

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
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 present component unit and remaining fund information of City of North Canton, Stark County, Ohio, (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 23, 2010.

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

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

Mary Taylor, CPA
Auditor of State

June 23, 2010

CITY OF NORTH CANTON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009

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, 2009

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City of NORTH CANTON, OHIO

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

June 23, 2010

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, 2009, 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, 2009 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 2009, 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 2009, the City contributed \$175,000 to the fund and anticipates continuing funding the compensated absences fund 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, \$185,000 was transferred and in 2009, \$359,035 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, \$643,000 has been transferred to the CIC. During 2007, the CIC was able to bring the Stark County Board of Developmental Disabilities (SCBDD) 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 SCBDD moved into the vacant office space at the end of 2007. Currently, they have over forty employees at this location. In 2009, the SCBDD parking lot was repaved at a cost of \$10,590 and lighting was installed at a cost of \$577.

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 (JRS) 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. \$3 million of the JRS grant was used by Maple Street Commerce to improve the buildings located at the Hoover facility. In 2009, work began on rehabilitating the Hoover Facility and is expected to be completed by early 2010. A new fund, the Hoover District Improvement fund, was established by Council to account for revenues and expenditure transactions related to this project. As of this transmittal, tenants have relocated to the finished portions of the facility and employment levels total approximately five hundred employees among the relocated companies. City plans are to use \$2 million to widen and improve streets around the factory beginning in 2010. Work will be done on East Maple Street, Charlotte Street, Hower Street and Taft Avenue. 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 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 with construction beginning in 2009. The City and the developer will share any remaining construction costs on a fifty-fifty basis. It is expected that construction will be completed by early 2010.

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, the City went out for bid for the design and engineering for the well number 10 raw waterline. The City issued a \$900,000 water system improvement general obligation note in early 2010 to assist in paying for the design, engineering and construction of the raw waterline.

The West Maple Street waterline improvement project began in 2008. The waterline improvement project is funded with a \$296,000 Ohio Public Works Commission (OPWC) grant and water funds and was completed in 2009.

In 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 was completed in 2009.

The success of the City's curbside recycling program continued into 2009. The City was awarded a \$63,655 grant from the Tri-County Solid Waste District to help fund the recycling program. Also in 2009, 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 continued both of these important recycling initiatives into 2010.

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.

In 2009, a 1 mil storm sewer improvement replacement levy was passed at the general election in November. The levy is anticipated to generate \$419,000 each year annually for five years. Collection years are 2011-2015. In 2010, a 1 mil street improvement renewal levy was passed at the May primary and is anticipated to generate \$397,000 each year annually for five years. Collection years are 2011-2015. In addition, a new, two year 1.5 mil EMS/Ambulance levy was also passed by the voters. It is anticipated to generate approximately \$565,000 annually each year. Collection years are 2011 and 2012.

Wherever possible, the City is pursuing grants to assist in projects. The City was awarded an \$802,246 OPWC grant for the Willoway Sewer Project. In 2010, multiple infrastructure projects (Raw waterline #10, North Main Street waterline and North Main Street reconstruction, East Maple reconstruction, Portage Street/West Park Sanitary Sewer, etc.) will be undertaken by the City through the combined use of existing city funds, grants, and, if necessary, the issuance of debt. The City also conducted a water and sewer rate study. The study will be used to determine if water and sewer rates are recommended to be increased over the next five years

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 2010 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, 2008. This was the twenty-first 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, 2008

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.

