transactions:**

During 2008, the water fund received capital contributions of \$58,603 from governmental activities.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF NORTH CANTON, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUND  
DECEMBER 31, 2008

	<u>Agency</u>
<b>Assets:</b>	
Cash and cash equivalents in segregated accounts . . .	\$ 48,089
Total assets . . . . .	<u>\$ 48,089</u>
<b>Liabilities:</b>	
Deposits held and due to others. . . . .	\$ 48,089
Total liabilities . . . . .	<u>\$ 48,089</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



## CITY OF NORTH CANTON, OHIO

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

#### NOTE 1 - DESCRIPTION OF THE CITY

The City was incorporated as a village in 1831 and became a city in 1962. The City of North Canton ("The City") is a charter municipal corporation, incorporated under the laws of the State of Ohio. The City operates under a "Mayor-Administrator-Council" form of government. Elected officials include seven council members and a mayor.

#### **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 of North Canton this includes the departments that provide the following services: police, fire, emergency medical, parks and recreation, water and sewer, rubbish collection, street construction, maintenance and repair and general administrative services.

The Mayor is an elected official who has a fiduciary responsibility for the collection and disbursement of Mayor's Court fees and fines. This activity has been included in the City's financial statements as a special revenue fund.

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 organization; 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 one component unit.

***Community Improvement Corporation (CIC)*** - The City of North Canton Community Improvement Corporation was formed pursuant to Ordinance 103-80 passed October 28, 1980. The CIC was designated as the not-for-profit agency of the City for industrial, commercial, distribution and research development. The membership of the CIC was expanded in 2005 and now includes the Mayor, Director of Administration, Director of Finance, President of Council, Chairperson of Council's Community and Economic Development Committee, one additional member appointed by Council and two members appointed by the Mayor. The CIC is also dependent on the City for financial support and is therefore presented as a component unit of the City. Financial statements can be obtained from the Director of Finance, Community Improvement Corporation, 145 North Main Street, North Canton, Ohio 44720.

The City participates in two jointly governed organizations, the Stark Council of Governments and the Stark County Combined General Health District. These organizations are described in Note 19 of the Basic Financial Statements.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the component unit is presented in Note 21.

## CITY OF NORTH CANTON, OHIO

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

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### **A. Basis of Presentation**

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

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

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

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

**CITY OF NORTH CANTON, OHIO**

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

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

**B. 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. The City's funds are classified as either governmental, proprietary or fiduciary.

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

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

**Emergency Medical Services Levy fund** - The emergency medical services levy fund accounts for property taxes levied for the partial operation of the emergency medical service department.

**Capital improvements capital projects fund** - The capital improvements capital projects fund accounts for various capital projects financed by the City income tax revenue.

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

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

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

**Water fund** - This fund accounts for the treatment and provision of water to the residents and commercial users of the City and certain residents of the County.

**Sewer fund** - This fund accounts for the sanitary sewer services provided to the residents and commercial users of the City and certain residents of the County.

**Garbage fund** - This fund accounts the garbage service provided by a successful bidder for the residential users of the City.

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

**CITY OF NORTH CANTON, OHIO**

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

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

*Fiduciary Funds* - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The City's only agency fund is used to keep track of required deposits.

**C. 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 liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

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

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

**D. 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; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**CITY OF NORTH CANTON, OHIO**

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

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

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

Non-exchange 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. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 5) 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 non-exchange 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 and motor vehicle license fees), fines and forfeitures, interest, grants and rentals.

**Unearned Revenue and Deferred Revenue** - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as unearned revenue. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, emergency medical service billings, interest and delinquent property taxes due at December 31, 2008, are recorded as deferred revenue on the governmental fund financial statements.

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

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

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

**CITY OF NORTH CANTON, OHIO**

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

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

**E. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. Budgetary information for the Mayor's Court special revenue fund is not maintained because it is not included in the entity for which the "appropriated budget" is adopted. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, 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 resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund level for all funds. Budgetary modification may only be made by resolution of the City Council at the legal level of control. Budgetary statements are presented beyond that legal level of control 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 when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Council.

The appropriation resolution 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 resolution 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.

**F. Cash and Investments**

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

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City treasury.

Funding of the Community Improvement Corporation (CIC) is included on the financial statements as "cash and cash equivalents with escrow agent".

During 2008, investments were limited to Federal Home Loan Bank Discount Notes, Federal Home Loan Mortgage Corporation Discount Notes, Federal National Mortgage Association bonds, a First American Treasury obligation, the State Treasury Asset Reserve of Ohio (STAR Ohio) and repurchase agreements.

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

**CITY OF NORTH CANTON, OHIO**

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

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on December 31, 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2008 amounted to \$289,131, which includes \$196,258 assigned from other City funds.

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

**H. Inventory**

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

**I. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$1,500. 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 capital assets utilized by the enterprise funds is also capitalized.

**CITY OF NORTH CANTON, OHIO**

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

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

All reported capital assets except land and construction in progress are depreciated. 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 or necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Land Improvements	20 years	10 - 40 years
Buildings	20 - 50 years	20 - 50 years
Equipment	10 - 15 years	3 - 15 years
Infrastructure	20 - 50 years	40 years

The City's infrastructure consists of a streets subsystem, a storm sewers subsystem, a bridge subsystem, and water and sewer lines including infrastructure acquired before December 31, 1980.

**J. Interfund Balances**

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

**K. Compensated Absences**

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

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

**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 funds financial statements.



**CITY OF NORTH CANTON, OHIO**

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

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

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 are recognized as a liability on the governmental fund financial statements when due.

**M. Fund Balance Reserve and Designation**

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditures. As a result, a fund balance reserve has been established for encumbrances. Designations represent tentative plans for future use of financial resources. The general fund has funds designated for future payments to the Community Improvement Corporation totaling \$957,000.

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$2,517,838 of restricted net assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes include monies for law enforcement, education and mayor's court.

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

**O. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are for water, sewer, garbage and recycling and self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the funds. All revenues and expenses not meeting these definitions are reported as non-operating.

**P. Contributions of Capital**

Contributions of capital in governmental activities and proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, from grants or outside contributions of resources restricted to capital acquisition and construction, or from other funds within the City. The City's governmental activities received \$71,944 in capital contributions from the water fund. The City's water fund received \$58,603 in capital contributions from governmental activities.

**CITY OF NORTH CANTON, OHIO**

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

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

**Q. Internal Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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.

**R. Estimates**

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

**S. 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. Neither type of transaction occurred during 2008.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For 2008, the City has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessment and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the City.

**B. Deficit Fund Balance**

One fund balance at December 31, 2008, had a fund deficit. The municipal road fund (a nonmajor governmental fund) had a deficit of \$32,410 due to the recognition of expenditures on a modified accrual basis of accounting which were substantially greater than the expenditures recognized on a cash basis. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**CITY OF NORTH CANTON, OHIO**

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

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

**C. Restatement of Fund Balance**

A prior period adjustment is required to properly report the manuscript note which was previously reported as an investment (asset) and liability (for the short-term portion) of the general fund. The manuscript note investment and the related debt obligation should be reported as interfund activity which, when recorded in the same fund, should be eliminated for reporting on the financial statements.

The December 31, 2007 fund balance of the general fund has been restated to remove the manuscript note investment (\$1,200,000), the short-term manuscript note fund liability (\$300,000) and the accrued interest receivable (\$32,809) and the accrued interest payable (\$24,675) related to the manuscript note that were previously reported in the general fund. The net effect of the prior period adjustment on the fund balance of the general fund as previously reported is a decrease of \$891,866. The prior period adjustment had the following effect on the City's general fund balance as previously reported:

	<u>General</u>
Fund balance as previously reported	\$ 4,571,707
Effect of removing manuscript note investment, liability and related accrued interest receivable and accrued interest payable	<u>(891,866)</u>
Restated fund balance at December 31, 2007	<u>\$ 3,679,841</u>

The prior period adjustment did not have an effect on the net assets as previously reported by the governmental activities at December 31, 2007. See Notes 15 and 16 for the effect of the prior period adjustment on the balances previously reported as notes payable and long-term liabilities at December 31, 2007.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Monies held by the City are classified by State Statute 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 that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must 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 NORTH CANTON, OHIO**

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

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

Interim monies may be deposited or invested in the following:

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;
6. The State Treasurer's investment pool (STAR Ohio);
7. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the City's interim monies available for investment; and,
8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

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

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 moneys deposited with the institution.

**CITY OF NORTH CANTON, OHIO**

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash in Segregated Accounts**

At year-end, the City had monies held outside of the City treasury. These depository accounts were established for the general trust fund (a nonmajor governmental fund), the law enforcement trust fund (a nonmajor governmental fund), Mayor's Court fund (a nonmajor governmental fund) and for deposit and construction escrow (agency fund). These depository accounts are included in "deposits with financial institutions" below.

**B. Deposits with Financial Institutions**

At December 31, 2008, the carrying amount of all City deposits was \$1,025,700 exclusive of the \$640,000 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2008, \$777,932 of the City's bank balance of \$1,096,982 was exposed to custodial risk as discussed below, while \$319,050 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

**CITY OF NORTH CANTON, OHIO**

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

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

**C. Investments**

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FHLB discount notes	\$ 915,303	\$ -	\$ 537,259	\$ 378,044	\$ -	\$ -
FHLMC discount notes	259,456	159,776	99,680	-	-	-
FNMA	23,101	-	-	-	-	23,101
First American Treasury obligation	14,661	14,661	-	-	-	-
Repurchase agreement	640,000	640,000	-	-	-	-
STAR Ohio	<u>6,668,568</u>	<u>6,668,568</u>	-	-	-	-
Total	<u>\$ 8,521,089</u>	<u>\$ 7,483,005</u>	<u>\$ 636,939</u>	<u>\$ 378,044</u>	<u>\$ -</u>	<u>\$ 23,101</u>

The weighted average of maturity of investments is 0.19 years.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The City's investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAm money market rating. The City limits its investments to those authorized by State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the City's name. Of the City's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the City. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Director of Finance or qualified trustee.

**CITY OF NORTH CANTON, OHIO**

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

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

*Concentration of Credit Risk:* The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB discount note	\$ 915,303	10.74
FHLMC discount note	259,456	3.04
FNMA	23,101	0.27
First American Treasury obligation	14,661	0.17
Repurchase agreement	640,000	7.51
STAR Ohio	<u>6,668,568</u>	<u>78.27</u>
Total	<u>\$ 8,521,089</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Assets**

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,025,700
Investments	<u>8,521,089</u>
Total	<u>\$ 9,546,789</u>

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 5,854,270
Business-type activities	3,644,430
Agency fund	<u>48,089</u>
Total	<u>\$ 9,546,789</u>

**NOTE 5 - PROPERTY TAXES**

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

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

**CITY OF NORTH CANTON, OHIO**

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

**NOTE 5 - PROPERTY TAXES - (Continued)**

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

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

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

The full tax rate for all City operations for the year ended December 31, 2008 was \$5.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 304,274,660
Commercial/industrial/mineral	83,600,100
Tangible personal property	8,547,249
Public utility	<u>5,829,460</u>
Total assessed value	<u>\$ 402,251,469</u>

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2008, consisted primarily of municipal income taxes, property and other taxes and intergovernmental receivables arising from grants, entitlements, and shared revenues, special assessments, accrued interest on investments and accounts (billings for utility service).

An allowance for doubtful accounts in the amount of \$41,250 has been recorded for accounts that are expected to be uncollectible. All receivables except for delinquent property taxes and special assessments are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.



**CITY OF NORTH CANTON, OHIO**

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

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

Special assessments expected to be collected in more than one year amount to \$105,263. At December 31, 2008, the amount of delinquent special assessments was \$10,590.

**A. Intergovernmental Receivable**

A summary of intergovernmental receivables follows:

**Governmental activities:**

Estate tax	\$ 431,293
Local government	364,807
Homestead and rollback	74,239
Street construction, maintenance and repair	345,349
Fire operating levy	7,779
Emergency medical services	15,557
Storm sewer levy	15,557
Street levy	15,557
Municipal road	<u>39,662</u>
Total governmental activities	<u>\$ 1,309,800</u>

**Business-type activities:**

Garbage	<u>\$ 31,828</u>
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**B. Municipal Income Taxes**

The City levies a municipal income tax of 1.5 percent on all income earned within the City as well as on income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent on the income earned outside of the City and paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City either on a monthly basis or quarterly basis, depending on the tax liability. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually.

According to the City's Income Tax Ordinance, income tax revenues are to be allocated as follows: after paying all costs associated with the operation of the income tax department, the balance of the first 1.0 percent is to be allocated 30 percent to the capital improvement fund and 70 percent to the general fund. The remaining 0.5 percent shall be allocated for the payment of debt service on bonds outstanding and to the extent not so appropriated, for general municipal operations and capital improvements as determined by Council. Additional increases in the income tax rate would require voter approval.

**CITY OF NORTH CANTON, OHIO**

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

**NOTE 7 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2008, the City contracted with Houston Casualty Company for general liability, buildings and contents, automobile, crime, contractor's equipment, public officials' liability and police and professional liability insurance. Travelers Property Casualty Company of America provides coverage for boiler and machinery, while Hartford Life and Accident covers emergency medical service and fire, accidental disability and death insurance. The City also purchases umbrella coverage from Houston Casualty Company with a general aggregate of \$5,000,000. Ohio Farmers provides performance bonds for all officials.

Public officials liability has a deductible of \$10,000, building and contents have a deductible of \$1,000, and vehicles have a \$500 deductible for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a 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 has elected to provide employee medical/surgical benefits through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical/surgical plan with a \$100 single and \$200 family deductible for in-network providers and a \$250 single and \$500 family deductible for out-of-network providers. The City uses a third party administrator to review, process and pay all claims on behalf of the City.

The City purchases stop-loss coverage for claims in excess of \$40,000 per employee per year and an aggregate of \$1,000,000. The City pays into the self-insurance internal service fund \$1,058 for family coverage or \$406 for individual coverage per employee per month which represents the entire premium required. This premium is paid by the fund that pays the salary of the employee and is based on historical cost information.

The claims liability of \$75,670 reported in the internal service fund at December 31, 2008 is estimated by a third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amounts in 2007 and 2008 are:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2008	\$ 42,440	\$ 1,032,262	\$ (999,032)	\$ 75,670
2007	53,341	1,083,692	(1,094,593)	42,440

**CITY OF NORTH CANTON, OHIO**

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

**NOTE 8 - OPERATING LEASE**

In July 2003, the City acquired the premises known as Arrowhead Country Club for \$4.2 million. This area, approximately 105 acres, includes a golf course, clubhouse and pool. The City intends to keep the property operating as a golf course. In December 2003, the City entered into a triple-net lease agreement with a golf course operator effective January 1, 2004. A triple-net lease means the lessee is responsible for operations, insurance and taxes. The initial lease agreement was for five years with an option to extend. Upon the expiration of the original agreement, a new lease agreement was entered into in December 2008 with a golf course operator, R&S Golf Properties, Inc. The new lease agreement is for an initial term of three years with an option to extend it an additional three years. The lessee is responsible for the complete operations of the golf course and clubhouse. The lessee is also required to make \$80,000 in capital improvements in each of the first three years of the lease.

The assets involved in the lease are as follows:

	<u>Governmental Activities</u>
Asset:	
Land	\$ 1,780,214
Buildings	1,648,340
Land improvements	592,759
Equipment	<u>176,749</u>
Subtotal	4,198,062
Less: accumulated depreciation	<u>(508,389)</u>
Total	<u>\$ 3,689,673</u>

The future minimum lease payments under this non-cancelable lease as of December 31, 2008, are the following:

	<u>Minimum Commitment</u>
2009	\$ 100,000
2010	100,000
2011	100,000

**NOTE 9 - CONTRACTUAL COMMITMENTS**

The City had the following contractual commitments outstanding at December 31, 2008:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Amount Outstanding</u>
Bontrager	\$ 217,335	\$ (160,486)	\$ 56,849
Wenger Excavating	404,590	(298,148)	106,442
Stark County Engineer	<u>158,657</u>	<u>(145,290)</u>	<u>13,367</u>
Total Contractual Commitments	<u>\$ 780,582</u>	<u>\$ (603,924)</u>	<u>\$ 176,658</u>

**CITY OF NORTH CANTON, OHIO**

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

**NOTE 10 - CAPITAL ASSETS**

**A. Governmental activities**

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

<b><u>Governmental activities:</u></b>	Balance <u>12/31/07</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/08</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 5,183,113	\$ -	\$ (51,478)	\$ 5,131,635
Construction in progress	<u>347,428</u>	<u>934,998</u>	<u>(711,396)</u>	<u>571,030</u>
Total capital assets, not being depreciated	<u>5,530,541</u>	<u>934,998</u>	<u>(762,874)</u>	<u>5,702,665</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	799,607	113,307	-	912,914
Buildings	6,798,509	156,927	-	6,955,436
Equipment	6,675,949	302,931	-	6,978,880
Infrastructure - streets subsystem	21,618,416	767,284	-	22,385,700
Infrastructure - storm sewers subsystem	8,943,979	217,648	-	9,161,627
Infrastructure - bridge subsystem	<u>203,000</u>	<u>-</u>	<u>-</u>	<u>203,000</u>
Total capital assets, being depreciated	<u>45,039,460</u>	<u>1,558,097</u>	<u>-</u>	<u>46,597,557</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(248,668)	(41,220)	-	(289,888)
Buildings	(3,858,415)	(173,313)	-	(4,031,728)
Equipment	(3,756,617)	(502,470)	-	(4,259,087)
Infrastructure - streets subsystem	(9,970,103)	(1,026,973)	-	(10,997,076)
Infrastructure - storm sewers subsystem	(3,241,706)	(203,374)	-	(3,445,080)
Infrastructure - bridge subsystem	<u>(130,019)</u>	<u>(5,741)</u>	<u>-</u>	<u>(135,760)</u>
Total accumulated depreciation	<u>(21,205,528)</u>	<u>(1,953,091)</u>	<u>-</u>	<u>(23,158,619)</u>
Total capital assets, being depreciated, net	<u>23,833,932</u>	<u>(394,994)</u>	<u>-</u>	<u>23,438,938</u>
Governmental activities capital assets, net	<u>\$ 29,364,473</u>	<u>\$ 540,004</u>	<u>\$ (762,874)</u>	<u>\$ 29,141,603</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 148,927
Police	92,900
Fire	138,757
Public health and welfare	65,574
Transportation	1,156,348
Community environment	25,277
Leisure time activities	121,540
Basic utility services	<u>203,768</u>
Total depreciation expense - governmental activities	<u>\$ 1,953,091</u>