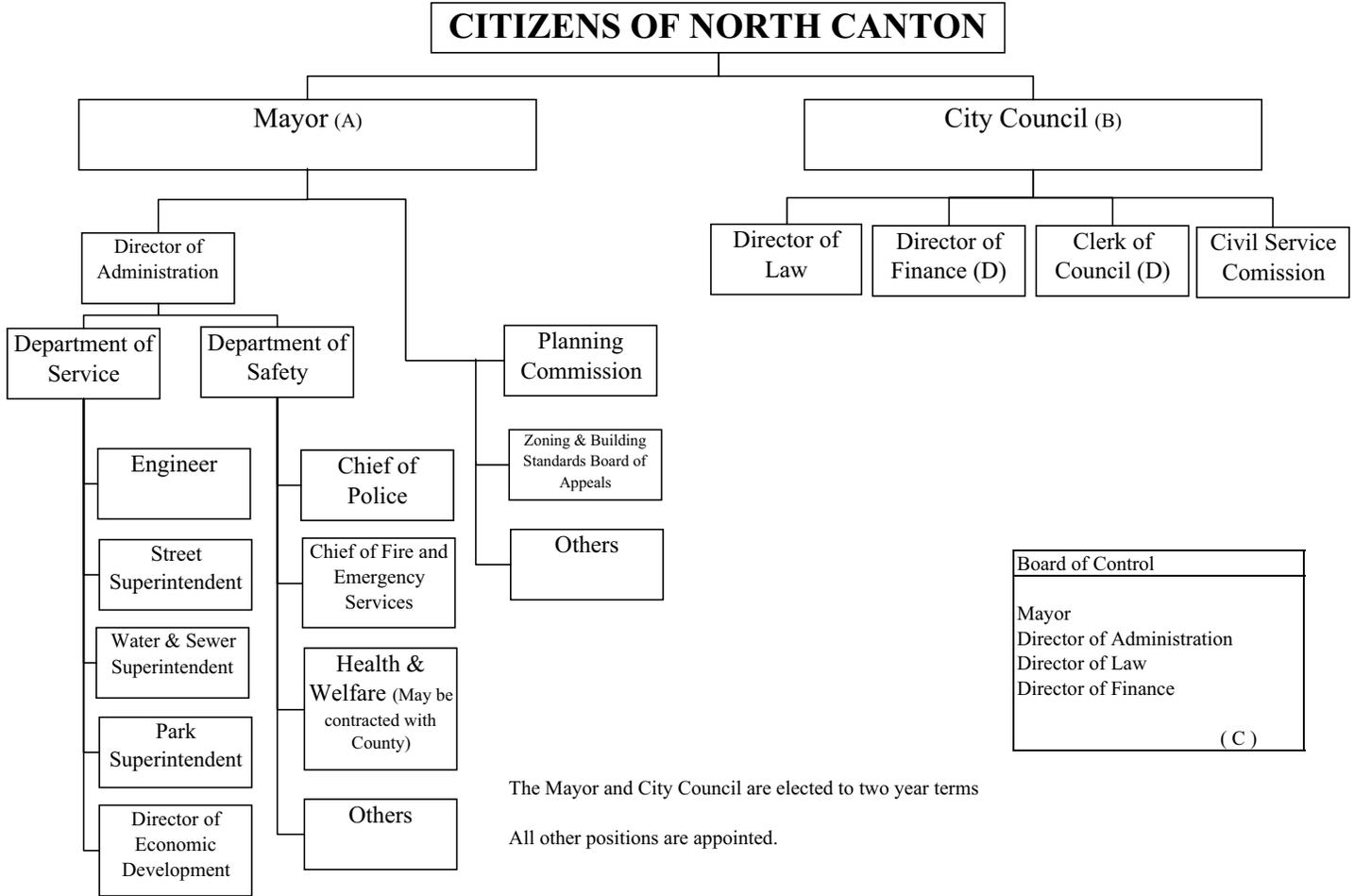


President

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, 2009

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

DANIEL PETERS, WARD 2

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 ⁽¹⁾

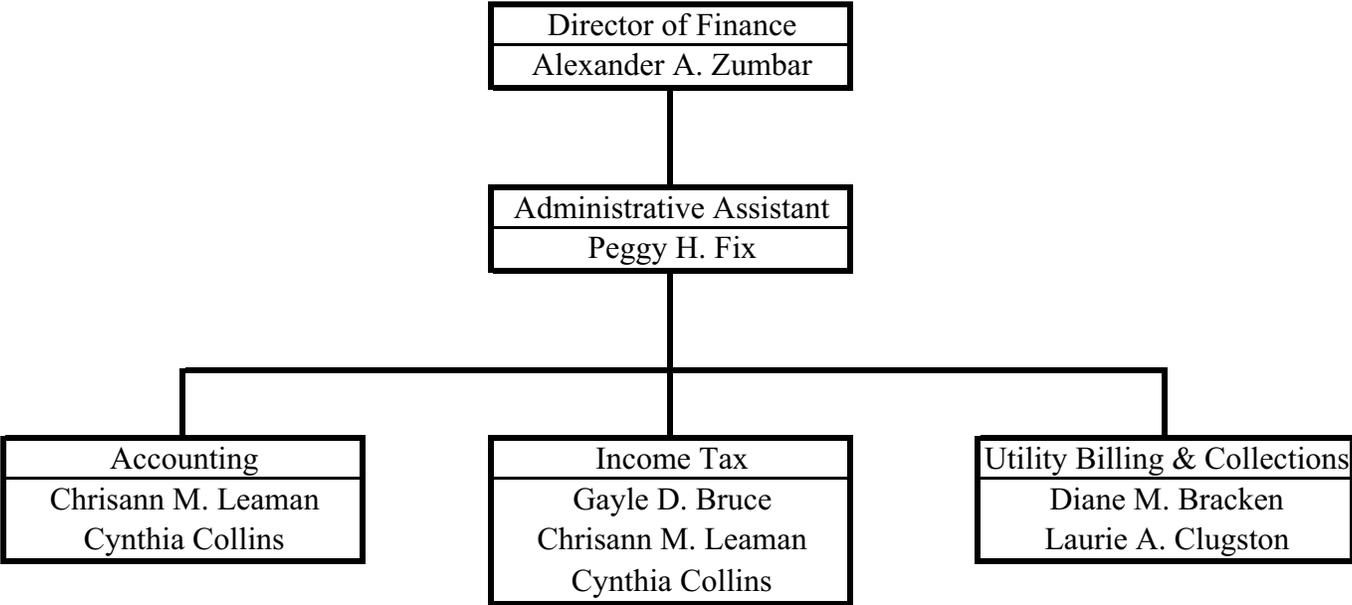
CLERK OF COUNCIL

GAIL M. KALPAC

⁽¹⁾ Hans Nilges became the Law Director December 31, 2009.

CITY OF NORTH CANTON, OHIO

DEPARTMENT OF FINANCE
ORGANIZATIONAL CHART
AS OF DECEMBER 31, 2009



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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, 2009, 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 City of North Canton, Stark County, Ohio, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2010, 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.

101 Central Plaza South / 700 Chase Tower / Canton, OH 44702-1509
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

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 23, 2010

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 (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, 2009. 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 2009 are as follows:

- The total net assets of the City decreased \$64,260. Net assets of governmental activities decreased \$659,049 or 1.92% under 2008 and net assets of business-type activities increased \$594,789 or 2.03% over 2008.
- General revenues accounted for \$8,650,371 or 54.75% of total governmental activities revenue. Program specific revenues accounted for \$7,149,735 or 45.25% of total governmental activities revenue.
- The City had \$16,311,824 in expenses related to governmental activities; \$7,149,735 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$9,162,089 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$8,650,371.
- The general fund had revenues of \$7,587,213 in 2009. This represents a decrease of \$446,579 from 2008 revenues and other financing sources. The expenditures and other financing uses of the general fund, which totaled \$8,416,299 in 2009, decreased \$160,278 from 2008. The net decrease in fund balance for the general fund was \$829,086 or 26.43%, from \$3,137,056 in 2008 to \$2,307,970 in 2009.