**CITY OF NORTH CANTON, OHIO**

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

**NOTE 10 - CAPITAL ASSETS - (Continued)**

**B. Business-type activities**

Business-type activities capital asset activity for 2008 is as follows:

<u>Business-type activities:</u>	<u>Balance</u> <u>12/31/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/08</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 909,984	\$ 50,218	\$ -	\$ 960,202
Construction in progress	<u>367,731</u>	<u>1,514,875</u>	<u>(1,326,539)</u>	<u>556,067</u>
Total capital assets, not being depreciated	<u>1,277,715</u>	<u>1,565,093</u>	<u>(1,326,539)</u>	<u>1,516,269</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	582,252	-	-	582,252
Buildings	17,190,175	177,220	-	17,367,395
Equipment	5,741,281	98,760	(11,605)	5,828,436
Infrastructure - water lines	24,090,074	999,990	-	25,090,064
Infrastructure - sewer lines	<u>11,697,528</u>	<u>403,215</u>	<u>-</u>	<u>12,100,743</u>
Total capital assets, being depreciated	<u>59,301,310</u>	<u>1,679,185</u>	<u>(11,605)</u>	<u>60,968,890</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(70,621)	(20,870)	-	(91,491)
Buildings	(4,904,244)	(507,345)	-	(5,411,589)
Equipment	(1,892,431)	(473,859)	3,793	(2,362,497)
Infrastructure - water lines	(7,573,292)	(615,386)	-	(8,188,678)
Infrastructure - sewer lines	<u>(5,888,403)</u>	<u>(243,808)</u>	<u>-</u>	<u>(6,132,211)</u>
Total accumulated depreciation	<u>(20,328,991)</u>	<u>(1,861,268)</u>	<u>3,793</u>	<u>(22,186,466)</u>
Total capital assets, being depreciated, net	<u>38,972,319</u>	<u>(182,083)</u>	<u>(7,812)</u>	<u>38,782,424</u>
Business-type activities capital assets, net	<u>\$ 40,250,034</u>	<u>\$ 1,383,010</u>	<u>\$ (1,334,351)</u>	<u>\$ 40,298,693</u>

Depreciation expense was charged to the business-type funds as follows:

Water	\$ 1,572,677
Sewer	<u>288,591</u>
Total depreciation expense - business-type activities:	<u>\$ 1,861,268</u>

**CITY OF NORTH CANTON, OHIO**

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

**NOTE 11 - PENSION PLANS**

**A. Ohio Public Employees Retirement System**

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and contribution rates were consistent across all three plans. The 2008 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%.

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

The City's contribution rate for pension benefits for 2008 was 7.00%, except for those plan members in law enforcement and public safety. For those classifications, the City's pension contributions were 10.40% of covered payroll. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2008, 2007, and 2006 were \$342,009, \$432,875 and \$448,073, respectively; 92.35% has been contributed for 2008 and 100% has been contributed for 2007 and 2006.

**B. Ohio Police and Fire Pension Fund**

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

**CITY OF NORTH CANTON, OHIO**

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

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

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2008, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$194,159 and \$27,662 for the year ended December 31, 2008, \$178,825 and \$26,162 for the year ended December 31, 2007 and \$190,940 for police officers for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 75.28% has been contributed for police and firefighters for 2008.

**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 writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

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

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

**CITY OF NORTH CANTON, OHIO**

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

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$342,009, \$285,128 and \$219,166, respectively; 92.35% has been contributed for 2008 and 100% has been contributed for 2007 and 2006.

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

**B. Ohio Police and Fire Pension Fund**

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

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

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

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

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

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

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



**CITY OF NORTH CANTON, OHIO**

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

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

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$102,790 and \$10,824 for the year ended December 31, 2008, \$117,948 and \$12,477 for the year ended December 31, 2007 and \$125,939 for police officers for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 75.28% has been contributed for police and firefighters for 2008.

**NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS**

**A. Compensated Absences**

City employees are granted vacation and sick leave in varying amounts. In the event of separation, an employee is paid 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 three weeks accrual at year-end. Any unused excess is eliminated from the employee's leave balance. In case of death, termination, lay-off, or retirement, an employee (or his estate) is paid for his unused vacation to a maximum of three weeks carry-over from the previous year plus any current year accrual.

Sick leave is earned for all full time employees at the rate of 4.6 hours per pay with the exception of full time employees of emergency medical services who receive 6.15 hours per pay. Employees, at the time of retirement, are paid for 50 percent of their accumulated sick leave.

**B. Insurance**

The City provides life insurance and accidental death and dismemberment insurance to its employees through Sun Life Assurance Company of Canada.

**NOTE 14 - CAPITAL LEASE**

In prior years, the City entered into leases for a ladder truck, street sweeper and ambulances. These leases meet the criteria for capital leases as defined by FASB Statement No. 13, "Accounting for Leases." Assets acquired through a capital lease were capitalized at the present value of the minimum lease payments at the time the lease was entered into.

The assets acquired through capital leases are as follows:

	Governmental activities
Asset:	
Equipment	\$ 1,242,221
Less: accumulated depreciation	<u>(159,754)</u>
Total	<u><u>\$ 1,082,467</u></u>

**CITY OF NORTH CANTON, OHIO**

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

**NOTE 14 - CAPITAL LEASE – (Continued)**

The leases provide for minimum, annual lease payments as follows:

	Governmental Activities
2009	\$ 277,116
2010	251,341
2011	171,067
Total minimum lease payments	699,524
Less: amount representing interest	(52,287)
Present value of minimum lease payments	\$ 647,237

**NOTE 15 - NOTES PAYABLE**

Notes payable at December 31, 2007 have been restated as described in Note 3.C. Changes in the City's note activity for the year ended December 31, 2008, were as follows.

	Restated Balance 12/31/2007	Issued	Retired	Balance 12/31/2008
<b>Governmental activities:</b>				
Various improvement note	\$ 750,000	\$ -	\$ (750,000)	\$ -
<b>Business-type activities:</b>				
Sewer system improvement note	\$ 175,000	\$ -	\$ (175,000)	\$ -

All notes were backed by the full faith and credit of the City and mature within one year.

In August 2007, the City issued \$750,000 in various purpose notes for street improvements. These notes were issued at a rate of 4.50 percent and matured in August 2008. All of the proceeds have been spent as of December 31, 2008.

The sewer system improvement note's liability of \$175,000 was issued at a rate of 4.50 percent and matured in August 2008. All of the proceeds have been spent as of December 31, 2008.

**CITY OF NORTH CANTON, OHIO**

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

**NOTE 16 - LONG-TERM OBLIGATIONS**

<u>Debt Issued</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
<b>Business-type activities:</b>			
<b>OWDA loans</b>			
Water storage system 2000	6.41%	\$ 1,000,000	July 1, 2010
Water treatment plant improvement 2003	3.65	6,789,904	July 1, 2024
Water treatment plant improvement 2004	3.76	3,022,687	July 1, 2025
Water treatment backwash tank 2005	3.25	1,670,933	January 1, 2026
<b>OPWC loans</b>			
Booster pump station 2007	0	1,020,904	January 1, 2028
Applegrove waterline 2008	0	419,088	January 1, 2039
<b>Other long-term liabilities</b>			
Bonds payable - water system 2007	4.0 - 4.125	4,415,000	December 1, 2026

Governmental activities long-term obligations have been restated at December 31, 2007 as described in Note 3.C. The changes in long-term obligations during the year were as follows:

	<u>Restated Balance 12/31/2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/2008</u>	<u>Amounts Due in One Year</u>
<b>Business-type activities:</b>					
<b>OWDA loans</b>					
Water storage system	\$ 368,519	\$ -	\$ (115,190)	\$ 253,329	\$ 122,691
Water treatment plant improvement	6,056,719	-	(262,616)	5,794,103	272,288
Water treatment plant improvement	2,811,389	-	(111,701)	2,699,688	115,940
Water treatment backwash tank	1,576,573	-	(60,512)	1,516,061	65,530
Total OWDA loans	<u>10,813,200</u>	<u>-</u>	<u>(550,019)</u>	<u>10,263,181</u>	<u>576,449</u>
<b>OPWC loans</b>					
Booster pump station	1,020,904	-	(51,045)	969,859	51,045
Applegrove waterline	-	419,088	-	419,088	6,985
Total OPWC loans	<u>1,020,904</u>	<u>419,088</u>	<u>(51,045)</u>	<u>1,388,947</u>	<u>58,030</u>
<b>Other long-term liabilities</b>					
General obligation bonds - 4.0-4.125%	4,300,000	-	(155,000)	4,145,000	160,000
Total business-type activities	<u>\$ 16,134,104</u>	<u>\$ 419,088</u>	<u>\$ (756,064)</u>	<u>\$ 15,797,128</u>	<u>\$ 794,479</u>
<b>Governmental activities:</b>					
<b>Long-term liabilities</b>					
Compensated absences	\$ 1,807,389	\$ 74,259	\$ (127,357)	\$ 1,754,291	\$ 19,746
Capital lease	934,433	-	(287,196)	647,237	249,111
Total governmental activities	<u>\$ 2,741,822</u>	<u>\$ 74,259</u>	<u>\$ (414,553)</u>	<u>\$ 2,401,528</u>	<u>\$ 268,857</u>

**CITY OF NORTH CANTON, OHIO**

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

**NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)**

In February 2000, the City entered into a \$1,000,000 loan agreement with the Ohio Water Development Authority (OWDA) for the purpose of financing the construction of an underground water storage system. The 6.41 percent loan is to be repaid over a ten-year period from the water fund.

In January 2003, the City was approved for a construction loan through the Water Supply Revolving Loan Fund, which is administered by the Ohio Environmental Protection Agency, for the purpose of funding the improvements and upgrades to the City's Water Treatment Plant. The loan, which is administered by the Ohio Water Development Authority, is at a rate of 3.65 percent and is to be repaid over 20 years. The total amount of the loan, including capitalized interest, was \$7.2 million. In January, 2004, the City received a construction loan through the Water Supply Revolving Loan Fund for the purpose of funding the expansion to the City's Water Treatment Plant. The loan is at a rate of 3.76 percent and is to be repaid over 20 years. The total amount of the loan was for \$3.0 million, repayments began in 2005. In July, 2005, the City received a construction loan through the Water Supply Revolving Loan Fund for the purpose of funding the expansion to the City's Water Treatment Plant. The loan is at a rate of 3.25 percent for \$1.7 million and is to be repaid over 20 years.

The City has pledged future water revenues to repay OWDA loans. The loans are payable solely from water fund revenues and are payable through 2026. Annual principal and interest payments on the loans are expected to require 31.51 percent of net revenues and 15.90 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$13,653,007. Principal and interest paid for the current year were \$946,013, total net revenues were \$3,002,116 and total revenues were \$5,949,012.

The Ohio Public Works Commission (OPWC) loans are for the construction of a booster pump station and the Applegrove waterline. Both loans are zero interest loans and the booster pump station will be repaid over 20 years while the Applegrove waterline will be repaid over 30 years. These loan liabilities are reflected in the water fund which received the proceeds. These loans are payable solely from water fund revenues.

Long-term general obligation bonds were issued in 2007 in the amount of \$4,415,000 at interest rates that vary from 4.0 to 4.125 percent for the purpose of retiring the long-term water system notes. The bonds were issued for a twenty year period with final maturity in December 2026. The bonds are backed by the full faith and credit of the City and will be repaid from water revenues.

The compensated absences liability will be paid out of the compensated absences special revenue fund.

**CITY OF NORTH CANTON, OHIO**

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

**NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)**

Principal and interest requirements to retire the outstanding debt at December 31, 2008, are as follows:

Year Ending December 31,	Ohio Public Works Commission			OWDA Water Loans		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 58,030	\$ -	\$ 58,030	\$ 576,449	\$ 372,500	\$ 948,949
2010	65,015	-	65,015	600,973	347,933	948,906
2011	65,015	-	65,015	487,520	324,435	811,955
2012	65,015	-	65,015	505,332	306,623	811,955
2013	65,015	-	65,015	523,796	288,158	811,954
2014 - 2018	325,075	-	325,075	2,920,497	1,139,284	4,059,781
2019 - 2023	325,075	-	325,075	3,494,755	565,017	4,059,772
2024 - 2028	274,034	-	274,034	1,153,859	45,876	1,199,735
2029 - 2033	69,850	-	69,850	-	-	-
2034 - 2038	69,850	-	69,850	-	-	-
2039	6,973	-	6,973	-	-	-
Total	<u>\$ 1,388,947</u>	<u>\$ -</u>	<u>\$ 1,388,947</u>	<u>\$ 10,263,181</u>	<u>\$ 3,389,826</u>	<u>\$ 13,653,007</u>

Year Ending December 31,	Water System General Obligation Bonds		
	Principal	Interest	Total
2009	\$ 160,000	\$ 166,777	\$ 326,777
2010	170,000	160,377	330,377
2011	175,000	153,577	328,577
2012	180,000	146,577	326,577
2013	200,000	139,377	339,377
2014 - 2018	1,050,000	576,885	1,626,885
2019 - 2023	1,310,000	345,288	1,655,288
2024 - 2026	900,000	74,851	974,851
Total	<u>\$ 4,145,000</u>	<u>\$ 1,763,709</u>	<u>\$ 5,908,709</u>

From time to time, the City has issued Industrial Revenue Bonds to provide assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans; ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2008, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$13,215,000.

**CITY OF NORTH CANTON, OHIO**

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

**NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)**

**Legal Debt Margin**

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2008, the City's total debt margin was \$41,378,710 and the unvoted debt margin was \$21,674,562.

**NOTE 17 - INTERFUND TRANSFERS**

The general fund transfers monies to other funds for general operations. The general fund and other funds from which employee wages are paid transfer monies to the compensated absences fund to pay for sick and vacation leave.

<u>Transfer to</u>	Transfer from					<u>Total</u>
	<u>General</u>	<u>Emergency Medical Services Levy</u>	<u>Nonmajor funds</u>	<u>Water</u>	<u>Sewer</u>	
<b>Major funds</b>						
Emergency medical services						
levy fund	\$ 800,000	\$ -	\$ -	\$ -	\$ -	\$ 800,000
Capital improvements fund	6,060	-	-	-	-	6,060
<b>Nonmajor funds</b>						
Street construction, maintenance						
and repair fund	400,000	-	-	-	-	400,000
Fire operating levy fund	530,000	-	-	-	-	530,000
Compensated absences fund	116,624	14,204	23,432	38,317	7,423	200,000
Due to total	\$1,852,684	\$ 14,204	\$ 23,432	\$ 38,317	\$ 7,423	\$ 1,936,060

Transfers between governmental funds are eliminated on the government-wide financial statements. Transfers between governmental funds and business-type activities are presented as transfers on the statement of activities and include capital contribution activity between governmental funds and business-type activities as described in Note 2.P.

**CITY OF NORTH CANTON, OHIO**

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

**NOTE 18 - BUDGETARY BASIS OF ACCOUNTING**

While the City is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances - budget (non-GAAP basis) and actual presented for the general fund and major special revenue 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:

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

Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis are as follows:

<b>Net Change in Fund Balance</b>		
	<u>General</u>	<u>Emergency Medical Services Levy</u>
Budget basis	\$ (929,925)	\$ (72,004)
Adjustment for revenue accruals	(97,055)	(142,698)
Adjustment for expenditure accruals	1,290,074	(5,120)
Adjustment for other sources/uses	(900,000)	-
Adjustment for encumbrances	<u>94,121</u>	<u>6,197</u>
GAAP basis	<u>\$ (542,785)</u>	<u>\$ (213,625)</u>

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

***Stark Council of Governments***

The City participates in the Stark Council of Governments (the "Council") which is a statutorily created political subdivision of the State. The Council is jointly governed among Stark County and its municipalities and townships which direct the operations of the Stark County Metropolitan Narcotics Unit and the Stark County Crime Laboratory. Of the 27 Board Members, the City has one appointed member. Each member's control over the operation of the Council is limited to its representation on the Board. The Board exercises total authority over the operation of the Council including budgeting, appropriation, contracting, and designating management. The City does not have an equity interest in the Council. The Council is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City did not contribute any funds to the Council in 2008. Complete financial statements can be obtained from the Stark Council of Governments, P.O. Box 21451 Canton, Ohio 44701-1451.

**CITY OF NORTH CANTON, OHIO**

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

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS – (Continued)**

***Stark County Combined General Health District***

The City participates in the Stark County Combined General Health District (the "Health District") which is a statutorily created political subdivision of the State. The Health District is jointly governed by Stark County townships, villages, the City of Louisville, and the City of North Canton. Of the 7 Board Members, the City has one appointed member. The Board is made up of various professionals who are equally representative of the general health district. The Board exercises total authority over the operation of the Health District including budgeting, appropriation, contracting, and designating management. The City does not have an equity interest in the Health District. The Health District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City contributed \$94,238 to the Health District in 2008. Complete financial statements can be obtained from the Stark County Combined General Health District, 3951 Convenience Circle NW, Canton, Ohio 44718.

**NOTE 20 - LITIGATION**

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

**NOTE 21 - NORTH CANTON COMMUNITY IMPROVEMENT CORPORATION**

The City of North Canton Community Improvement Corporation (the "CIC") was formed pursuant to Ordinance 103-80 passed October 28, 1980 and incorporated as a corporation not-for-profit under Title XVII, Chapters 1702 and 1724 of the Ohio Revised Code for the purpose to advance, encourage, and promote industrial, economic, commercial and civic development of the City of North Canton. The CIC has been designated as the City of North Canton's agent for industrial and commercial distributions and research development.

The City of North Canton (the "City") is a charter municipal corporation incorporated under the laws of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", the City's financial statements include all organizations, activities and functions which comprise the primary government and those legally separate entities for which the City is financially accountable. The CIC is discretely presented as a component unit of the City of North Canton. Financial accountability is defined as the appointment of a voting majority of the unit's Board and either 1) the City's ability to impose its will over the unit, or 2) the possibility that the unit will provide a financial benefit or impose a financial burden to the City. The CIC is a legally separate entity and is reported by the City as a discretely presented component unit in its basic financial statements. The CIC does not include any other units in its presentation.