- The capital improvements major fund had \$1,786,321 in revenues and other financing sources and \$1,741,076 in expenditures in 2009. The fund balance for the capital improvements fund increased \$45,245 or 6.66%, from \$678,979 in 2008 to \$724,224 in 2009.
- The Hoover district improvements fund had \$3,098,190 in revenues and \$4,139,993 in expenditures in 2009. The fund balance for the Hoover district improvements fund had a deficit of \$1,041,803 in 2009.
- Net assets for the business-type activities, which are made up of the water, sewer, and garbage funds, increased \$594,789 from a net asset balance of \$29,283,258 in 2008 to a net asset balance of \$29,878,047 in 2009.
- The water fund had \$5,885,354 in operating revenues and \$5,069,085 in operating expenses in 2009. The water fund also had nonoperating expenses of \$573,712, capital contributions of \$183,511 and transfers out of \$40,000. The net assets of the water fund increased \$386,068 or 1.78%.
- The sewer fund had \$2,286,131 in operating revenues and \$2,003,481 in operating expenses in 2009. The sewer fund also had non-operating expenses of \$11,280 and capital contributions of \$69,522. The net assets of the sewer fund increased \$340,892 or 4.69%.
- The garbage fund had \$812,774 in operating revenues and \$974,677 in operating expenses in 2009. The garbage fund also had non-operating revenues of \$49,802. The net assets of the garbage fund decreased \$112,101 or 36.30%.

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, 2009 (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 2009?" 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 31 through 33 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, the capital improvements fund and the Hoover district 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, 2009 (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 34 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, 2009
(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, 2009 compared to December 31, 2008.

	Net Assets					
	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>	Business-Type Activities <u>2009</u>	Business-Type Activities <u>2008</u>	2009 <u>Total</u>	2008 <u>Total</u>
Assets						
Current and other assets	\$ 10,738,729	\$ 10,301,430	\$ 5,254,315	\$ 5,173,712	\$ 15,993,044	\$ 15,475,142
Capital assets, net	<u>28,996,480</u>	<u>29,141,603</u>	<u>40,349,226</u>	<u>40,298,693</u>	<u>69,345,706</u>	<u>69,440,296</u>
Total assets	<u>39,735,209</u>	<u>39,443,033</u>	<u>45,603,541</u>	<u>45,472,405</u>	<u>85,338,750</u>	<u>84,915,438</u>
Liabilities						
Current and other liabilities	3,841,905	2,776,770	682,003	392,019	4,523,908	3,168,789
Long term liabilities:						
Due within one year	361,396	268,857	883,818	794,479	1,245,214	1,063,336
Due in more than one year	<u>1,926,222</u>	<u>2,132,671</u>	<u>14,159,673</u>	<u>15,002,649</u>	<u>16,085,895</u>	<u>17,135,320</u>
Total liabilities	<u>6,129,523</u>	<u>5,178,298</u>	<u>15,725,494</u>	<u>16,189,147</u>	<u>21,855,017</u>	<u>21,367,445</u>
Net Assets						
Invested in capital assets, net of related debt	28,598,354	28,494,366	25,353,521	24,501,565	53,951,875	52,995,931
Restricted	2,954,088	2,517,838	-	-	2,954,088	2,517,838
Unrestricted	<u>2,053,244</u>	<u>3,252,531</u>	<u>4,524,526</u>	<u>4,781,693</u>	<u>6,577,770</u>	<u>8,034,224</u>
Total net assets	<u>\$ 33,605,686</u>	<u>\$ 34,264,735</u>	<u>\$ 29,878,047</u>	<u>\$ 29,283,258</u>	<u>\$ 63,483,733</u>	<u>\$ 63,547,993</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2009, the City's assets exceeded liabilities by \$63,483,733. At year-end, net assets were \$33,605,686 and \$29,878,047 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, 2009, capital assets represented 81.26% 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, 2009, were \$28,598,354 and \$25,353,521 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 increased \$292,176 or 0.74%. This increase can mainly be attributed to an increase in intergovernmental receivables related to the Hoover district improvements fund. Liabilities of the governmental activities increased \$951,225 or 18.37%. This increase is mainly due to an increase in contracts payable related to the Hoover district improvements fund.

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

Assets of business-type activities increased \$131,136 or 0.29%. Liabilities of the business-type activities decreased \$463,653 or 2.86% due to principal payments on outstanding general obligation bonds, OPWC loans and OWDA loans.

As of December 31, 2009, 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, \$2,954,088, represents resources that are subject to external restriction on how they may be used. This is an increase of \$436,250 from 2008 and is the result of an increase of \$267,928 in amounts restricted for street construction, maintenance and repair. In the governmental activities, the remaining balance of unrestricted net assets of \$2,053,244 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 2009 and 2008.

	Change in Net Assets					
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	2009 Total	2008 Total
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,322,983	\$ 1,019,546	\$ 8,984,259	\$ 8,876,309	\$ 10,307,242	\$ 9,895,855
Operating grants and contributions	5,334,837	896,344	49,802	63,655	5,384,639	959,999
Capital grants and contributions	<u>491,915</u>	<u>69,063</u>	<u>65,702</u>	<u>188,670</u>	<u>557,617</u>	<u>257,733</u>
Total program revenues	<u>7,149,735</u>	<u>1,984,953</u>	<u>9,099,763</u>	<u>9,128,634</u>	<u>16,249,498</u>	<u>11,113,587</u>
General revenues:						
Taxes	7,173,332	7,288,160	-	-	7,173,332	7,288,160
Grants and entitlements	1,418,091	2,041,947	-	-	1,418,091	2,041,947
Investment earnings	23,936	269,837	-	-	23,936	269,837
Miscellaneous	<u>35,012</u>	<u>109,857</u>	<u>-</u>	<u>-</u>	<u>35,012</u>	<u>109,857</u>
Total general revenues	<u>8,650,371</u>	<u>9,709,801</u>	<u>-</u>	<u>-</u>	<u>8,650,371</u>	<u>9,709,801</u>
Total revenues	<u>15,800,106</u>	<u>11,694,754</u>	<u>9,099,763</u>	<u>9,128,634</u>	<u>24,899,869</u>	<u>20,823,388</u>

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

Change in Net Assets - (Continued)