**Summary of Significant Accounting Policies**

The basic financial statements (BFS) of the CIC have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.



**CITY OF NORTH CANTON, OHIO**

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

**NOTE 21 - NORTH CANTON COMMUNITY IMPROVEMENT CORPORATION - (Continued)**

The CIC's significant accounting policies are described below.

**A. Basis of Accounting**

The financial statements of the CIC are prepared using the accrual basis of accounting.

**B. Federal Income Tax**

The City of North Canton Community Improvement Corporation is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

**C. Cash**

All monies received by the CIC are deposited in a demand deposit account.

**D. Capital Assets and Depreciation**

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The CIC maintains a capitalization threshold of \$500. The CIC does not have any infrastructure. 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 capitalized.

All capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method. Land improvements and equipment are depreciated over five to forty years.

**E. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The CIC has no restricted net assets.

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

**F. Estimates**

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

**CITY OF NORTH CANTON, OHIO**

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

**NOTE 21 - NORTH CANTON COMMUNITY IMPROVEMENT CORPORATION - (Continued)**

**Deposits**

At December 31, 2008, the carrying amount of the CIC's deposits was \$49,119. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2008, the entire bank balance of \$49,119 was covered by the Federal Deposit Insurance Corporation.

**Intergovernmental Receivable**

In 2005, the North Canton City Council approved the funding of the CIC in the amount of \$1.5 million out of the City's general fund. This funding is to assist the City's economic development efforts by creating or retaining businesses and jobs. As of December 31, 2008, the CIC has received \$543,000 under this funding mechanism.

**Capital Assets**

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

	Balance <u>12/31/07</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/08</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ -	\$ 71,439	\$ -	\$ 71,439
Construction in progress	<u>48,700</u>	<u>-</u>	<u>(48,700)</u>	<u>-</u>
<i>Total capital assets, not being depreciated</i>	<u>48,700</u>	<u>71,439</u>	<u>(48,700)</u>	<u>71,439</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	-	44,200	-	44,200
Equipment	<u>-</u>	<u>444,000</u>	<u>-</u>	<u>444,000</u>
<i>Total capital assets, being depreciated</i>	<u>-</u>	<u>488,200</u>	<u>-</u>	<u>488,200</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	<u>-</u>	<u>(4,420)</u>	<u>-</u>	<u>(4,420)</u>
<i>Total accumulated depreciation</i>	<u>-</u>	<u>(4,420)</u>	<u>-</u>	<u>(4,420)</u>
<b>Total capital assets, net</b>	<u>\$ 48,700</u>	<u>\$ 555,219</u>	<u>\$ (48,700)</u>	<u>\$ 555,219</u>

COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

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**CITY OF NORTH CANTON, OHIO**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes . . . . .	\$ 881,000	\$ 881,000	\$ 822,300	\$ (58,700)
Municipal income taxes . . . . .	4,575,000	4,575,000	4,506,592	(68,408)
Charges for services . . . . .	276,600	276,600	291,843	15,243
Licenses and permits . . . . .	120,000	120,000	154,156	34,156
Fines and forfeitures . . . . .	41,000	41,000	39,459	(1,541)
Intergovernmental . . . . .	1,381,268	1,381,268	1,594,540	213,272
Interest . . . . .	440,000	440,000	360,120	(79,880)
Rentals . . . . .	260,500	260,500	202,932	(57,568)
Contributions and donations . . . . .	-	40,000	42,885	2,885
Other . . . . .	105,500	105,500	116,020	10,520
Total revenues . . . . .	<u>8,080,868</u>	<u>8,120,868</u>	<u>8,130,847</u>	<u>9,979</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Legislative and Executive:				
Mayor:				
Personal services . . . . .	99,500	98,284	98,119	165
Contract services . . . . .	4,750	5,002	4,787	215
Materials and supplies . . . . .	800	866	812	54
Capital outlay . . . . .	500	40	-	40
Total mayor . . . . .	<u>105,550</u>	<u>104,192</u>	<u>103,718</u>	<u>474</u>
Director of Administration:				
Personal services . . . . .	174,820	175,235	172,964	2,271
Contract services . . . . .	10,400	12,536	12,145	391
Materials and supplies . . . . .	1,600	1,634	1,259	375
Capital outlay . . . . .	1,000	633	240	393
Total director of administration . . . . .	<u>187,820</u>	<u>190,038</u>	<u>186,608</u>	<u>3,430</u>
Director of Finance:				
Personal services . . . . .	168,800	171,625	163,543	8,082
Contract services . . . . .	27,200	34,400	25,772	8,628
Materials and supplies . . . . .	4,020	3,320	2,457	863
Capital outlay . . . . .	4,000	4,000	3,925	75
Total director of finance . . . . .	<u>204,020</u>	<u>213,345</u>	<u>195,697</u>	<u>17,648</u>
Electronic Data Processing:				
Contract services . . . . .	8,250	10,496	7,976	2,520
Materials and supplies . . . . .	300	277	160	117
Capital outlay . . . . .	1,000	1,000	320	680
Total electronic data processing . . . . .	<u>9,550</u>	<u>11,773</u>	<u>8,456</u>	<u>3,317</u>
Director of Law:				
Personal services . . . . .	71,640	71,930	71,732	198
Contract services . . . . .	38,400	59,961	53,269	6,692
Materials and supplies . . . . .	3,100	3,100	2,202	898
Capital outlay . . . . .	500	500	-	500
Total director of law . . . . .	<u>113,640</u>	<u>135,491</u>	<u>127,203</u>	<u>8,288</u>

Continued

**CITY OF NORTH CANTON, 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, 2008

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>City Council:</b>				
Personal services . . . . .	\$ 226,750	\$ 227,159	\$ 226,363	\$ 796
Contract services . . . . .	68,700	47,150	17,472	29,678
Materials and supplies. . . . .	2,200	2,200	2,096	104
Capital outlay . . . . .	1,605	1,500	-	1,500
Total city council . . . . .	<u>299,255</u>	<u>278,009</u>	<u>245,931</u>	<u>32,078</u>
<b>Civil Service Commission:</b>				
Personal services . . . . .	7,340	7,531	7,498	33
Contract services . . . . .	9,250	13,250	8,568	4,682
Materials and supplies. . . . .	250	250	133	117
Total civil service commission . . . . .	<u>16,840</u>	<u>21,031</u>	<u>16,199</u>	<u>4,832</u>
<b>City Hall Maintenance:</b>				
Personal services . . . . .	21,450	21,450	17,263	4,187
Contract services . . . . .	127,470	123,892	116,954	6,938
Materials and supplies. . . . .	3,850	3,659	3,178	481
Capital outlay . . . . .	1,000	470	248	222
Total city hall maintenance. . . . .	<u>153,770</u>	<u>149,471</u>	<u>137,643</u>	<u>11,828</u>
<b>Department of Engineering:</b>				
Personal services . . . . .	208,250	237,806	236,074	1,732
Contract services . . . . .	97,977	93,187	80,660	12,527
Materials and supplies. . . . .	9,300	9,300	5,544	3,756
Capital outlay . . . . .	10,500	7,143	6,252	891
Total department of engineering . . . . .	<u>326,027</u>	<u>347,436</u>	<u>328,530</u>	<u>18,906</u>
<b>Income Tax Administration:</b>				
Personal services . . . . .	201,410	200,578	199,571	1,007
Contract services . . . . .	34,950	34,630	30,210	4,420
Materials and supplies. . . . .	6,010	7,162	7,151	11
Capital outlay . . . . .	1,500	1,500	1,500	-
Other. . . . .	175,000	205,000	181,370	23,630
Total income tax administration . . . . .	<u>418,870</u>	<u>448,870</u>	<u>419,802</u>	<u>29,068</u>
<b>Other General Government:</b>				
Personal services . . . . .	70,000	62,312	60,507	1,805
Contract services . . . . .	202,100	200,170	186,636	13,534
Capital outlay . . . . .	1,000	1,000	1,000	-
Other. . . . .	172,200	182,859	179,852	3,007
Total other general government . . . . .	<u>445,300</u>	<u>446,341</u>	<u>427,995</u>	<u>18,346</u>
Total General Government . . . . .	<u>2,280,642</u>	<u>2,345,997</u>	<u>2,197,782</u>	<u>148,215</u>
<b>Security of Persons and Property</b>				
<b>Police:</b>				
Personal services . . . . .	2,750,460	2,734,585	2,696,052	38,533
Contract services . . . . .	225,475	235,855	229,619	6,236
Materials and supplies. . . . .	85,250	86,951	86,541	410
Capital outlay . . . . .	2,800	2,734	2,060	674
Total police . . . . .	<u>3,063,985</u>	<u>3,060,125</u>	<u>3,014,272</u>	<u>45,853</u>
Total Security of Persons and Property. . . . .	<u>3,063,985</u>	<u>3,060,125</u>	<u>3,014,272</u>	<u>45,853</u>

**CITY OF NORTH CANTON, 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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Health and Welfare:				
County Health Department:				
Contract services . . . . .	\$ 94,500	\$ 94,500	\$ 94,238	\$ 262
Total county health department . . . . .	<u>94,500</u>	<u>94,500</u>	<u>94,238</u>	<u>262</u>
Total Public Health and Welfare . . . . .	<u>94,500</u>	<u>94,500</u>	<u>94,238</u>	<u>262</u>
Community Environment				
Permits and Inspections:				
Personal services . . . . .	300,830	300,830	227,075	73,755
Contract services . . . . .	23,750	26,380	19,933	6,447
Materials and supplies. . . . .	3,900	4,565	3,433	1,132
Other. . . . .	5,000	2,600	2,415	185
Total permits and inspections. . . . .	<u>333,480</u>	<u>334,375</u>	<u>252,856</u>	<u>81,519</u>
Planning Commission:				
Contract services . . . . .	1,435	1,435	1,336	99
Materials and supplies. . . . .	200	200	-	200
Total planning commission . . . . .	<u>1,635</u>	<u>1,635</u>	<u>1,336</u>	<u>299</u>
Zoning and Building:				
Contract services . . . . .	150	150	51	99
Materials and supplies. . . . .	50	50	24	26
Total zoning and building . . . . .	<u>200</u>	<u>200</u>	<u>75</u>	<u>125</u>
Economic Development:				
Personal services . . . . .	187,760	330,760	327,162	3,598
Contract services . . . . .	34,125	74,125	27,443	46,682
Materials and supplies. . . . .	1,000	1,000	998	2
Capital outlay . . . . .	2,175	2,175	1,225	950
Total economic development. . . . .	<u>225,060</u>	<u>408,060</u>	<u>356,828</u>	<u>51,232</u>
Total Community Environment. . . . .	<u>560,375</u>	<u>744,270</u>	<u>611,095</u>	<u>133,175</u>
Leisure Time Activities:				
Dogwood Shelter:				
Contract services . . . . .	15,065	14,176	13,045	1,131
Capital outlay . . . . .	1,000	1,000	-	1,000
Total dogwood shelter . . . . .	<u>16,065</u>	<u>15,176</u>	<u>13,045</u>	<u>2,131</u>
Swimming Pool:				
Personal services . . . . .	142,100	138,513	137,253	1,260
Contract services . . . . .	46,600	47,626	30,525	17,101
Materials and supplies. . . . .	37,680	35,683	32,811	2,872
Capital outlay . . . . .	1,850	1,850	269	1,581
Total swimming pool . . . . .	<u>228,230</u>	<u>223,672</u>	<u>200,858</u>	<u>22,814</u>
Parks Department:				
Personal services . . . . .	375,550	366,791	314,441	52,350
Contract services . . . . .	84,673	89,703	83,030	6,673
Materials and supplies. . . . .	17,700	23,428	22,880	548
Capital outlay . . . . .	22,000	20,638	19,776	862
Total parks department. . . . .	<u>499,923</u>	<u>500,560</u>	<u>440,127</u>	<u>60,433</u>

Continued

**CITY OF NORTH CANTON, 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, 2008

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Civic Center:</b>				
Personal services . . . . .	\$ 124,780	\$ 125,687	\$ 125,595	\$ 92
Contract services . . . . .	48,615	46,659	39,847	6,812
Materials and supplies. . . . .	3,000	3,062	3,022	40
Capital outlay . . . . .	13,150	12,350	12,050	300
Total civic center . . . . .	<u>189,545</u>	<u>187,758</u>	<u>180,514</u>	<u>7,244</u>
<b>Recreation Department:</b>				
Personal services . . . . .	68,600	73,376	73,216	160
Contract services . . . . .	9,250	6,988	6,073	915
Materials and supplies. . . . .	5,800	7,390	6,955	435
Capital outlay . . . . .	500	500	433	67
Total recreation department. . . . .	<u>84,150</u>	<u>88,254</u>	<u>86,677</u>	<u>1,577</u>
<b>Recreation Program:</b>				
Contract services . . . . .	4,800	4,098	2,150	1,948
Materials and supplies. . . . .	1,850	1,815	581	1,234
Total recreation program . . . . .	<u>6,650</u>	<u>5,913</u>	<u>2,731</u>	<u>3,182</u>
Total Leisure Time Activities. . . . .	<u>1,024,563</u>	<u>1,021,333</u>	<u>923,952</u>	<u>97,381</u>
<b>Debt Service:</b>				
Principal retirement . . . . .	1,200,000	1,200,000	1,200,000	-
Interest and fiscal charges . . . . .	66,400	66,924	66,749	175
Total debt service. . . . .	<u>1,266,400</u>	<u>1,266,924</u>	<u>1,266,749</u>	<u>175</u>
Total expenditures . . . . .	<u>8,290,465</u>	<u>8,533,149</u>	<u>8,108,088</u>	<u>425,061</u>
Excess of revenues over expenditures. . . . .	<u>(209,597)</u>	<u>(412,281)</u>	<u>22,759</u>	<u>435,040</u>
<b>Other financing source (uses):</b>				
Note issuance . . . . .	900,000	900,000	900,000	-
Transfers out . . . . .	(1,852,684)	(1,877,684)	(1,852,684)	25,000
Total other financing sources (uses). . . . .	<u>(952,684)</u>	<u>(977,684)</u>	<u>(952,684)</u>	<u>25,000</u>
Net change in fund balance . . . . .	(1,162,281)	(1,389,965)	(929,925)	460,040
<b>Fund balance at beginning of year . . . . .</b>	4,577,994	4,577,994	4,577,994	-
<b>Prior year encumbrances appropriated . . . . .</b>	64,665	64,665	64,665	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 3,480,378</u>	<u>\$ 3,252,694</u>	<u>\$ 3,712,734</u>	<u>\$ 460,040</u>



**CITY OF NORTH CANTON, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes . . . . .	\$ 159,220	\$ 159,220	\$ 147,091	\$ (12,129)
Charges for services . . . . .	303,000	303,000	269,287	(33,713)
Intergovernmental . . . . .	43,257	43,257	48,705	5,448
Total revenues . . . . .	<u>505,477</u>	<u>505,477</u>	<u>465,083</u>	<u>(40,394)</u>
<b>Expenditures:</b>				
Current:				
Public Health and Welfare:				
Personal services . . . . .	1,220,300	1,209,695	1,198,871	10,824
Contract services . . . . .	86,848	93,608	83,188	10,420
Materials and supplies . . . . .	33,124	36,396	35,798	598
Capital outlay . . . . .	6,000	6,000	5,026	974
Total expenditures . . . . .	<u>1,346,272</u>	<u>1,345,699</u>	<u>1,322,883</u>	<u>22,816</u>
Excess expenditures over revenues . . . . .	<u>(840,795)</u>	<u>(840,222)</u>	<u>(857,800)</u>	<u>(17,578)</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	800,000	800,000	800,000	-
Transfers out . . . . .	(14,204)	(14,204)	(14,204)	-
Total other financing sources (uses) . . . . .	<u>785,796</u>	<u>785,796</u>	<u>785,796</u>	<u>-</u>
Net change in fund balance . . . . .	(54,999)	(54,426)	(72,004)	(17,578)
<b>Fund balance at beginning of year . . . . .</b>	119,513	119,513	119,513	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>2,172</u>	<u>2,172</u>	<u>2,172</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 66,686</u>	<u>\$ 67,259</u>	<u>\$ 49,681</u>	<u>\$ (17,578)</u>

**CITY OF NORTH CANTON, OHIO**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Municipal income taxes . . . . .	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ -
Intergovernmental . . . . .	-	350,000	-	(350,000)
Contributions and donations . . . . .	-	300,300	32,245	(268,055)
Total revenues . . . . .	<u>1,150,000</u>	<u>1,800,300</u>	<u>1,182,245</u>	<u>(618,055)</u>
<b>Expenditures:</b>				
Capital Outlay:				
Contract services . . . . .	1,313,577	1,817,628	1,419,095	398,533
Capital outlay . . . . .	<u>345,700</u>	<u>564,238</u>	<u>526,120</u>	<u>38,118</u>
Total capital outlay . . . . .	<u>1,659,277</u>	<u>2,381,866</u>	<u>1,945,215</u>	<u>436,651</u>
Debt service:				
Principal retirement . . . . .	1,045,000	1,038,686	1,037,196	1,490
Interest and fiscal charges . . . . .	<u>78,900</u>	<u>78,870</u>	<u>75,226</u>	<u>3,644</u>
Total debt service . . . . .	<u>1,123,900</u>	<u>1,117,556</u>	<u>1,112,422</u>	<u>5,134</u>
Total expenditures . . . . .	<u>2,783,177</u>	<u>3,499,422</u>	<u>3,057,637</u>	<u>441,785</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(1,633,177)</u>	<u>(1,699,122)</u>	<u>(1,875,392)</u>	<u>(176,270)</u>
<b>Other financing sources:</b>				
Note issuance . . . . .	250,000	-	-	-
Transfers in . . . . .	<u>6,060</u>	<u>6,060</u>	<u>6,060</u>	<u>-</u>
Total other financing sources . . . . .	<u>256,060</u>	<u>6,060</u>	<u>6,060</u>	<u>-</u>
Net change in fund balance . . . . .	(1,377,117)	(1,693,062)	(1,869,332)	(176,270)
Fund balance at beginning of year . . . .	1,243,221	1,243,221	1,243,221	-
Prior year encumbrances appropriated . .	<u>663,577</u>	<u>663,577</u>	<u>663,577</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 529,681</u>	<u>\$ 213,736</u>	<u>\$ 37,466</u>	<u>\$ (176,270)</u>

**CITY OF NORTH CANTON, OHIO**

**INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

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

**Nonmajor Special Revenue Funds**

***Fire Operating Levy Fund***

This fund accounts for property taxes levied for the partial operation of the fire department.

***Computer Fund***

This fund accounts for fees charged to any case processed through Mayor's Court for computer services needed for the operation of the court system.

***Enforcement and Education Fund***

This fund accounts for revenues received from fines levied when arrests are made for driving under the influence of alcohol. This money is then spent on education of officers and members of the community.

***Street Construction, Maintenance and Repair Fund***

This fund accounts for the portion of state gasoline tax and motor vehicle registration fees designated for the maintenance of the streets within the City.

***Storm Sewer Levy Fund***

This fund accounts for property taxes levied to maintain, improve or construct storm sewers within the City.

***Street Levy Fund***

This fund accounts for property taxes levied to subsidize improvement of streets within the City.

***Municipal Road Fund***

This fund accounts for the portion of permissive motor vehicle license tax levied by the County that is allocated to the City to be used for street repair.

***General Trust Fund***

This fund accounts for donations to the City.

***Law Enforcement Trust Fund***

This fund accounts for money collected from federal forfeitures that is to be used for specific law enforcement purposes.

***Compensated Absences Fund***

This fund accounts for the accumulation of resources for accumulated sick leave and vacation leave, upon the termination of employment of employees in the City.

***Continuing Professional Education Fund***

This fund accounts for grant money received from the State of Ohio for Peace Officer training.

***Mayor's Court Fund***

This fund accounts for activity in the City's Mayor's Court. Budgetary information is not reported because it is not included in the entity for which the "appropriated budget" is adopted and does not maintain a separate budgetary record.

**CITY OF NORTH CANTON, OHIO**

**INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - NONMAJOR GOVERNMENTAL FUNDS**

**CAPITAL PROJECTS FUND**

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

**Nonmajor Capital Projects Fund**

***Issue II Fund***

This fund accounts for grant monies received from the Ohio Public Works Commission plus City matching funds. Expenditures are restricted to specific projects within the City.

**CITY OF NORTH CANTON, OHIO**

BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2008

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets:</b>			
Equity in pooled cash and investments. . . . .	\$ 1,534,919	\$ 205,047	\$ 1,739,966
Cash and cash equivalents:			
In segregated accounts . . . . .	40,899	-	40,899
Receivables:			
Property taxes. . . . .	857,213	-	857,213
Intergovernmental. . . . .	423,904	-	423,904
Materials and supplies inventory . . . . .	78,684	-	78,684
Prepayments . . . . .	12,701	-	12,701
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets . . . . .	<u>\$ 2,948,320</u>	<u>\$ 205,047</u>	<u>\$ 3,153,367</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 7,532	\$ -	\$ 7,532
Contracts payable . . . . .	301,089	-	301,089
Accrued wages and benefits . . . . .	33,542	-	33,542
Compensated absences payable . . . . .	11,550	-	11,550
Intergovernmental payable. . . . .	32,534	-	32,534
Deferred revenue . . . . .	394,220	-	394,220
Unearned revenue . . . . .	827,677	-	827,677
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities . . . . .	<u>1,608,144</u>	<u>-</u>	<u>1,608,144</u>
<b>Fund Balances:</b>			
Reserved for encumbrances. . . . .	206,445	135,944	342,389
Unreserved, undesignated, reported in:			
Special revenue funds . . . . .	1,133,731	-	1,133,731
Capital projects fund . . . . .	-	69,103	69,103
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances . . . . .	<u>1,340,176</u>	<u>205,047</u>	<u>1,545,223</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balance . . . . .	<u>\$ 2,948,320</u>	<u>\$ 205,047</u>	<u>\$ 3,153,367</u>

**CITY OF NORTH CANTON, OHIO**

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

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Other Governmental Funds</b>
<b>Revenues:</b>			
Property and other taxes . . . . .	\$ 717,601	\$ -	\$ 717,601
Fines and forfeitures . . . . .	69,444	-	69,444
Intergovernmental . . . . .	959,027	177,627	1,136,654
Contributions and donations . . . . .	7,514	-	7,514
Other . . . . .	7,832	-	7,832
Total revenues . . . . .	<u>1,761,418</u>	<u>177,627</u>	<u>1,939,045</u>
<b>Expenditures:</b>			
Current:			
General government . . . . .	64,607	-	64,607
Security of persons and property:			
Police . . . . .	4,817	-	4,817
Fire . . . . .	578,707	-	578,707
Public health and welfare . . . . .	272	-	272
Transportation . . . . .	1,515,298	-	1,515,298
Leisure time activities . . . . .	19,810	-	19,810
Basic utility services . . . . .	460,158	-	460,158
Capital outlay . . . . .	-	100,002	100,002
Total expenditures . . . . .	<u>2,643,669</u>	<u>100,002</u>	<u>2,743,671</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(882,251)</u>	<u>77,625</u>	<u>(804,626)</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	1,130,000	-	1,130,000
Transfers out . . . . .	(23,432)	-	(23,432)
Total other financing sources (uses) . . . . .	<u>1,106,568</u>	<u>-</u>	<u>1,106,568</u>
Net change in fund balances . . . . .	224,317	77,625	301,942
<b>Fund balances at beginning of year . . . . .</b>	<u>1,115,859</u>	<u>127,422</u>	<u>1,243,281</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,340,176</u>	<u>\$ 205,047</u>	<u>\$ 1,545,223</u>

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**CITY OF NORTH CANTON, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2008

	<u>Fire Operating Levy</u>	<u>Computer</u>	<u>Enforcement and Education</u>
<b>Assets:</b>			
Equity in pooled cash and investments . . . . .	\$ 69,291	\$ 17,062	\$ 7,250
Cash and cash equivalents:			
In segregated accounts . . . . .	-	-	-
Receivables:			
Property taxes . . . . .	97,189	-	-
Intergovernmental . . . . .	7,779	-	-
Materials and supplies inventory . . . . .	-	-	-
Prepayments . . . . .	6,615	-	-
Total assets . . . . .	<u>\$ 180,874</u>	<u>\$ 17,062</u>	<u>\$ 7,250</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 1,667	\$ -	\$ -
Contracts payable . . . . .	-	-	-
Accrued wages and benefits . . . . .	21,045	-	-
Compensated absences payable . . . . .	-	-	-
Intergovernmental payable . . . . .	21,098	-	-
Deferred revenue . . . . .	11,907	-	-
Unearned revenue . . . . .	93,061	-	-
Total liabilities . . . . .	<u>148,778</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	556	960	-
Unreserved, undesignated (deficit), reported in:			
Special revenue funds . . . . .	31,540	16,102	7,250
Total fund balances . . . . .	<u>32,096</u>	<u>17,062</u>	<u>7,250</u>
Total liabilities and fund balance . . . . .	<u>\$ 180,874</u>	<u>\$ 17,062</u>	<u>\$ 7,250</u>



<b>Street Construction, Maintenance and Repair</b>	<b>Storm Sewer Levy</b>	<b>Street Levy</b>	<b>Municipal Road</b>	<b>General Trust</b>	<b>Law Enforcement Trust</b>
\$ 211,802	\$ 497,143	\$ 387,586	\$ 7,252	\$ -	\$ -
-	-	-	-	34,987	621
-	380,012	380,012	-	-	-
345,349	15,557	15,557	39,662	-	-
78,684	-	-	-	-	-
5,578	508	-	-	-	-
<u>\$ 641,413</u>	<u>\$ 893,220</u>	<u>\$ 783,155</u>	<u>\$ 46,914</u>	<u>\$ 34,987</u>	<u>\$ 621</u>
\$ 5,865	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,109	260,318	39,662	-	-
12,497	-	-	-	-	-
-	-	-	-	-	-
10,836	600	-	-	-	-
286,129	28,261	28,261	39,662	-	-
-	367,308	367,308	-	-	-
<u>315,327</u>	<u>397,278</u>	<u>655,887</u>	<u>79,324</u>	<u>-</u>	<u>-</u>
12,829	132,868	58,782	450	-	-
313,257	363,074	68,486	(32,860)	34,987	621
<u>326,086</u>	<u>495,942</u>	<u>127,268</u>	<u>(32,410)</u>	<u>34,987</u>	<u>621</u>
<u>\$ 641,413</u>	<u>\$ 893,220</u>	<u>\$ 783,155</u>	<u>\$ 46,914</u>	<u>\$ 34,987</u>	<u>\$ 621</u>

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**CITY OF NORTH CANTON, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
DECEMBER 31, 2008

	<b>Compensated Absences</b>	<b>Continuing Professional Education</b>	<b>Mayor's Court</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 332,873	\$ 4,660	\$ -	\$ 1,534,919
Cash and cash equivalents:				
In segregated accounts . . . . .	-	-	5,291	40,899
Receivables:				
Property taxes. . . . .	-	-	-	857,213
Intergovernmental. . . . .	-	-	-	423,904
Materials and supplies inventory . . . . .	-	-	-	78,684
Prepayments . . . . .	-	-	-	12,701
Total assets . . . . .	\$ 332,873	\$ 4,660	\$ 5,291	\$ 2,948,320
 <b>Liabilities:</b>				
Accounts payable. . . . .	\$ -	\$ -	\$ -	\$ 7,532
Contracts payable . . . . .	-	-	-	301,089
Accrued wages and benefits . . . . .	-	-	-	33,542
Compensated absences payable . . . . .	11,550	-	-	11,550
Intergovernmental payable . . . . .	-	-	-	32,534
Deferred revenue . . . . .	-	-	-	394,220
Unearned revenue . . . . .	-	-	-	827,677
Total liabilities. . . . .	11,550	-	-	1,608,144
 <b>Fund Balances:</b>				
Reserved for encumbrances. . . . .	-	-	-	206,445
Unreserved, undesignated (deficit), reported in:				
Special revenue funds . . . . .	321,323	4,660	5,291	1,133,731
Total fund balances. . . . .	321,323	4,660	5,291	1,340,176
Total liabilities and fund balance. . . . .	\$ 332,873	\$ 4,660	\$ 5,291	\$ 2,948,320

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**CITY OF NORTH CANTON, OHIO**

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

	<u>Fire Operating Levy</u>	<u>Computer</u>	<u>Enforcement and Education</u>
<b>Revenues:</b>			
Property and other taxes . . . . .	\$ 82,047	\$ -	\$ -
Fines and forfeitures . . . . .	-	4,456	1,759
Intergovernmental . . . . .	24,049	-	-
Contributions and donations . . . . .	-	-	-
Other . . . . .	1,414	-	-
Total revenues . . . . .	<u>107,510</u>	<u>4,456</u>	<u>1,759</u>
 <b>Expenditures:</b>			
Current:			
General government . . . . .	-	1,896	-
Security of persons and property:			
Police . . . . .	-	-	491
Fire . . . . .	576,236	-	-
Public health and welfare . . . . .	-	-	-
Transportation . . . . .	-	-	-
Leisure time activities . . . . .	-	-	-
Basic utility services . . . . .	-	-	-
Total expenditures . . . . .	<u>576,236</u>	<u>1,896</u>	<u>491</u>
 Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(468,726)</u>	<u>2,560</u>	<u>1,268</u>
 <b>Other financing sources (uses):</b>			
Transfers in . . . . .	530,000	-	-
Transfers out . . . . .	(6,798)	-	-
Total other financing sources (uses) . . . . .	<u>523,202</u>	<u>-</u>	<u>-</u>
 Net change in fund balances. . . . .	54,476	2,560	1,268
 <b>Fund balances (deficit) at beginning of year . . . . .</b>	<u>(22,380)</u>	<u>14,502</u>	<u>5,982</u>
 <b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ 32,096</u>	<u>\$ 17,062</u>	<u>\$ 7,250</u>

<b>Street Construction, Maintenance and Repair</b>	<b>Storm Sewer Levy</b>	<b>Street Levy</b>	<b>Municipal Road</b>	<b>General Trust</b>	<b>Law Enforcement Trust</b>
\$ -	\$ 317,777	\$ 317,777	\$ -	\$ -	\$ -
-	-	-	-	-	-
713,442	72,627	72,627	71,622	-	-
-	-	-	-	7,514	-
6,418	-	-	-	-	-
<u>719,860</u>	<u>390,404</u>	<u>390,404</u>	<u>71,622</u>	<u>7,514</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	4,326	-
-	-	-	-	2,471	-
-	-	-	-	272	-
1,004,092	-	372,826	104,032	-	-
-	-	-	-	512	-
-	375,850	-	-	-	-
<u>1,004,092</u>	<u>375,850</u>	<u>372,826</u>	<u>104,032</u>	<u>7,581</u>	<u>-</u>
(284,232)	14,554	17,578	(32,410)	(67)	-
400,000	-	-	-	-	-
(16,634)	-	-	-	-	-
<u>383,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
99,134	14,554	17,578	(32,410)	(67)	-
<u>226,952</u>	<u>481,388</u>	<u>109,690</u>	<u>-</u>	<u>35,054</u>	<u>621</u>
<u>\$ 326,086</u>	<u>\$ 495,942</u>	<u>\$ 127,268</u>	<u>\$ (32,410)</u>	<u>\$ 34,987</u>	<u>\$ 621</u>

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**CITY OF NORTH CANTON, OHIO**

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

	<b>Compensated Absences</b>	<b>Continuing Professional Education</b>	<b>Mayor's Court</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ -	\$ -	\$ -	\$ 717,601
Fines and forfeitures . . . . .	-	-	63,229	69,444
Intergovernmental . . . . .	-	4,660	-	959,027
Contributions and donations . . . . .	-	-	-	7,514
Other . . . . .	-	-	-	7,832
Total revenues . . . . .	<u>-</u>	<u>4,660</u>	<u>63,229</u>	<u>1,761,418</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	4,518	-	58,193	64,607
Security of persons and property:				
Police . . . . .	-	-	-	4,817
Fire . . . . .	-	-	-	578,707
Public health and welfare . . . . .	-	-	-	272
Transportation . . . . .	34,348	-	-	1,515,298
Leisure time activities . . . . .	19,298	-	-	19,810
Basic utility services . . . . .	84,308	-	-	460,158
Total expenditures . . . . .	<u>142,472</u>	<u>-</u>	<u>58,193</u>	<u>2,643,669</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(142,472)</u>	<u>4,660</u>	<u>5,036</u>	<u>(882,251)</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	200,000	-	-	1,130,000
Transfers out . . . . .	-	-	-	(23,432)
Total other financing sources (uses) . . . . .	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>1,106,568</u>
Net change in fund balances. . . . .	57,528	4,660	5,036	224,317
<b>Fund balances (deficit) at beginning of year . . . . .</b>	<u>263,795</u>	<u>-</u>	<u>255</u>	<u>1,115,859</u>
<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ 321,323</u>	<u>\$ 4,660</u>	<u>\$ 5,291</u>	<u>\$ 1,340,176</u>

**CITY OF NORTH CANTON, OHIO**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes . . . . .	\$ 88,568	\$ 88,568	\$ 82,047	\$ (6,521)
Intergovernmental . . . . .	21,196	21,196	24,049	2,853
Other . . . . .	-	-	1,414	1,414
Total revenues . . . . .	<u>109,764</u>	<u>109,764</u>	<u>107,510</u>	<u>(2,254)</u>
<b>Expenditures:</b>				
Current:				
Security of Person and Property:				
Fire:				
Personal services . . . . .	474,100	499,114	457,057	42,057
Contract services . . . . .	102,908	101,840	90,415	11,425
Materials and supplies. . . . .	21,800	22,550	18,008	4,542
Capital outlay . . . . .	28,650	28,900	27,143	1,757
Total expenditures. . . . .	<u>627,458</u>	<u>652,404</u>	<u>592,623</u>	<u>59,781</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(517,694)</u>	<u>(542,640)</u>	<u>(485,113)</u>	<u>57,527</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	530,000	555,000	530,000	(25,000)
Transfers out . . . . .	(6,798)	(6,798)	(6,798)	-
Total other financing sources (uses). . .	<u>523,202</u>	<u>548,202</u>	<u>523,202</u>	<u>(25,000)</u>
Net change in fund balance . . . . .	5,508	5,562	38,089	32,527
<b>Fund balance at beginning of year . . . .</b>	<u>30,275</u>	<u>30,275</u>	<u>30,275</u>	<u>-</u>
<b>Prior year encumbrances appropriated .</b>	<u>108</u>	<u>108</u>	<u>108</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 35,891</u>	<u>\$ 35,945</u>	<u>\$ 68,472</u>	<u>\$ 32,527</u>

**CITY OF NORTH CANTON, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 4,000	\$ 4,000	\$ 4,456	\$ 456
Total revenues . . . . .	<u>4,000</u>	<u>4,000</u>	<u>4,456</u>	<u>456</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Computer:				
Contract services . . . . .	4,500	4,500	1,447	3,053
Materials and supplies. . . . .	1,000	1,000	449	551
Capital outlay . . . . .	<u>1,000</u>	<u>1,000</u>	<u>960</u>	<u>40</u>
Total expenditures. . . . .	<u>6,500</u>	<u>6,500</u>	<u>2,856</u>	<u>3,644</u>
Net change in fund balance . . . . .	(2,500)	(2,500)	1,600	4,100
<b>Fund balance at beginning of year . . . .</b>	<u>14,502</u>	<u>14,502</u>	<u>14,502</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 12,002</u>	<u>\$ 12,002</u>	<u>\$ 16,102</u>	<u>\$ 4,100</u>



**CITY OF NORTH CANTON, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures . . . . .	\$ 1,500	\$ 1,500	\$ 1,834	\$ 334
Total revenues . . . . .	<u>1,500</u>	<u>1,500</u>	<u>1,834</u>	<u>334</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police:				
Contract services . . . . .	1,000	1,000	491	509
Materials and supplies. . . . .	1,000	1,000	-	1,000
Capital outlay . . . . .	1,000	1,000	-	1,000
Total expenditures. . . . .	<u>3,000</u>	<u>3,000</u>	<u>491</u>	<u>2,509</u>
Net change in fund balance . . . . .	(1,500)	(1,500)	1,343	2,843
<b>Fund balance at beginning of year . . . .</b>	<u>5,907</u>	<u>5,907</u>	<u>5,907</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 4,407</u>	<u>\$ 4,407</u>	<u>\$ 7,250</u>	<u>\$ 2,843</u>