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>	Business-type Activities <u>2009</u>	Business-type Activities <u>2008</u>	2009 <u>Total</u>	2008 <u>Total</u>
Expenses:						
General government	2,154,096	2,235,205	-	-	2,154,096	2,235,205
Security of persons and property:						
Police	3,271,884	3,049,396	-	-	3,271,884	3,049,396
Fire	750,783	705,273	-	-	750,783	705,273
Public health and welfare	1,567,495	1,476,085	-	-	1,567,495	1,476,085
Transportation	2,629,812	2,575,379	-	-	2,629,812	2,575,379
Community environment	503,388	619,805	-	-	503,388	619,805
Leisure time activities	909,636	965,725	-	-	909,636	965,725
Basic utility services	401,269	566,496	-	-	401,269	566,496
Economic development	4,100,754	-	-	-	4,100,754	-
Interest and fiscal charges	22,707	55,072	-	-	22,707	55,072
Water	-	-	5,660,450	5,106,672	5,660,450	5,106,672
Sewer	-	-	2,017,112	1,946,158	2,017,112	1,946,158
Garbage	-	-	974,743	742,158	974,743	742,158
Total expenses	<u>16,311,824</u>	<u>12,248,436</u>	<u>8,652,305</u>	<u>7,794,988</u>	<u>24,964,129</u>	<u>20,043,424</u>
Excess (deficiency) before transfers	(511,718)	(553,682)	447,458	1,333,646	(64,260)	779,964
Transfers	<u>(147,331)</u>	<u>59,081</u>	<u>147,331</u>	<u>(59,081)</u>	<u>-</u>	<u>-</u>
Change in net assets	(659,049)	(494,601)	594,789	1,274,565	(64,260)	779,964
Net assets at beginning 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>
Net assets at end of year	<u>\$ 33,605,686</u>	<u>\$ 34,264,735</u>	<u>\$ 29,878,047</u>	<u>\$ 29,283,258</u>	<u>\$ 63,483,733</u>	<u>\$ 63,547,993</u>

Governmental Activities

Governmental activities net assets decreased \$659,049 in 2009.

Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$4,022,667 of the total expenses of the City. These expenses were partially funded by \$22,274 in direct charges to users of the services. General government expenses totaled \$2,154,096. General government expenses were partially funded by \$361,766 in direct charges to users of the services.

The State and federal government contributed to the City a total of \$5,334,837 in operating grants and contributions and \$491,915 in capital grants and contributions. Operating grants and contributions increased \$4,438,493 due to a grant received from the State for the Hoover district improvements. All of the \$491,915 in capital grants and contributions subsidized transportation programs.

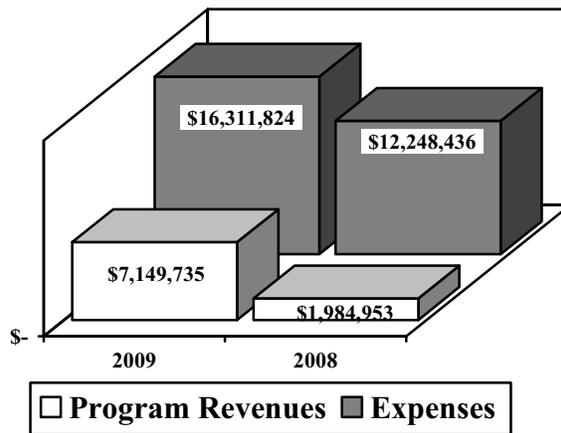
General revenues totaled \$8,650,371, and amounted to 54.75% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$7,173,332, a decrease of \$114,828 from 2008 amounts. This decrease can be attributed to a decrease in income taxes collected by the City 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 \$1,418,091. Investment earnings also decreased \$245,901 due to lower interest rates earned on investments.

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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

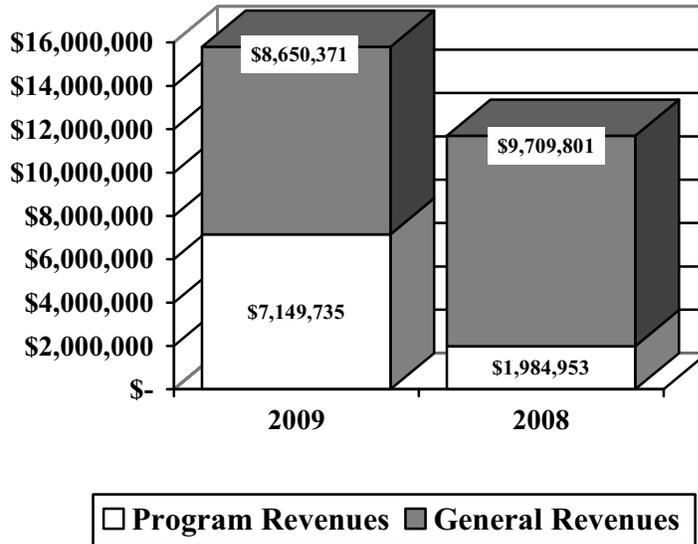
	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>
Program Expenses:				
General government	\$ 2,154,096	\$ 1,792,330	\$ 2,235,205	\$ 1,955,686
Security of persons and property:				
Police	3,271,884	3,246,464	3,049,396	3,032,442
Fire	750,783	750,494	705,273	702,814
Public health and welfare	1,567,495	1,147,586	1,476,085	1,244,817
Transportation	2,629,812	1,456,008	2,575,379	1,697,276
Community environment	503,388	310,364	619,805	465,649
Leisure time activities	909,636	579,946	965,725	543,231
Economic development	4,100,754	(96,655)	-	-
Basic utility services	401,269	(47,155)	566,496	566,496
Interest and fiscal charges	22,707	22,707	55,072	55,072
Total Expenses	<u>\$ 16,311,824</u>	<u>\$ 9,162,089</u>	<u>\$ 12,248,436</u>	<u>\$ 10,263,483</u>

The dependence upon general revenues for governmental activities is apparent, with 56.17% of expenses supported through taxes and other general revenues in 2009 and 83.79% in 2008.