**CITY OF NORTH CANTON, OHIO**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 620,000	\$ 620,000	\$ 707,064	\$ 87,064
Other . . . . .	-	-	6,418	6,418
Total revenues . . . . .	<u>620,000</u>	<u>620,000</u>	<u>713,482</u>	<u>93,482</u>
<b>Expenditures:</b>				
Current:				
Transportation:				
Personal services . . . . .	682,660	638,319	584,794	53,525
Contract services . . . . .	96,955	101,686	91,924	9,762
Materials and supplies. . . . .	289,007	359,201	347,021	12,180
Capital outlay . . . . .	34,600	32,786	32,767	19
Total expenditures. . . . .	<u>1,103,222</u>	<u>1,131,992</u>	<u>1,056,506</u>	<u>75,486</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(483,222)</u>	<u>(511,992)</u>	<u>(343,024)</u>	<u>168,968</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	400,000	400,000	400,000	-
Transfers out . . . . .	<u>(16,634)</u>	<u>(16,634)</u>	<u>(16,634)</u>	<u>-</u>
Total other financing sources (uses). . . . .	<u>383,366</u>	<u>383,366</u>	<u>383,366</u>	<u>-</u>
Net change in fund balance . . . . .	(99,856)	(128,626)	40,342	168,968
<b>Fund balance at beginning of year . . . . .</b>	130,721	130,721	130,721	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>22,462</u>	<u>22,462</u>	<u>22,462</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 53,327</u>	<u>\$ 24,557</u>	<u>\$ 193,525</u>	<u>\$ 168,968</u>

**CITY OF NORTH CANTON, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes . . . . .	\$ 339,413	\$ 339,413	\$ 317,777	\$ (21,636)
Intergovernmental . . . . .	58,005	58,005	72,627	14,622
Total revenues . . . . .	<u>397,418</u>	<u>397,418</u>	<u>390,404</u>	<u>(7,014)</u>
<b>Expenditures:</b>				
Current:				
Basic Utility Services:				
Storm Sewers:				
Personal services . . . . .	55,000	55,000	55,000	-
Contract services . . . . .	742,442	741,897	451,951	289,946
Materials and supplies . . . . .	16,000	16,000	12,413	3,587
Capital outlay . . . . .	1,600	1,600	120	1,480
Total expenditures . . . . .	<u>815,042</u>	<u>814,497</u>	<u>519,484</u>	<u>295,013</u>
Net change in fund balance . . . . .	(417,624)	(417,079)	(129,080)	287,999
<b>Fund balance at beginning of year . . . .</b>	278,876	278,876	278,876	-
<b>Prior year encumbrances appropriated .</b>	<u>213,442</u>	<u>213,442</u>	<u>213,442</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 74,694</u>	<u>\$ 75,239</u>	<u>\$ 363,238</u>	<u>\$ 287,999</u>

**CITY OF NORTH CANTON, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes . . . . .	\$ 339,413	\$ 339,413	\$ 317,777	\$ (21,636)
Intergovernmental . . . . .	57,698	57,698	72,627	14,929
Total revenues . . . . .	<u>397,111</u>	<u>397,111</u>	<u>390,404</u>	<u>(6,707)</u>
<b>Expenditures:</b>				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Personal services . . . . .	55,000	55,000	55,000	-
Contract services . . . . .	464,261	451,911	407,981	43,930
Materials and supplies. . . . .	26,000	26,000	17,966	8,034
Total expenditures. . . . .	<u>545,261</u>	<u>532,911</u>	<u>480,947</u>	<u>51,964</u>
Net change in fund balance . . . . .	(148,150)	(135,800)	(90,543)	45,257
<b>Fund balance at beginning of year . . . .</b>	90,768	90,768	90,768	-
<b>Prior year encumbrances appropriated .</b>	<u>68,261</u>	<u>68,261</u>	<u>68,261</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 10,879</u>	<u>\$ 23,229</u>	<u>\$ 68,486</u>	<u>\$ 45,257</u>

**CITY OF NORTH CANTON, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 141,622	\$ 141,622	\$ 71,622	\$ (70,000)
Total revenues . . . . .	<u>141,622</u>	<u>141,622</u>	<u>71,622</u>	<u>(70,000)</u>
<b>Expenditures:</b>				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Contract services . . . . .	141,622	141,622	104,482	37,140
Total expenditures. . . . .	<u>141,622</u>	<u>141,622</u>	<u>104,482</u>	<u>37,140</u>
Net change in fund balance . . . . .	-	-	(32,860)	(32,860)
<b>Fund balance at beginning of year . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance (deficit) at end of year . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,860)</u>	<u>\$ (32,860)</u>

**CITY OF NORTH CANTON, OHIO**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Contributions and donations . . . . .	\$ 1,400	\$ 1,400	\$ 7,514	\$ 6,114
Total revenues . . . . .	<u>1,400</u>	<u>1,400</u>	<u>7,514</u>	<u>6,114</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Legislative and Executive:				
Contract services . . . . .	3,500	3,500	-	3,500
Total General Government . . . . .	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Security of Persons and Property:				
Police:				
Contract services . . . . .	18,531	18,531	5,996	12,535
Total police . . . . .	<u>18,531</u>	<u>18,531</u>	<u>5,996</u>	<u>12,535</u>
Fire:				
Contract services . . . . .	11,892	11,892	2,471	9,421
Total fire . . . . .	<u>11,892</u>	<u>11,892</u>	<u>2,471</u>	<u>9,421</u>
Total Security of Persons and Property . . . . .	<u>30,423</u>	<u>30,423</u>	<u>8,467</u>	<u>21,956</u>
Public Health and Welfare:				
E.M.S.:				
Contract services . . . . .	353	353	272	81
Total E.M.S. . . . .	<u>353</u>	<u>353</u>	<u>272</u>	<u>81</u>
Total Public Health and Welfare . . . . .	<u>353</u>	<u>353</u>	<u>272</u>	<u>81</u>
Leisure Time Activities:				
Park Department:				
Contract services . . . . .	2,448	2,448	512	1,936
Total park department . . . . .	<u>2,448</u>	<u>2,448</u>	<u>512</u>	<u>1,936</u>
Total Leisure Time Activities . . . . .	<u>2,448</u>	<u>2,448</u>	<u>512</u>	<u>1,936</u>
Total expenditures . . . . .	<u>36,724</u>	<u>36,724</u>	<u>9,251</u>	<u>27,473</u>
Net change in fund balance . . . . .	(35,324)	(35,324)	(1,737)	33,587
<b>Fund balance at beginning of year . . . . .</b>	35,054	35,054	35,054	-
<b>Prior year encumbrances appropriated . . . . .</b>	1,670	1,670	1,670	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,400</u>	<u>\$ 1,400</u>	<u>\$ 34,987</u>	<u>\$ 33,587</u>

**CITY OF NORTH CANTON, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police:				
Materials and supplies . . . . .	\$ 621	\$ 621	\$ -	\$ 621
Total expenditures . . . . .	<u>621</u>	<u>621</u>	<u>-</u>	<u>621</u>
Net change in fund balance . . . . .	(621)	(621)	-	621
<b>Fund balance at beginning of year . . . .</b>	<u>\$ 621</u>	<u>\$ 621</u>	<u>\$ 621</u>	<u>\$ -</u>
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 621</u></u>	<u><u>\$ 621</u></u>

**CITY OF NORTH CANTON, OHIO**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Current:				
General Government:				
Personal services . . . . .	\$ -	\$ 4,560	\$ 4,518	\$ 42
Total General Government. . . . .	<u>-</u>	<u>4,560</u>	<u>4,518</u>	<u>42</u>
Security of Persons and Property:				
Police:				
Personal services . . . . .	200,000	180,000	-	180,000
Total Police	<u>200,000</u>	<u>180,000</u>	<u>-</u>	<u>180,000</u>
Basic Utilities Services:				
Personal services . . . . .	100,000	100,000	84,308	15,692
Total Basic Utility Services. . . . .	<u>100,000</u>	<u>100,000</u>	<u>84,308</u>	<u>15,692</u>
Leisure Time Activities:				
Personal services . . . . .	-	20,000	19,298	702
Total Leisure Time Activities. . . . .	<u>-</u>	<u>20,000</u>	<u>19,298</u>	<u>702</u>
Transportation:				
Personal services . . . . .	85,000	80,440	22,798	57,642
Total Transportation . . . . .	<u>85,000</u>	<u>80,440</u>	<u>22,798</u>	<u>57,642</u>
Total expenditures . . . . .	<u>385,000</u>	<u>385,000</u>	<u>130,922</u>	<u>254,078</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(385,000)</u>	<u>(385,000)</u>	<u>(130,922)</u>	<u>254,078</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	200,000	200,000	200,000	-
Total other financing sources. . . . .	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance . . . . .	(185,000)	(185,000)	69,078	254,078
<b>Fund balance at beginning of year . . . .</b>	<u>263,795</u>	<u>263,795</u>	<u>263,795</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 78,795</u>	<u>\$ 78,795</u>	<u>\$ 332,873</u>	<u>\$ 254,078</u>



**CITY OF NORTH CANTON, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ -	\$ 1,540	\$ 4,660	\$ 3,120
Total revenues . . . . .	<u>-</u>	<u>1,540</u>	<u>4,660</u>	<u>3,120</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police:				
Contract services . . . . .	-	1,540	-	1,540
Total expenditures . . . . .	<u>-</u>	<u>1,540</u>	<u>-</u>	<u>1,540</u>
Net change in fund balance . . . . .	-	-	4,660	4,660
<b>Fund balance at beginning of year . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,660</u></u>	<u><u>\$ 4,660</u></u>

**CITY OF NORTH CANTON, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 177,626	\$ 281,226	\$ 177,627	\$ (103,599)
Total revenues . . . . .	<u>177,626</u>	<u>281,226</u>	<u>177,627</u>	<u>(103,599)</u>
<b>Expenditures:</b>				
Capital Outlay:				
Contract services . . . . .	409,880	527,639	523,310	4,329
Total expenditures . . . . .	<u>409,880</u>	<u>527,639</u>	<u>523,310</u>	<u>4,329</u>
Net change in fund balance . . . . .	(232,254)	(246,413)	(345,683)	(99,270)
<b>Fund balance at beginning of year . . . .</b>	104,906	104,906	104,906	-
<b>Prior year encumbrances appropriated .</b>	<u>309,880</u>	<u>309,880</u>	<u>309,880</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 182,532</u>	<u>\$ 168,373</u>	<u>\$ 69,103</u>	<u>\$ (99,270)</u>

**CITY OF NORTH CANTON, OHIO**  
INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - PROPRIETARY FUNDS

**ENTERPRISE FUNDS**

To account for the financing of costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis that are financed or recovered primarily through user charges.

**Major Enterprise Funds**

***Water Fund***

This fund accounts for the treatment and provision of water to the residents and commercial users of the City and certain residents of the County.

***Sewer Fund***

This fund accounts for the sanitary sewer services provided to the residents and commercial users of the City and certain residents of the County.

***Garbage Fund***

This fund accounts for the garbage service provided by a successful bidder for the residential users of the City.

**INTERNAL SERVICE FUNDS**

To account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

**Nonmajor Internal Service Fund**

***Insurance Fund***

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

**CITY OF NORTH CANTON, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 5,775,000	\$ 5,775,000	\$ 5,759,068	\$ (15,932)
Tap-in fees . . . . .	70,000	70,000	45,209	(24,791)
Other. . . . .	55,000	56,900	89,322	32,422
Total revenues . . . . .	<u>5,900,000</u>	<u>5,901,900</u>	<u>5,893,599</u>	<u>(8,301)</u>
<b>Operating expenses:</b>				
Personal services. . . . .	1,747,350	1,741,092	1,564,431	176,661
Contract services . . . . .	1,059,417	1,330,375	1,227,511	102,864
Materials and supplies . . . . .	554,866	553,226	521,820	31,406
Capital outlay . . . . .	2,628,834	2,590,960	2,036,809	554,151
Other. . . . .	5,000	5,000	2,041	2,959
Total expenses . . . . .	<u>5,995,467</u>	<u>6,220,653</u>	<u>5,352,612</u>	<u>868,041</u>
Operating income (loss) . . . . .	<u>(95,467)</u>	<u>(318,753)</u>	<u>540,987</u>	<u>859,740</u>
<b>Nonoperating revenues (expenses):</b>				
Intergovernmental . . . . .	216,412	408,812	188,670	(220,142)
Loans issued . . . . .	419,088	419,088	419,088	-
Transfers out . . . . .	(38,317)	(38,317)	(38,317)	-
Debt service:				
Principal retirement . . . . .	(708,990)	(774,110)	(756,064)	18,046
Interest and fiscal charges. . . . .	(634,116)	(568,996)	(568,972)	24
Total nonoperating revenues (expenses). . . . .	<u>(745,923)</u>	<u>(553,523)</u>	<u>(755,595)</u>	<u>(202,072)</u>
Net change in fund equity . . . . .	(841,390)	(872,276)	(214,608)	657,668
<b>Fund equity at beginning of year. . . . .</b>	1,629,341	1,629,341	1,629,341	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>526,017</u>	<u>526,017</u>	<u>526,017</u>	<u>-</u>
<b>Fund equity at end of year . . . . .</b>	<u>\$ 1,313,968</u>	<u>\$ 1,283,082</u>	<u>\$ 1,940,750</u>	<u>\$ 657,668</u>

**CITY OF NORTH CANTON, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 2,030,000	\$ 2,030,000	\$ 2,092,874	\$ 62,874
Tap-in fees . . . . .	118,000	118,000	50,526	(67,474)
Other. . . . .	5,800	13,600	6,958	(6,642)
Total revenues . . . . .	<u>2,153,800</u>	<u>2,161,600</u>	<u>2,150,358</u>	<u>(11,242)</u>
<b>Operating expenses:</b>				
Personal services. . . . .	396,530	393,225	366,969	26,256
Contract services . . . . .	1,416,260	1,459,013	1,362,059	96,954
Materials and supplies . . . . .	22,650	29,004	21,211	7,793
Capital outlay . . . . .	719,645	676,562	607,398	69,164
Total expenses . . . . .	<u>2,555,085</u>	<u>2,557,804</u>	<u>2,357,637</u>	<u>200,167</u>
Operating loss . . . . .	<u>(401,285)</u>	<u>(396,204)</u>	<u>(207,279)</u>	<u>188,925</u>
<b>Nonoperating expenses:</b>				
Transfers out . . . . .	(7,423)	(7,423)	(7,423)	-
Debt service:				
Principal retirement . . . . .	(175,000)	(175,000)	(175,000)	-
Interest and fiscal charges. . . . .	<u>(10,000)</u>	<u>(8,021)</u>	<u>(7,853)</u>	<u>168</u>
Total nonoperating expenses. . . . .	<u>(192,423)</u>	<u>(190,444)</u>	<u>(190,276)</u>	<u>168</u>
Net change in fund equity . . . . .	(593,708)	(586,648)	(397,555)	189,093
<b>Fund equity at beginning of year. . . . .</b>	327,060	327,060	327,060	-
<b>Prior year encumbrances appropriated . . .</b>	<u>346,730</u>	<u>346,730</u>	<u>346,730</u>	<u>-</u>
<b>Fund equity at end of year . . . . .</b>	<u>\$ 80,082</u>	<u>\$ 87,142</u>	<u>\$ 276,235</u>	<u>\$ 189,093</u>

**CITY OF NORTH CANTON, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 700,000	\$ 700,000	\$ 759,072	\$ 59,072
Total revenues . . . . .	<u>700,000</u>	<u>700,000</u>	<u>759,072</u>	<u>59,072</u>
<b>Operating expenses:</b>				
Personal services. . . . .	61,150	61,110	50,541	10,569
Contract services . . . . .	770,189	752,015	693,464	58,551
Materials and supplies . . . . .	37,200	50,603	50,595	8
Total expenses . . . . .	<u>868,539</u>	<u>863,728</u>	<u>794,600</u>	<u>69,128</u>
Operating loss . . . . .	<u>(168,539)</u>	<u>(163,728)</u>	<u>(35,528)</u>	<u>128,200</u>
<b>Nonoperating revenues:</b>				
Intergovernmental . . . . .	-	63,655	54,415	(9,240)
Total nonoperating revenues . . . . .	<u>-</u>	<u>63,655</u>	<u>54,415</u>	<u>(9,240)</u>
Net change in fund equity . . . . .	(168,539)	(100,073)	18,887	118,960
<b>Fund equity at beginning of year. . . . .</b>	200,629	200,629	200,629	-
<b>Prior year encumbrances appropriated . . .</b>	<u>57,019</u>	<u>57,019</u>	<u>57,019</u>	<u>-</u>
<b>Fund equity at end of year . . . . .</b>	<u>\$ 89,109</u>	<u>\$ 157,575</u>	<u>\$ 276,535</u>	<u>\$ 118,960</u>

**CITY OF NORTH CANTON, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services . . . . .	\$ 1,374,000	\$ 1,374,000	\$ 1,347,516	\$ (26,484)
Total revenues . . . . .	<u>1,374,000</u>	<u>1,374,000</u>	<u>1,347,516</u>	<u>(26,484)</u>
<b>Expenses:</b>				
Contract services . . . . .	220,100	215,863	198,904	16,959
Claims . . . . .	<u>1,103,000</u>	<u>1,107,237</u>	<u>999,032</u>	<u>108,205</u>
Total expenses . . . . .	<u>1,323,100</u>	<u>1,323,100</u>	<u>1,197,936</u>	<u>125,164</u>
Operating income . . . . .	50,900	50,900	149,580	98,680
<b>Fund equity at beginning of year . . . .</b>	<u>175,182</u>	<u>175,182</u>	<u>175,182</u>	<u>-</u>
<b>Fund equity at end of year . . . . .</b>	<u>\$ 226,082</u>	<u>\$ 226,082</u>	<u>\$ 324,762</u>	<u>\$ 98,680</u>

**CITY OF NORTH CANTON, OHIO**

**INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - FIDUCIARY FUNDS**

Fiduciary funds are used to account for assets held by the City in a trustee capacity, or as an agency for individuals, private organizations, other governments and/or funds. The following are the City's fiduciary fund types:

**Agency Fund**

Agency funds maintain assets held by the City as an agent for individuals, private organizations, other governmental units and/or funds. These funds are purely custodial (assets equal liabilities) and therefore do not involve the measurement of results. The following are the City's agency funds.

***Deposits and Fees Fund***

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



**CITY OF NORTH CANTON, OHIO**

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

	<b>Beginning Balance 12/31/2007</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 12/31/2008</b>
<b>Deposits and Fees</b>				
<b>Assets:</b>				
Cash and cash equivalents in segregated accounts. . . . .	\$ 93,777	\$ 184,340	\$ 230,028	\$ 48,089
Total assets. . . . .	<u>\$ 93,777</u>	<u>\$ 184,340</u>	<u>\$ 230,028</u>	<u>\$ 48,089</u>
<b>Liabilities:</b>				
Deposits held and due to others . . . . .	\$ 93,777	\$ 184,340	\$ 230,028	\$ 48,089
Total liabilities . . . . .	<u>\$ 93,777</u>	<u>\$ 184,340</u>	<u>\$ 230,028</u>	<u>\$ 48,089</u>

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# STATISTICAL SECTION

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**CITY OF NORTH CANTON, OHIO**  
**STATISTICAL SECTION**

This part of the City of North Canton's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>114-125</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the income tax.	<b>126-133</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>134-138</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	<b>139-141</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	<b>142-146</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

**CITY OF NORTH CANTON, OHIO**

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

	<u>2008</u>	<u>2007 (1)</u>	<u>2006</u>	<u>2005</u>
<b>Governmental Activities</b>				
Invested in capital assets, net of related debt	\$ 28,494,366	\$ 27,680,040	\$ 26,870,342	\$ 22,671,549
Restricted for:				
Capital projects	976,112	2,364,897	1,859,062	2,926,256
Street construction, maintenance and repair	774,996	651,009	854,455	211,489
Fire operations	44,003	-	17,550	22,563
Emergency medical services	128,653	235,207	205,388	28,623
Computer systems	34,987	14,502	13,719	29,538
Storm sewer	524,203	526,185	349,624	99,180
Donations and supplies	17,062	35,054	36,864	31,479
Other purposes	17,822	6,858	6,614	7,844
Unrestricted	<u>3,252,531</u>	<u>3,245,584</u>	<u>5,070,626</u>	<u>5,151,595</u>
Total governmental activities net assets	<u>\$ 34,264,735</u>	<u>\$ 34,759,336</u>	<u>\$ 35,284,244</u>	<u>\$ 31,180,116</u>
<b>Business-type Activities</b>				
Invested in capital assets, net of related debt	\$ 24,501,565	\$ 24,165,821	\$ 22,808,223	\$ 22,540,242
Unrestricted	<u>4,781,693</u>	<u>3,842,872</u>	<u>4,053,862</u>	<u>2,862,283</u>
Total business-type activities net assets	<u>\$ 29,283,258</u>	<u>\$ 28,008,693</u>	<u>\$ 26,862,085</u>	<u>\$ 25,402,525</u>
<b>Total Primary Government</b>				
Invested in capital assets, net of related debt	\$ 52,995,931	\$ 51,845,861	\$ 49,678,565	\$ 45,211,791
Restricted	2,517,838	3,833,712	3,343,276	3,356,972
Unrestricted	<u>8,034,224</u>	<u>7,088,456</u>	<u>9,124,488</u>	<u>8,013,878</u>
Total primary government net assets	<u>\$ 63,547,993</u>	<u>\$ 62,768,029</u>	<u>\$ 62,146,329</u>	<u>\$ 56,582,641</u>

**Source:** City financial records.

**Note:** 2002 was the first year the City implemented GASB Statement No. 34, so comparative information before that date is not available.

(1) Amounts have been restated to reflect 2008's presentation.

<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 22,785,936	\$ 21,759,290	\$ 19,705,944
1,560,922	2,246,120	2,709,155
280,980	305,021	-
52,635	3,535	-
124,284	2,924	-
27,848	23,557	-
79,103	92,479	-
30,354	30,181	-
9,552	7,914	470,757
<u>6,033,820</u>	<u>7,321,637</u>	<u>11,424,916</u>
<u>\$ 30,985,434</u>	<u>\$ 31,792,658</u>	<u>\$ 34,310,772</u>
\$ 19,996,103	\$ 18,375,752	\$ 18,341,581
<u>2,894,243</u>	<u>2,945,175</u>	<u>2,360,344</u>
<u>\$ 22,890,346</u>	<u>\$ 21,320,927</u>	<u>\$ 20,701,925</u>
\$ 42,782,039	\$ 40,135,042	\$ 38,047,525
2,165,678	2,711,731	3,179,912
8,928,063	10,266,812	13,785,260
<u>\$ 53,875,780</u>	<u>\$ 53,113,585</u>	<u>\$ 55,012,697</u>

**CITY OF NORTH CANTON, OHIO**  
**CHANGES IN NET ASSETS**  
**LAST SEVEN YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Program Revenues:</b>				
Governmental activities				
Charges for services:				
General government	\$ 236,634	\$ 206,652	\$ 196,809	\$ 250,259
Security of persons and property:				
Police	8,006	7,213	9,779	11,741
Public health and welfare	231,002	352,106	311,999	314,046
Community environment	154,156	119,756	131,988	104,782
Leisure time activities	389,748	375,713	379,916	376,381
Subtotal - charges for services	<u>1,019,546</u>	<u>1,061,440</u>	<u>1,030,491</u>	<u>1,057,209</u>
Operating grants and contributions				
General government	42,885	-	-	3,750
Security of persons and property:				
Police	8,948	722	16,964	22,463
Fire	2,459	17,468	3,300	8,568
Public health and welfare	266	33,246	7,000	4,000
Transportation	841,285	712,773	539,001	517,377
Leisure time activities	501	-	-	-
Basic utility services	-	54,906	-	-
Subtotal - operating grants and contributions	<u>896,344</u>	<u>819,115</u>	<u>566,265</u>	<u>556,158</u>
Capital grants and contributions				
Security of persons and property:				
Fire	-	-	36,536	-
Transportation	36,818	1,220,785	3,037,809	150,425
Leisure time activities	32,245	-	-	-
Subtotal - capital grants and contributions	<u>69,063</u>	<u>1,220,785</u>	<u>3,074,345</u>	<u>150,425</u>
Total governmental activities program revenues	<u>1,984,953</u>	<u>3,101,340</u>	<u>4,671,101</u>	<u>1,763,792</u>
Business-type activities:				
Charges for services:				
Water	5,949,012	5,740,648	5,181,984	4,760,279
Sewer	2,167,750	2,063,478	2,239,988	2,060,530
Garbage	759,547	708,666	634,144	558,940
Subtotal - charges for services	<u>8,876,309</u>	<u>8,512,792</u>	<u>8,056,116</u>	<u>7,379,749</u>
Operating grants and contributions:				
Garbage	63,655	61,800	60,000	60,000
Subtotal - operating grants and contributions	<u>63,655</u>	<u>61,800</u>	<u>60,000</u>	<u>60,000</u>
Capital grants and contributions:				
Water	188,670	588,162	513,604	1,015,828
Sewer	-	42,215	308,369	623,350
Subtotal - capital grants and contributions	<u>188,670</u>	<u>630,377</u>	<u>821,973</u>	<u>1,639,178</u>
Total business-type activities program revenues	<u>9,128,634</u>	<u>9,204,969</u>	<u>8,938,089</u>	<u>9,078,927</u>
Total primary government	<u>\$ 11,113,587</u>	<u>\$ 12,306,309</u>	<u>\$ 13,609,190</u>	<u>\$ 10,842,719</u>



<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 173,109	\$ 183,565	\$ 234,426
8,136	10,158	9,632
233,047	98,081	113,046
108,151	123,536	101,617
310,922	310,183	327,248
<u>833,365</u>	<u>725,523</u>	<u>785,969</u>
-	-	15,000
18,595	13,082	32,497
3,043	500	1,300
10,699	4,301	4,200
500,117	537,318	384,861
-	-	-
-	-	6,889
<u>532,454</u>	<u>555,201</u>	<u>444,747</u>
46,019	-	-
154,015	170,000	-
-	-	-
<u>200,034</u>	<u>170,000</u>	<u>-</u>
<u>1,565,853</u>	<u>1,450,724</u>	<u>1,230,716</u>
3,893,098	3,745,362	3,872,276
1,963,871	1,760,248	1,646,419
553,006	547,304	543,940
<u>6,409,975</u>	<u>6,052,914</u>	<u>6,062,635</u>
60,000	60,000	72,734
<u>60,000</u>	<u>60,000</u>	<u>72,734</u>
867,300	760,702	396,322
-	168,634	55,432
<u>867,300</u>	<u>929,336</u>	<u>451,754</u>
7,337,275	7,042,250	6,587,123
<u>\$ 8,903,128</u>	<u>\$ 8,492,974</u>	<u>\$ 7,817,839</u>

- - Continued

**CITY OF NORTH CANTON, OHIO**

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Expenses:</b>				
Governmental Activities				
General government	\$ 2,235,205	\$ 2,253,710	\$ 2,040,584	\$ 2,299,022
Security of persons and property:				
Police	3,049,396	3,587,425	3,026,053	3,038,460
Fire	705,273	819,062	693,324	602,558
Other	-	-	-	-
Public health and welfare	1,476,085	1,703,059	1,311,606	1,290,268
Transportation	2,575,379	3,213,072	1,075,130	1,988,890
Community environment	619,805	547,013	380,145	397,328
Leisure time activities	965,725	1,356,650	1,207,578	1,190,514
Basic utility services	566,496	558,990	1,164,581	287,468
Intergovernmental	-	-	100,000	100,000
Interest and fiscal charges	55,072	184,341	136,057	83,215
Total governmental activities expenses	<u>12,248,436</u>	<u>14,223,322</u>	<u>11,135,058</u>	<u>11,277,723</u>
Business-type activities:				
Water	\$ 5,106,672	\$ 5,349,070	\$ 4,485,688	\$ 4,062,394
Sewer	1,946,158	2,031,424	2,296,527	1,960,523
Garbage	742,158	789,005	676,949	584,994
Total business-type activities expenses	<u>7,794,988</u>	<u>8,169,499</u>	<u>7,459,164</u>	<u>6,607,911</u>
Total primary government program expenses	<u>\$ 20,043,424</u>	<u>\$ 22,392,821</u>	<u>\$ 18,594,222</u>	<u>\$ 17,885,634</u>
<b>Net (Expense) Revenue</b>				
Governmental activities	(10,263,483)	(11,121,982)	(6,463,957)	(9,513,931)
Business-type activities	1,333,646	1,035,470	1,478,925	2,471,016
Total primary government net expense	<u>\$ (8,929,837)</u>	<u>\$ (10,086,512)</u>	<u>\$ (4,985,032)</u>	<u>\$ (7,042,915)</u>

<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 2,320,121	\$ 1,743,780	\$ 2,186,090
2,989,872	2,731,740	2,729,059
698,556	619,487	544,630
-	114,293	-
1,265,192	1,216,486	1,073,559
2,392,977	3,791,505	2,711,933
312,279	302,185	297,363
1,100,428	1,086,524	1,004,002
323,784	408,540	110,410
-	-	-
40,583	13,344	-
<u>11,443,792</u>	<u>12,027,884</u>	<u>10,657,046</u>
\$ 3,291,706	\$ 3,845,882	\$ 3,205,456
1,998,674	2,008,828	1,825,042
571,971	605,023	634,401
<u>5,862,351</u>	<u>6,459,733</u>	<u>5,664,899</u>
<u>\$ 17,306,143</u>	<u>\$ 18,487,617</u>	<u>\$ 16,321,945</u>
(9,877,939)	(10,577,160)	(9,426,330)
1,474,924	582,517	922,224
<u>\$ (8,403,015)</u>	<u>\$ (9,994,643)</u>	<u>\$ (8,504,106)</u>

- - Continued

**CITY OF NORTH CANTON, OHIO**

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities				
Taxes:				
Property and other local taxes levied for:				
General purposes	\$ 836,437	\$ 846,147	\$ 825,186	\$ 780,276
Fire operating levy	83,655	93,144	96,955	91,580
Emergency medical services levy	149,878	169,256	176,194	166,613
Storm sewer levy	323,116	341,288	355,276	97,410
Street levy	323,116	341,288	355,276	97,410
Municipal income taxes levied for:				
General purposes	4,465,795	4,591,652	5,085,423	4,013,121
Capital improvement	1,106,163	1,254,058	1,178,141	2,576,293
Grants and entitlements not restricted to				
Specific programs	2,041,947	2,199,383	1,803,539	1,551,328
Interest	269,837	606,217	537,976	295,629
Gain on sale of capital assets	-	82,873	-	-
Other	109,857	33,134	110,979	38,953
Transfers	59,081	38,634	43,140	-
Total governmental activities	<u>9,768,882</u>	<u>10,597,074</u>	<u>10,568,085</u>	<u>9,708,613</u>
Business-type activities				
Interest	\$ -	\$ -	\$ -	\$ -
Gain on sale of capital assets	-	16,339	-	11,286
Other	-	133,433	23,775	29,877
Transfers	(59,081)	(38,634)	(43,140)	-
Total business-type activities	<u>(59,081)</u>	<u>111,138</u>	<u>(19,365)</u>	<u>41,163</u>
Total primary government	<u>\$ 9,709,801</u>	<u>\$ 10,708,212</u>	<u>\$ 10,548,720</u>	<u>\$ 9,749,776</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ (494,601)	\$ (524,908)	\$ 4,104,128	\$ 194,682
Business-type activities	1,274,565	1,146,608	1,459,560	2,512,179
Total primary government	<u>\$ 779,964</u>	<u>\$ 621,700</u>	<u>\$ 5,563,688</u>	<u>\$ 2,706,861</u>

**Source:** City financial records.

**Note:** 2002 was the first year the City implemented GASB Statement No. 34, so comparative information before that date is not available.

<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 791,294	\$ 738,731	\$ 700,039
94,888	98,558	92,400
173,177	180,248	169,164
102,581	109,187	102,227
102,581	109,187	102,227
6,072,113	5,545,734	5,918,556
-	-	-
1,405,706	1,011,055	2,142,714
190,782	201,285	510,963
-	-	-
137,593	65,061	76,875
-	-	-
<u>9,070,715</u>	<u>8,059,046</u>	<u>9,815,165</u>
\$ 5,317	\$ 4,951	\$ 9,282
-	-	500
89,178	31,534	58,118
-	-	-
<u>94,495</u>	<u>36,485</u>	<u>67,900</u>
<u>\$ 9,165,210</u>	<u>\$ 8,095,531</u>	<u>\$ 9,883,065</u>
\$ (807,224)	\$ (2,518,114)	\$ 388,835
1,569,419	619,002	990,124
<u>\$ 762,195</u>	<u>\$ (1,899,112)</u>	<u>\$ 1,378,959</u>

**CITY OF NORTH CANTON, OHIO**

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

	<u>2008</u>	<u>Restated 2007</u>	<u>2006</u>	<u>2005</u>
General Fund				
Reserved	\$ 81,670	\$ 59,073	\$ 27,388	\$ 13,292
Unreserved	<u>3,055,386</u>	<u>3,620,768</u>	<u>4,811,853</u>	<u>5,254,767</u>
Total general fund	<u>\$ 3,137,056</u>	<u>\$ 3,679,841</u>	<u>\$ 4,839,241</u>	<u>\$ 5,268,059</u>
All Other Governmental Funds				
Reserved	\$ 899,423	\$ 952,745	\$ 2,154,751	\$ 2,997,278
Unreserved, reported in:				
Special revenue funds	1,133,862	1,059,744	1,032,842	379,908
Capital projects funds	<u>192,097</u>	<u>666,448</u>	<u>(1,125,401)</u>	<u>(1,694,856)</u>
Total all other governmental funds	<u>\$ 2,225,382</u>	<u>\$ 2,678,937</u>	<u>\$ 2,062,192</u>	<u>\$ 1,682,330</u>
Total governmental funds	<u>\$ 5,362,438</u>	<u>\$ 6,358,778</u>	<u>\$ 6,901,433</u>	<u>\$ 6,950,389</u>

**Source:** City financial records.

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 58,705	\$ 38,997	\$ 20,655	\$ 63,203	\$ 176,508	\$ 33,377
<u>8,247,016</u>	<u>7,400,788</u>	<u>13,872,575</u>	<u>7,716,798</u>	<u>8,419,097</u>	<u>6,452,955</u>
<u>\$ 8,305,721</u>	<u>\$ 7,439,785</u>	<u>\$ 13,893,230</u>	<u>\$ 7,780,001</u>	<u>\$ 8,595,605</u>	<u>\$ 6,486,332</u>
\$ 365,087	\$ 697,752	\$ 320,953	\$ 453,943	\$ 1,357,082	\$ 847,956
654,623	387,022	545,406	1,697,313	1,422,031	1,199,997
<u>1,212,427</u>	<u>1,655,263</u>	<u>2,391,491</u>	<u>6,814,783</u>	<u>5,754,350</u>	<u>4,799,652</u>
<u>\$ 2,232,137</u>	<u>\$ 2,740,037</u>	<u>\$ 3,257,850</u>	<u>\$ 8,966,039</u>	<u>\$ 8,533,463</u>	<u>\$ 6,847,605</u>
<u>\$ 10,537,858</u>	<u>\$ 10,179,822</u>	<u>\$ 17,151,080</u>	<u>\$ 16,746,040</u>	<u>\$ 17,129,068</u>	<u>\$ 13,333,937</u>

**CITY OF NORTH CANTON, OHIO**

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

	<u>2008</u>	<u>Restated 2007</u>	<u>2006</u>	<u>2005</u>
<b>Revenues</b>				
Taxes	\$ 7,298,228	\$ 7,629,826	\$ 8,105,152	\$ 7,362,787
Charges for services	418,432	291,477	277,741	481,565
Licenses and permits	154,156	117,981	132,200	-
Fines and forfeitures	108,903	103,838	96,561	164,104
Intergovernmental	2,777,801	4,395,082	5,397,544	1,806,389
Special assessments	-	-	-	-
Interest	289,131	576,917	549,893	304,147
Contributions and donations	82,644	-	-	6,250
Rentals	202,932	208,767	212,202	96,054
Ambulance fees	-	337,602	311,999	314,046
Other	123,852	33,134	110,979	38,953
Total revenues	<u>11,456,079</u>	<u>13,694,624</u>	<u>15,194,271</u>	<u>10,574,295</u>
<b>Expenditures</b>				
Current:				
General government	2,149,856	1,731,013	1,775,064	2,112,916
Security of persons and property:				
Police	3,038,698	2,950,401	2,898,587	2,914,728
Fire	578,707	582,303	590,204	532,590
Public health and welfare	1,416,316	1,337,240	1,225,749	1,255,865
Transportation	1,515,298	1,700,177	1,158,714	1,330,351
Community environment	589,150	499,427	500,264	493,027
Leisure time activities	941,185	1,079,086	1,070,913	1,043,587
Basic utility services	460,158	213,207	176,012	116,710
Settlement agreement	-	-	558,315	1,500,000
Capital outlay	1,460,150	3,736,296	4,566,756	2,978,281
Debt service:				
Principal retirement	287,196	552,414	644,661	2,213
Interest and fiscal charges	61,445	189,890	121,128	78,017
Total expenditures	<u>12,498,159</u>	<u>14,571,454</u>	<u>15,286,367</u>	<u>14,358,285</u>
Excess (deficiency) of revenues over (under) expenditures	(1,042,080)	(876,830)	(92,096)	(3,783,990)
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	-	84,000	-	50,521
Notes issued	-	-	1,200,000	1,800,000
Current refunding	-	-	(1,200,000)	(1,800,000)
Inception of capital lease	-	1,087,721	-	146,000
Transfers in	1,936,060	3,039,119	2,572,880	1,515,000
Transfers out	(1,890,320)	(2,984,799)	(2,529,740)	(1,515,000)
Total other financing sources (uses)	<u>45,740</u>	<u>1,226,041</u>	<u>43,140</u>	<u>196,521</u>
Net change in fund balances	<u>\$ (996,340)</u>	<u>\$ 349,211</u>	<u>\$ (48,956)</u>	<u>\$ (3,587,469)</u>
Capital expenditures	\$ 1,709,755	\$ 1,896,914	\$ 5,149,276	\$ 3,226,978
Debt service as a percentage of noncapital expenditures	3.34%	6.22%	8.17%	0.73%

Source: City financial records.