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

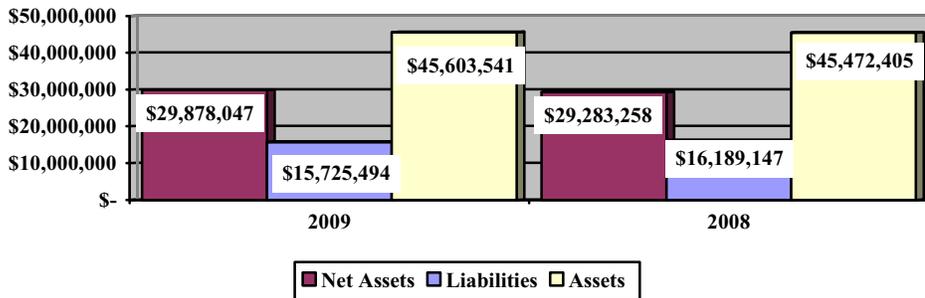
Governmental Activities – General and Program Revenues



Business-Type Activities

Business-type activities include the water, sewer, and garbage enterprise funds. These programs had program revenues of \$9,099,763 and expenses of \$8,652,305 for 2009. 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 34) reported a combined fund balance of \$4,132,368 which is \$1,230,070 lower than last year's total of \$5,362,438. The schedule on the next page indicates the fund balances and the total change in fund balances as of December 31, 2009 for all major and nonmajor governmental funds.

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

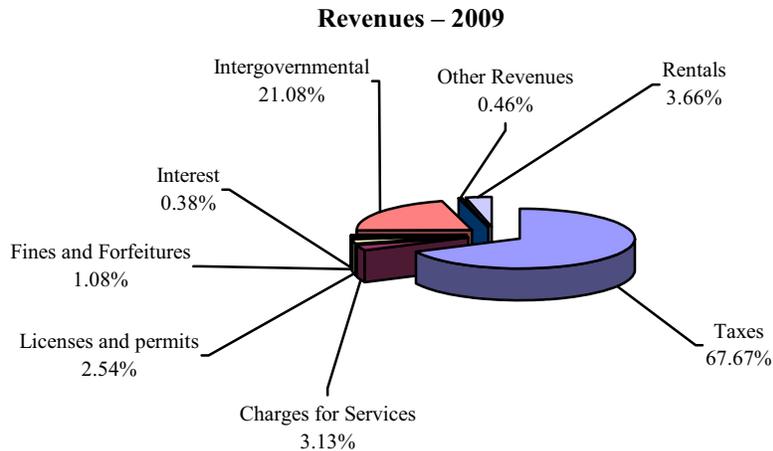
	Fund Balances / (Deficit) 12/31/09	Fund Balances 12/31/08	Increase/ (Decrease)
Major Funds:			
General	\$ 2,307,970	\$ 3,137,056	\$ (829,086)
Capital Improvements	724,224	678,979	45,245
Hoover District Improvements	(1,041,803)	-	(1,041,803)
Other Nonmajor Governmental Funds	<u>2,141,977</u>	<u>1,546,403</u>	<u>595,574</u>
Total	<u>\$ 4,132,368</u>	<u>\$ 5,362,438</u>	<u>\$ (1,230,070)</u>

General Fund

The City's general fund balance decreased \$829,086. The table that follows assists in illustrating the revenues of the general fund.

	2009 Amount	2008 Amount	Increase/ (Decrease)	Percentage Change
Revenues				
Taxes	\$ 5,134,260	\$ 5,304,924	\$ (170,664)	(3.22) %
Charges for services	237,330	291,843	(54,513)	(18.68) %
Licenses and permits	193,024	154,156	38,868	25.21 %
Fines and forfeitures	82,079	39,459	42,620	108.01 %
Intergovernmental	1,599,277	1,592,442	6,835	0.43 %
Interest	28,898	289,131	(260,233)	(90.01) %
Rentals	277,537	202,932	74,605	36.76 %
Other	<u>34,808</u>	<u>158,905</u>	<u>(124,097)</u>	<u>(78.10) %</u>
Total	<u>\$ 7,587,213</u>	<u>\$ 8,033,792</u>	<u>\$ (446,579)</u>	<u>(5.56) %</u>