	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$	7,306,072	\$ 6,885,984	\$ 7,044,991	\$ 6,502,582	\$ 7,942,334	\$ 7,400,779
	310,922	310,183	327,248	312,693	305,120	298,693
	108,151	123,536	101,617	118,623	140,905	157,475
	179,365	193,723	24,458	91,355	85,999	30,110
	2,171,045	1,750,283	2,486,668	2,364,205	3,400,249	3,099,228
	-	-	-	-	-	16,689
	162,281	181,586	510,963	835,486	1,019,352	707,892
	-	-	15,000	22,430	632,568	241,294
	-	-	-	-	-	-
	233,047	98,081	113,046	121,875	99,299	66,315
	137,593	65,036	76,875	68,953	33,652	10,988
	<u>10,608,476</u>	<u>9,608,412</u>	<u>10,700,866</u>	<u>10,438,202</u>	<u>13,659,478</u>	<u>12,029,463</u>
	1,985,704	5,775,155	1,861,834	1,758,108	1,601,772	1,461,342
				2,884,587	2,468,042	2,565,366
	2,773,795	2,571,194	2,521,968	N/A	N/A	N/A
	527,577	494,508	494,655	N/A	N/A	N/A
	1,191,434	1,159,512	1,071,837	921,120	865,914	833,863
	1,285,060	1,339,514	1,094,539	917,127	932,547	763,267
	323,573	286,643	277,441	302,995	234,491	237,267
	947,010	949,013	871,033	858,485	718,856	719,554
	130,038	114,688	150,837	25,009	35,271	21,020
	-	359,336	359,336	-	-	-
	2,873,416	3,429,899	1,592,346	3,171,010	3,007,454	3,923,594
	-	-	-	-	-	-
	12,833	13,344	-	-	-	16,013
	<u>12,050,440</u>	<u>16,607,099</u>	<u>10,295,826</u>	<u>10,838,441</u>	<u>9,864,347</u>	<u>10,541,286</u>
	(1,441,964)	(6,998,687)	405,040	(400,239)	3,795,131	1,488,177
	-	27,429	-	17,211	-	83,004
	1,800,000	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	3,895,000	4,380,000	4,100,000	6,530,000	7,890,000	7,350,478
	(3,895,000)	(4,380,000)	(4,100,000)	(6,530,000)	(7,890,000)	(7,350,478)
	<u>1,800,000</u>	<u>27,429</u>	<u>-</u>	<u>17,211</u>	<u>-</u>	<u>83,004</u>
\$	<u>358,036</u>	<u>(6,971,258)</u>	<u>405,040</u>	<u>(383,028)</u>	<u>3,795,131</u>	<u>1,571,181</u>
\$	2,322,247	\$ 5,872,469	\$ 1,662,802	\$ 932,248	\$ 311,727	\$ 1,025,967
	0.13%	0.12%	0.00%	0.00%	0.00%	0.17%

**CITY OF NORTH CANTON, OHIO**

**ASSESSED VALUATION AND ESTIMATED TRUE VALUES OF TAXABLE PROPERTY  
LAST TEN YEARS**

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated actual value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed value	Esimated actual value
2008	\$ 304,274,660	\$ 83,600,100	\$ 1,108,213,600	\$ 5,829,460	\$ 6,624,386
2007	300,242,990	82,856,980	1,094,571,343	9,468,540	10,759,705
2006	282,557,950	70,647,520	1,009,158,486	9,822,620	11,162,068
2005	277,423,330	73,768,930	1,003,406,457	10,739,360	12,203,818
2004	271,203,360	72,036,110	980,684,200	10,721,710	12,183,761
2003	238,943,530	69,795,160	882,110,543	10,576,570	12,018,830
2002	231,878,880	63,981,410	845,315,114	10,191,570	11,581,330
2001	224,901,890	61,912,310	819,469,143	12,074,480	13,721,000
2000	187,997,750	54,775,480	693,637,800	12,078,680	13,725,773
1999	182,996,150	52,912,370	674,024,343	13,799,260	15,680,977

**Source:** County Auditor.

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each appraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. The general business tangible personal property tax started being phased out in 2006. For collection year 2008, both types of general business tangible personal property were assessed at 6.25 percent. The percentage will be zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property has been eliminated.

Tangible Personal Property					
General Business			Total		
Assessed value	Estimated actual value	Assessed value	Estimated actual value	Ratio	Total Direct Tax Rate
\$ 8,547,249	\$ 68,377,992	\$ 402,251,469	\$ 1,183,215,978	34.00%	\$ 5.90
16,973,399	135,787,192	409,541,909	1,241,118,240	33.00%	5.90
23,869,790	127,305,547	386,897,880	1,147,626,101	33.71%	5.90
25,771,993	103,087,972	387,703,613	1,118,698,247	34.66%	5.90
31,315,868	125,263,472	385,277,048	1,118,131,433	34.46%	5.90
33,454,806	133,819,224	352,770,066	1,027,948,597	34.32%	5.90
32,028,573	128,114,292	338,080,433	985,010,736	34.32%	5.90
30,381,869	121,527,476	329,270,549	954,717,619	34.49%	5.90
28,524,156	114,096,624	283,376,066	821,460,197	34.50%	5.90
28,719,301	114,877,204	278,427,081	804,582,524	34.61%	5.90

**CITY OF NORTH CANTON, OHIO**

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Unvoted Millage</b>				
Operating	\$ 2.4000	\$ 2.4000	\$ 2.4000	\$ 2.4000
<b>Voted Millage</b>				
2005 Storm Sewer	1.0000	1.0000	1.0000	1.0000
2005 Street Improvement	1.0000	1.0000	1.0000	1.0000
1982 Ambulance & E.M.S.	1.0000	1.0000	1.0000	1.0000
1983 Fire	0.5000	0.5000	0.5000	0.5000
Total Voted Millage	<u>3.5000</u>	<u>3.5000</u>	<u>3.5000</u>	<u>3.5000</u>
Total Millage	<u>\$ 5.9000</u>	<u>\$ 5.9000</u>	<u>\$ 5.9000</u>	<u>\$ 5.9000</u>
<b>Overlapping Rates By Taxing District</b>				
North Canton City School District				
Residential/Agricultural Real	\$ 34.5888	\$ 34.7169	\$ 29.6110	\$ 29.6110
Commercial/Industrial and Public Utility Real	39.7213	39.3218	37.7864	37.7864
General Business and Public Utility	72.8000	72.8000	65.8000	65.8000
Stark County				
Residential/Agricultural Real	3.9848	6.9848	7.3694	7.3694
Commercial/Industrial and Public Utility Real	7.6556	7.4909	8.3378	8.3378
General Business and Public Utility	10.1000	10.1000	10.1000	10.1000
Plain Township				
Residential/Agricultural Real	0.1000	0.1000	0.1000	0.1000
Commercial/Industrial and Public Utility Real	0.1000	0.1000	0.1000	0.1000
General Business and Public Utility	0.1000	0.1000	0.1000	0.1000
Special Taxing Districts (1)				
Residential/Agricultural Real	0.7677	0.6712	0.7232	0.7232
Commercial/Industrial and Public Utility Real	0.7974	0.7090	0.8281	0.8281
General Business and Public Utility	1.0000	1.0000	1.0000	1.0000

**Source:** County Auditor

Notes: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by a majority vote of the City's residents.

The real property tax rates for the voted levies of the overlapping taxing districts are reduced so that inflationary increases in value do not generate additional revenue.

The City has no charter millage.

Overlapping rates are those of local and county governments that apply to property owners within the City.

(1) North Canton Library, Stark County Park District

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 2.4000	\$ 2.4000	\$ 2.4000	\$ 2.4000	\$ 2.4000	\$ 2.4000
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
3.5000	3.5000	3.5000	3.5000	3.5000	3.5000
\$ 5.9000	\$ 5.9000	\$ 5.9000	\$ 5.9000	\$ 5.9000	\$ 5.9000

\$ 29.8692	\$ 29.8252	\$ 32.5882	\$ 32.5882	\$ 28.3145	\$ 31.2400
37.7094	37.3465	38.3893	38.3893	33.7798	36.8045
65.8000	65.5000	65.5000	65.5000	61.1000	61.2000
7.7612	7.8060	6.6084	6.6084	7.4150	7.0878
9.2125	9.2372	7.4910	7.4910	8.3657	7.8046
11.5000	11.5000	9.6000	9.6000	11.0000	9.6000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
1.0000	1.0000	0.1000	0.1000	0.1000	0.1000
0.7315	0.7355	0.6883	0.6883	0.6921	0.7996
0.8276	0.8286	0.7751	0.7751	0.7618	0.8494
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

**CITY OF NORTH CANTON, OHIO**

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections (1)</u>	<u>Percent of Current Tax Collections To Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
2008	\$ 1,963,272	\$ 1,895,920	96.57%	\$ 42,201	\$ 1,938,121
2007	2,004,956	1,958,900	97.70%	33,875	1,992,775
2006	1,984,367	1,932,148	97.37%	45,467	1,977,615
2005	1,440,031	1,404,479	97.53%	28,300	1,432,779
2004	1,456,096	1,414,519	97.14%	21,076	1,435,595
2003	1,389,753	1,343,805	96.69%	27,305	1,371,110
2002	1,337,631	1,277,950	95.54%	21,724	1,299,674
2001	1,308,241	1,258,302	96.18%	26,061	1,284,363
2000	1,194,376	1,137,052	95.20%	19,721	1,156,773
1999	1,168,384	1,137,191	97.33%	14,902	1,152,093

**Source:** County Auditor

(1) State reimbursement of rollback and homestead exemptions are included.

Note: The County does not identify delinquent collections by the year for which the tax was levied.

<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
98.72%	\$ 69,768	3.55%
99.39%	40,556	2.02%
99.66%	6,752	0.34%
99.50%	7,252	0.50%
98.59%	20,501	1.41%
98.66%	18,643	1.34%
97.16%	37,957	2.84%
98.17%	23,878	1.83%
96.85%	37,603	3.15%
98.61%	16,291	1.39%

**CITY OF NORTH CANTON, OHIO**

PRINCIPAL TAXPAYERS  
REAL ESTATE TAX  
CURRENT YEAR AND NINE YEARS AGO

<b>2008</b>			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total District Real Estate Assessed Value</u>
McKinley Development Leasing Co. LTD	\$ 5,284,380	1	1.36%
Versailles Gardens, LTD	4,899,940	2	1.26%
Albrecht Incorporated	2,547,410	3	0.66%
Waterford at St. Luke	2,456,910	4	0.63%
Potsdamer Platz, LLC	2,290,690	5	0.59%
Jewel Acquisition, LLC	2,023,430	6	0.52%
Berlin Commons, LTD	1,966,720	7	0.51%
Williamsburg Apartments, LTD	1,882,550	8	0.49%
Maple Street Commerce, LTD	1,752,880	9	0.45%
Louisville Ventures, LTD	1,610,970	10	0.42%
Total	<u>\$ 26,715,880</u>		<u>6.89%</u>
Total Assessed Valuation	<u>\$ 387,874,760</u>		

<b>1999</b>			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total District Real Estate Assessed Value</u>
Hoover Company	\$ 17,263,010	1	7.32%
Maytag Corporation	7,310,990	2	3.10%
Ohio Bell Telephone	5,879,410	3	2.49%
Ohio Power Company	4,259,390	4	1.81%
Albrecht Incorporated	2,733,280	5	1.16%
Versailles Gardens	2,458,680	6	1.04%
East Ohio Gas Company	1,805,290	7	0.77%
Waterford at Saint Luke	1,623,040	8	0.69%
New Berlin Commons	1,615,960	9	0.68%
Autlman Health Foundation	1,548,730	10	0.66%
Total	<u>\$ 46,497,780</u>		<u>19.71%</u>
Total Assessed Valuation	<u>\$ 235,908,520</u>		

**Source:** Stark County, Ohio, Auditor's Office



**CITY OF NORTH CANTON, OHIO**

INCOME TAX REVENUE BASE AND COLLECTIONS (CASH BASIS)  
LAST TEN YEARS

<b>Tax Year</b>	<b>Tax Rate</b>	<b>Total Tax Collected</b>	<b>Taxes from Withholding</b>	<b>Percentage of Taxes from Withholdings</b>	<b>Taxes from Net Profits</b>	<b>Percentage of Taxes from Net Profits</b>	<b>Taxes from Individuals</b>	<b>Percentage of Taxes from Individuals</b>
2008	1.50%	\$ 5,656,592	\$ 3,850,815	68.08%	\$ 326,172	5.77%	\$ 1,352,921	23.92%
2007	1.50%	6,400,520	4,404,728	68.82%	359,862	5.62%	1,635,930	25.56%
2006	1.50%	6,377,273	4,274,631	67.03%	502,516	7.88%	1,600,126	25.09%
2005	1.50%	6,553,223	4,793,884	73.15%	370,626	5.66%	1,388,713	21.19%
2004	1.50%	6,223,014	4,522,215	72.67%	401,058	6.44%	1,299,741	20.89%
2003	1.50%	6,261,167	4,616,733	73.74%	343,013	5.48%	1,301,421	20.79%
2002	1.50%	6,020,440	4,416,695	73.36%	271,153	4.50%	1,332,592	22.13%
2001	1.50%	6,028,800	4,390,066	72.82%	305,080	5.06%	1,333,654	22.12%
2000	1.50%	7,028,669	4,099,958	58.33%	1,650,857	23.49%	1,277,854	18.18%
1999	1.50%	6,717,215	3,828,749	57.00%	1,611,701	23.99%	1,276,765	19.01%

**Source:** The City of North Canton Income Tax Department.

**Note:** The City is prohibited by statute from presenting information regarding individual taxpayers.

**CITY OF NORTH CANTON, OHIO**

LEGAL DEBT MARGIN  
LAST TEN YEARS

	<u>2008</u>	<u>Restated 2007</u>	<u>2006</u>	<u>2005</u>
Total Assessed Property Value	\$ 394,082,950	\$ 409,541,909	\$ 386,897,880	\$ 387,703,613
Overall Legal Debt Limit (10 1/2 % of assessed valuation)	<u>41,378,710</u>	<u>43,001,900</u>	<u>40,624,277</u>	<u>40,708,879</u>
Debt Outstanding				
Various Improvement Note	-	750,000	1,000,000	1,500,000
Water System Bonds	4,145,000	4,300,000	-	-
Water Notes	-	-	4,300,000	3,000,000
Sewer Notes	-	175,000	350,000	548,000
OPWC Loans	1,388,947	1,020,904	-	-
OWDA Loans	10,263,181	10,813,200	11,309,281	10,633,475
Total gross indebtedness	<u>15,797,128</u>	<u>17,059,104</u>	<u>16,959,281</u>	<u>15,681,475</u>
Less:				
Water System Bonds	4,145,000	4,300,000	-	-
Water Notes	-	-	4,300,000	3,000,000
Sewer Notes	-	175,000	350,000	548,000
OPWC Loans	1,388,947	1,020,904	-	-
OWDA Loans	10,263,181	10,813,200	11,309,281	10,633,475
Total net debt applicable to debt limit	<u>-</u>	<u>750,000</u>	<u>1,000,000</u>	<u>1,500,000</u>
Legal debt margin within 10 1/2 % limitation	<u>\$ 41,378,710</u>	<u>\$ 42,251,900</u>	<u>\$ 39,624,277</u>	<u>\$ 39,208,879</u>
Legal debt margin as a percentage of the debt limit	100.00%	98.26%	97.54%	96.32%
Unvoted Debt Limitation (5 1/2 % of assessed valuation)	<u>21,674,562</u>	<u>22,524,805</u>	<u>21,279,383</u>	<u>21,323,699</u>
Total gross indebtedness	15,797,128	17,059,104	16,959,281	15,681,475
Less:				
Special Assessment Bonds	-	-	-	-
Water System Bonds	4,145,000	4,300,000	-	-
Water Notes	-	-	4,300,000	3,000,000
Sewer Notes	-	175,000	350,000	548,000
OPWC Loans	1,388,947	1,020,904	-	-
OWDA Loans	10,263,181	10,813,200	11,309,281	10,633,475
Net debt within 5 1/2 % limitations	<u>-</u>	<u>750,000</u>	<u>1,000,000</u>	<u>1,500,000</u>
Unvoted legal debt margin within 5 1/2 % limitations	<u>\$ 21,674,562</u>	<u>\$ 21,774,805</u>	<u>\$ 20,279,383</u>	<u>\$ 19,823,699</u>
Unvoted legal debt margin as a percentage of the unvoted debt limitation	100.00%	96.67%	95.30%	92.97%

**Source:** City financial records.

Note: Beginning in 2008 the amount of assessed valuation for railroad and telephone personal property has been excluded from the debt margin calculation.