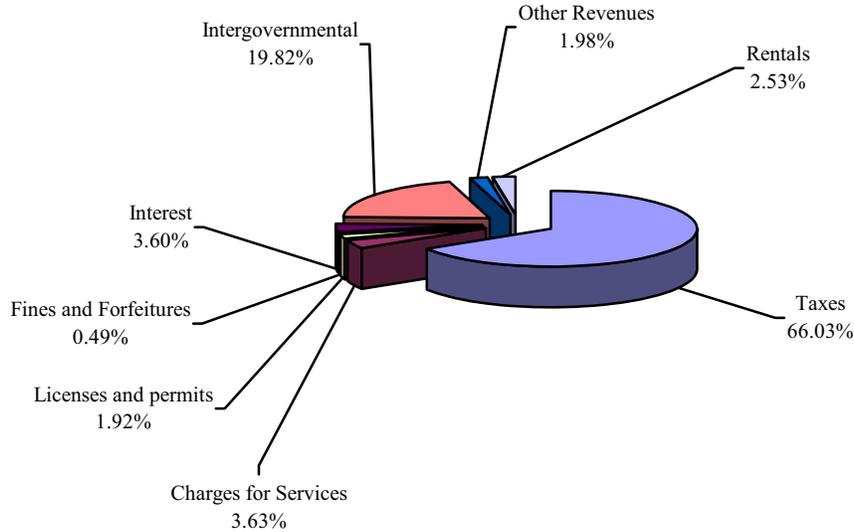
Revenues of the general fund decreased \$446,579 or 5.56%. Tax revenues decreased \$170,664 or 3.22%. This decrease is due to a decrease in income taxes collected by the City in comparison to 2008. Interest decreased \$260,233 from 2008. This is due mainly to decreased interest rates earned on investments during 2009. All other major revenue remained comparable to 2008.



CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

Revenues – 2008



The table that follows assists in illustrating the expenditures of the general fund.

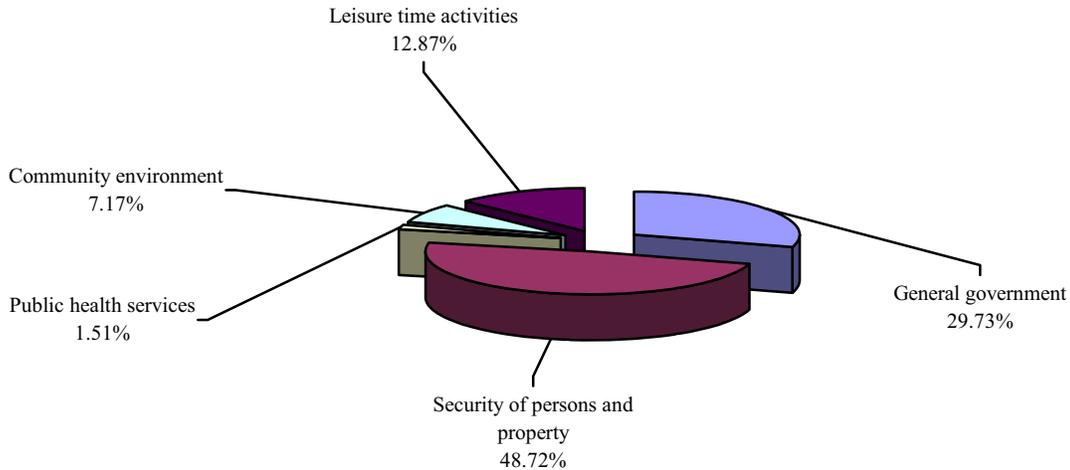
	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>				
General government	\$ 1,887,908	\$ 2,085,249	\$ (197,341)	(9.46) %
Security of persons and property:				
Police	3,092,918	3,033,881	59,037	1.95 %
Public health and welfare	96,050	94,238	1,812	1.92 %
Community environment	455,515	589,150	(133,635)	(22.68) %
Leisure time activities	<u>816,908</u>	<u>921,375</u>	<u>(104,467)</u>	<u>(11.34) %</u>
Total	<u>\$ 6,349,299</u>	<u>\$ 6,723,893</u>	<u>\$ (374,594)</u>	<u>(5.57) %</u>

Expenditures of the general fund decreased \$374,594 or 5.57%. The most significant decreases were in the areas of general government, community environment and leisure time activities. The decrease of \$197,341 in general government is the result of decreased spending in the following departments: City council, administration, maintenance and income tax. The decrease of \$133,635 in community environment was due to a decrease in the contribution to the City's component unit, North Canton Community Improvement Corporation (the "CIC"). During 2009, the City contributed \$100,000 to the CIC compared to \$243,000 in 2008. Leisure time activities decreased \$104,467 from 2008 due to decreased spending in the parks department and the civic center department.