<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
<u>\$ 385,277,048</u>	<u>\$ 352,770,066</u>	<u>\$ 338,080,433</u>	<u>\$ 329,270,549</u>	<u>\$ 273,376,066</u>	<u>\$ 278,427,081</u>
<u>40,454,090</u>	<u>37,040,857</u>	<u>35,498,445</u>	<u>34,573,408</u>	<u>28,704,487</u>	<u>29,234,844</u>
-	-	-	-	-	-
-	-	-	-	-	-
2,850,000	1,875,000	1,250,000	1,300,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,204,935	4,498,059	847,048	925,935	728,324	-
<u>12,054,935</u>	<u>6,373,059</u>	<u>2,097,048</u>	<u>2,225,935</u>	<u>728,324</u>	<u>-</u>
-	-	-	-	-	-
2,850,000	1,875,000	1,250,000	1,300,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,204,935	4,498,059	847,048	925,935	728,324	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 40,454,090</u>	<u>\$ 37,040,857</u>	<u>\$ 35,498,445</u>	<u>\$ 34,573,408</u>	<u>\$ 28,704,487</u>	<u>\$ 29,234,844</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<u>21,190,238</u>	<u>19,402,354</u>	<u>18,594,424</u>	<u>18,109,880</u>	<u>15,035,684</u>	<u>15,313,489</u>
12,054,935	6,373,059	2,097,048	2,225,935	728,324	-
-	-	-	-	-	-
-	-	-	-	-	-
2,850,000	1,875,000	1,250,000	1,300,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,204,935	4,498,059	847,048	925,935	728,324	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 21,190,238</u>	<u>\$ 19,402,354</u>	<u>\$ 18,594,424</u>	<u>\$ 18,109,880</u>	<u>\$ 15,035,684</u>	<u>\$ 15,313,489</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**CITY OF NORTH CANTON, OHIO**

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN YEARS

Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Notes Payable	Capital Leases	Notes/ Bonds Payable	OWDA Loans	OPWC Loans			
2008	\$ -	\$ 647,237	\$ 4,145,000	\$ 10,263,181	\$ 1,388,947	\$ 16,444,365	4.18%	\$ 1,005
2007	750,000	934,433	4,475,000	10,813,200	1,020,904	17,993,537	4.57%	1,099
2006	2,500,000	99,126	4,650,000	11,309,281	-	18,558,407	4.72%	1,134
2005	3,300,000	143,787	3,548,000	10,633,475	-	17,625,262	4.48%	1,077
2004	1,800,000	-	2,850,000	9,204,935	-	13,854,935	3.52%	846
2003	2,100,000	-	1,875,000	4,498,059	-	8,473,059	2.15%	518
2002	-	-	1,250,000	847,048	-	2,097,048	0.53%	128
2001	-	-	1,300,000	924,935	-	2,224,935	0.57%	136
2000	-	-	-	728,324	-	728,324	0.19%	44
1999	-	-	-	-	-	-	0.00%	-

**Source:** City financial records.

**Note:** Population and personal income data are presented on page 139.

**CITY OF NORTH CANTON, OHIO**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2008

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Amount Applicable to City</u>
<b>Direct - City of North Canton</b>			
Capital Lease	\$ 647,237	100.00%	\$ 647,237
	<u>647,237</u>		<u>647,237</u>
<b>Overlapping debt:</b>			
North Canton City School District	15,230,880	47.95%	7,303,207
Jackson Local School District	66,057,956	0.42%	277,443
Plain Local School District	55,604,913	6.44%	3,580,956
Plain Township	600,000	3.44%	20,640
Stark County	4,907,657	5.30%	260,106
	<u>142,401,406</u>		<u>11,442,353</u>
Total direct and overlapping debt	<u>\$ 143,048,643</u>		<u>\$ 12,089,590</u>

**Source:** County Auditor

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total valuation.

**CITY OF NORTH CANTON, OHIO**

**WATER DEBT LOAN PLEDGED REVENUE COVERAGE WATER FUND  
LAST TWO YEARS**

Year	Operating Revenues	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2008	\$ 5,949,012	\$ 2,946,896	\$ 3,002,116	\$ 550,019	\$ 395,994	3.17
2007	5,872,497	3,192,233	2,680,264	522,394	339,805	3.11

(1) Operating expenses do not include depreciation.

**Source:** Office of the City Finance Director.

**Note:** Information prior to 2007 is unavailable.

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**CITY OF NORTH CANTON, OHIO**

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (5)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>	<u>Educational Attainment: Bachelor's Degree or Higher (1)</u>
2008	16,369	\$ 393,592,605	\$ 24,045	\$ 42,013	42.3	33.6%
2007	16,369	393,592,605	24,045	42,013	42.3	33.6%
2006	16,369	393,592,605	24,045	42,013	42.3	33.6%
2005	16,369	393,592,605	24,045	42,013	42.3	33.6%
2004	16,369	393,592,605	24,045	42,013	42.3	33.6%
2003	16,369	393,592,605	24,045	42,013	42.3	33.6%
2002	16,369	393,592,605	24,045	42,013	42.3	33.6%
2001	16,369	393,592,605	24,045	42,013	42.3	33.6%
2000	16,369	393,592,605	24,045	42,013	42.3	33.6%
1999	15,750	297,816,750	18,909	32,369	39.5	29.8%

(1) Source: U.S. Census

(a) Years 2000 through 2008 - 2000 Federal Census

(b) Year 1999 - 1990 Federal Census

(2) North Canton City Schools

(3) Source: County Planning Commission

(4) Source: County Auditor

(5) Computation of per capita personal income multiplied by population



<u>School Enrollment (2)</u>	<u>Stark County Unemployment Rate (3)</u>	<u>Average Sales Price of Residential Property (4)</u>	<u>Total Assessed Property Value</u>
4,937	8.0%	\$ 147,498	\$ 402,251,469
4,932	5.9%	153,833	409,541,909
5,008	5.8%	148,683	386,897,880
4,963	6.4%	151,889	387,703,613
4,980	6.6%	152,500	385,277,048
4,933	6.5%	140,266	352,770,066
4,872	5.5%	145,865	338,080,433
4,654	4.0%	138,336	329,270,549
4,714	3.8%	144,495	283,376,066
4,635	4.5%	129,257	278,427,081

**CITY OF NORTH CANTON, OHIO**

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

<b>2008</b>			
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Walsh University	1,359	1	8.63%
North Canton Board of Education	983	2	6.24%
TTI / Hoover Inc.	678	3	4.31%
St. Lukes Home for the Aged	438	4	2.78%
YMCA of Central Stark County	372	5	2.36%
North Canton Medical Foundation	362	6	2.30%
Aultman Hospital Association	257	7	1.63%
Tamarkin Company	240	8	1.52%
Fred W. Albrecht Grocery	224	9	1.42%
City of North Canton	169	10	1.07%
<b>Total</b>	<b>5,082</b>		<b>32.27%</b>
<b>Total City Employment</b>	<b>15,748</b>		

<b>1999</b>			
<b>Employer</b>	<b>Employees (1)</b>	<b>Rank</b>	<b>Percentage of Total</b>
Hoover Company	3,511	1	N/A
North Canton Board of Education	932	2	N/A
Walsh University	850	3	N/A
St. Lukes Home for the Aged	483	4	N/A
North Canton Medical Foundation	383	5	N/A
City of North Canton	233	6	N/A
Fred W. Albrecht Grocery	187	7	N/A
Windsor Medical Center	171	8	N/A
Firestone Star Market	122	9	N/A
Brookwood Management Company Inc.	102	10	N/A
<b>Total</b>	<b>6,974</b>		<b>0.00%</b>
<b>Total City Employment</b>	<b>N/A</b>		

**Source:** Number of employees obtained from the W2's from the City Tax Department

**Note:** Total City employment for 1999 is unavailable.

**CITY OF NORTH CANTON, OHIO**

**FULL-TIME-EQUIVALENT CITY GOVERNMENTAL EMPLOYEES BY FUNCTION/PROGRAM  
LAST SEVEN YEARS (1)**

<b>Function/Program</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>General Government</b>							
Council	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Mayor's office	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Law	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Finance	3.00	3.50	4.00	4.00	4.00	4.00	4.00
Tax	3.00	2.50	3.00	3.00	3.00	3.50	3.00
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City hall maintenance	0.50	0.50	0.50	0.50	0.50	0.50	1.50
Engineer	5.50	5.00	5.50	6.50	5.50	5.00	6.00
<b>Security of Persons and Property</b>							
Police - administration	1.00	1.00	1.00	1.50	1.50	1.50	1.50
Police - officers	25.00	24.00	25.00	26.50	26.50	26.50	26.50
Police - crossing guards	6.00	6.50	7.50	6.00	6.00	6.00	6.50
Dispatchers/Chief Dispatcher	8.50	8.00	7.50	7.50	8.00	8.50	8.50
Fire Inspectors	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Fire Fighters	11.00	12.00	12.00	12.00	13.00	13.00	16.00
<b>Public Health Services</b>							
Emergency Medical Services	22.00	21.50	21.50	23.00	22.50	21.00	23.00
<b>Leisure Time Activities</b>							
Municipal Pool	19.50	18.00	19.00	18.00	18.50	17.00	17.00
Civic Center	2.00	3.00	3.00	3.50	2.50	2.50	2.00
Recreation	3.50	2.50	2.00	2.00	2.50	2.00	2.00
Park Maintenance	8.00	5.50	6.50	6.50	6.50	6.50	7.00
<b>Community Development</b>							
Permits & Inspections	3.50	4.00	4.00	4.00	4.00	4.00	4.00
Economic Development	2.00	1.50	1.50	1.00	0.00	0.00	0.00
<b>Transportation</b>							
Street M&R	8.50	11.00	10.00	12.00	12.50	12.00	12.00
<b>Basic Utility Services</b>							
Water Administration	4.00	4.00	4.00	4.00	4.50	4.00	4.50
Water Distribution	5.50	7.50	8.00	7.50	7.50	7.50	7.50
Water Treatment Plant	11.00	12.00	13.00	12.00	12.00	12.00	12.00
Sewer Collection	3.00	4.00	4.00	4.00	4.00	4.00	4.00
<b>Total</b>	<b>168.50</b>	<b>170.00</b>	<b>176.00</b>	<b>178.50</b>	<b>178.50</b>	<b>174.50</b>	<b>182.00</b>

**Source:** City Payroll Department W2 Audit Listing

**Method:** Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee.

(1) Information prior to 2002 is not available

**CITY OF NORTH CANTON, OHIO**

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN YEARS**

<b>Function/Program</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>General Government</b>				
Square footage occupied	31,517	31,517	31,517	31,517
Vehicles	10	10	8	9
<b>Police</b>				
Stations	1	1	1	1
Square footage of building	11,960	11,960	11,960	11,960
Vehicles	13	14	13	13
<b>Fire</b>				
Stations	1	1	1	1
Square footage of building	8,989	8,989	8,989	8,989
Vehicles	11	11	11	11
<b>Emergency Medical Service</b>				
Stations	1	1	1	1
Square footage of building	8,970	8,970	8,970	8,970
Vehicles	6	5	6	6
<b>Recreation</b>				
Number of parks	11	11	13	12
Number of pools	1	1	1	1
Number of tennis courts	11	11	11	11
Number of basketball courts	7	7	8	8
Number of park shelters	8	7	7	6
Vehicles	11	11	11	11
<b>Public Service Department</b>				
Streets (miles)	95.46	95.46	95.46	95.46
Vehicles	18	18	18	18
<b>Water Department</b>				
Water lines (miles)	129.80	129.80	127.93	127.34
Square footage of water treatment plant	32,125	32,125	32,125	26,925
Vehicles	17	17	17	17
<b>Wastewater</b>				
Sanitary sewers (miles)	64.39	64.39	64.06	63.70
Storm sewers (miles)	49.42	49.42	48.3	47.41
Vehicles	9	9	9	9

**Source:** City of North Canton departments

<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
31,517 9	31,517 8	31,517 8	31,517 8	31,517 7	31,517 7
1 11,960 13	1 11,960 13	1 11,960 13	1 11,960 12	1 11,960 12	1 11,960 12
1 8,989 11	1 8,989 10	1 8,989 10	1 8,989 10	1 8,989 10	1 8,989 10
1 8,970 5	1 8,970 5	1 8,970 5	1 8,970 5	1 8,970 5	1 8,970 5
12 1 11 8 6 11	12 1 11 8 6 11	12 1 11 8 6 11	11 1 11 8 6 11	11 1 11 8 6 11	11 1 11 8 5 10
93.70 18	93.70 18	93.30 18	93.00 18	83.69 17	81.68 16
126.27 20,640 16	124.90 20,640 16	123.00 20,640 16	122.00 20,640 16	119.64 20,640 16	117.84 20,640 16
62.48 47.41 9	62.30 47.30 9	61.60 46.50 8	61.28 46.00 8	61.28 45.64 8	60.23 44.25 8

**CITY OF NORTH CANTON, OHIO**

OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST SEVEN YEARS

<u>Function/Program</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>General Government</b>				
Number of ordinances passed	122	147	141	218
Number of planning commission agenda items	15	15	21	32
Number of zoning board of appeals agenda items	11	12	18	22
Number of checks/vouchers issued	3,390	3,711	3,825	4,052
Interest earnings for fiscal year (cash basis)	\$360,120	\$543,994	\$463,016	\$319,590
General fund receipts (cash basis in thousands)	\$9,031	\$9,321	\$9,500	\$7,417
General fund expenditures (cash basis in thousands)	\$9,961	\$7,744	\$9,915	\$9,926
General fund cash balances (in thousands)	\$3,713	\$4,578	\$4,695	\$5,107
<b>Income Tax Department</b>				
Number of individual returns	7,852	8,312	8,385	8,288
Number of business returns	1,187	1,319	1,270	1,239
Annual number of reconciliation of withholding processed	1,529	1,523	1,519	1,536
<b>Building Department Indicators</b>				
Construction permits issued	703	305	381	455
Estimated value of construction	\$ 17,559,237	\$ 19,254,219	\$ 25,389,738	\$ 19,587,769
Inspections conducted	1,114	1,895	771	782
<b>Security of Persons &amp; Property</b>				
<b>Police</b>				
Total calls for services	29,459	31,274	31,276	32,295
Traffic violations	1,418	1,297	1,628	2,006
Motor vehicle accidents	525	604	561	614
Total arrests	392	398	482	483
<b>Fire/Emergency Medical Services</b>				
EMS calls	2,080	1,635	1,612	1,824
EMS transports	1,284	1,503	1,069	1,062
Ambulance billing collections	\$269,287	\$337,602	\$311,999	\$314,046
Fire calls	537	434	412	425
Fire safety inspections	1,410	1,223	1,087	629
<b>Leisure Time Activities</b>				
<b>Recreation</b>				
Swimming pool memberships	2,729	3,107	3,375	2,887
Civic center rentals	337	318	208	201
Dogwood shelter rentals	252	228	260	273
<b>Transportation</b>				
Asphalt resurfacing (miles)	2.7	1.80	2.66	5.54
Asphalt usage for pothole repairs (tons)	530.75	410	184	350
Salt usage (tons)	6,752	4,250	2,282	4,135
Cost of salt purchased	\$282,216	\$188,992	\$121,505	\$235,051
<b>Water Department</b>				
Average daily gallons sold per consumer	321	340.81	332.85	292.14
Number of customers	8,947	8,794	8,699	8,544
Annual water collections	\$5,759,068	\$5,583,161	\$5,031,926	\$4,587,520
Water main breaks	31	59	33	32
Number of wells	8	8	7	7
Gallons of water treated (billions of gallons)	1,321	1,307	1,170	11,556
<b>Wastewater Department</b>				
Residential sewer rate (flat monthly rate)	\$21.00	\$19.00	\$19.00	\$18.00
Number of customers	6,284	6,283	6,251	6,197

**Source:** City of North Canton departments

**Note:** Information prior to 2002 is unavailable.

	2004	2003	2002
	162	156	124
	15	44	130
	15	13	9
	3,944	3,906	4,078
	\$206,055	\$339,932	\$572,469
	\$10,771	\$10,703	\$9,857
	\$12,230	\$14,443	\$10,076
	\$7,540	\$8,954	\$12,612
	8,090	8,008	8,359
	1,202	1,154	1,131
	1,532	1,127	1,086
	489	484	512
\$	22,572,034	\$ 27,442,926	\$ 18,806,846
	980	1,097	985
	33,863	35,205	39,149
	2,221	2,117	2,597
	677	653	623
	468	434	433
	1,760	1,866	1,757
	1,110	1,269	1,096
	\$233,047	\$98,081	\$113,046
	456	445	415
	909	384	508
	2,694	2,406	2,203
	262	261	221
	247	238	239
	5.32	4.20	4.38
	326	530	435
	6,486	7,650	4,480
	\$181,329	\$220,015	\$155,774
	289.13	298.50	329.39
	8,540	8,213	8,103
	\$3,729,072	\$3,655,815	\$3,711,960
	50	65	37
	6	6	6
	1,124	1,112	1,234
	\$18.00	\$15.00	\$15.00
	6,175	5,890	5,875

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**Mary Taylor, CPA**  
Auditor of State

**CITY OF NORTH CANTON**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 11, 2009**