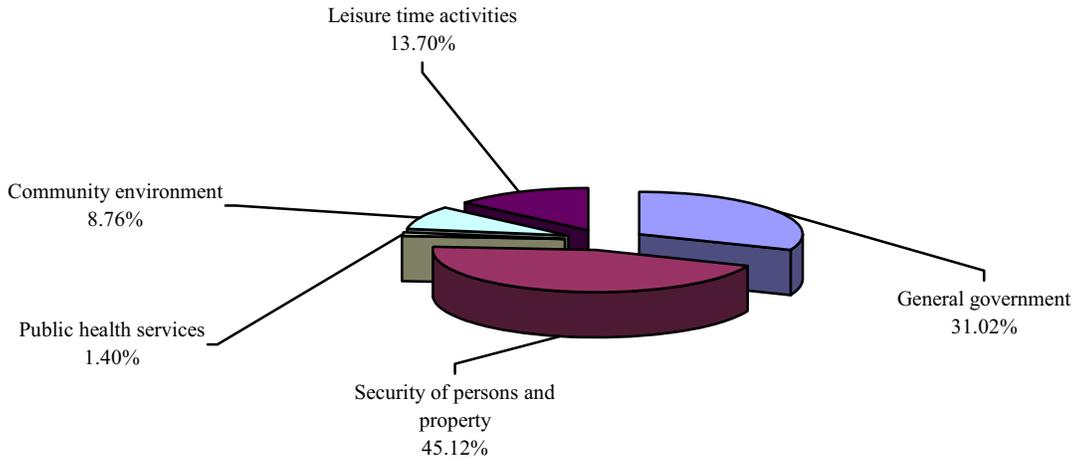
CITY OF NORTH CANTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

Expenditures – 2009



Expenditures – 2008



Capital Improvements Fund

The capital improvements major fund had \$1,786,321 in revenues and other financing sources and \$1,741,076 in expenditures in 2009. The fund balance for the capital improvements fund increased \$45,245 or 6.66%, from \$678,979 in 2008 to \$724,224 in 2009. Revenues increased primarily due to a \$350,000 grant received for the Water Side project.

Hoover District Improvements Fund

The Hoover district improvements major fund had \$3,098,190 in revenues and \$4,139,993 in expenditures in 2009. The fund balance for the Hoover district improvements fund was a deficit of \$1,041,803. The City began receiving a \$5 million Jobs Ready Site Grant from the State during 2009 for the redevelopment of the old Hoover facility.

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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 \$8,425,080 were lower than the final budget amount of \$8,437,430. Actual expenditures and other financing uses of \$9,405,691 were lower than the final budget amount of \$9,819,754. Budgeted revenues and other financing sources were increased \$351,432 from the original to the final budget. Budgeted expenditures and other financing uses were increased \$57,915 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 \$29,879,351, which is \$614,859 above last year's total of \$29,264,492.

The schedule below indicates the net assets and the total change in net assets as of December 31, 2009 for all major business-type funds.

	<u>Net Assets</u> <u>12/31/09</u>	<u>Net Assets</u> <u>12/31/08</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
Water	\$ 22,073,032	\$ 21,686,964	\$ 386,068
Sewer	7,609,585	7,268,693	340,892
Garbage	<u>196,734</u>	<u>308,835</u>	<u>(112,101)</u>
Total	<u>\$ 29,879,351</u>	<u>\$ 29,264,492</u>	<u>\$ 614,859</u>

Water Fund

The water fund had \$5,885,354 in operating revenues and \$5,069,085 in operating expenses during 2009. The water fund also had \$573,712 in nonoperating expenses \$183,511 in capital contributions and \$40,000 in transfers out. The net assets of the water fund increased \$386,068 or 1.78% from \$21,686,964 to \$22,073,032.

Sewer Fund

The sewer fund had \$2,286,131 in operating revenues and \$2,003,481 in operating expenses during 2009. The sewer fund also had \$11,280 in nonoperating expenses and \$69,522 in capital contributions. The net assets of the sewer fund increased \$340,892 or 4.69% from \$7,268,693 to \$7,609,585.

Garbage Fund

The garbage fund had \$812,774 in operating revenues and \$974,677 in operating expenses in 2009. The garbage fund also had non-operating revenues of \$49,802. The net assets of the garbage fund decreased \$112,101 or 36.30%.

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At December 31, 2009, the City had \$69,345,706 (net of accumulated depreciation) invested in land, construction in progress (CIP), land improvements, buildings, equipment, and infrastructure. Of this total, \$28,996,480 was reported in governmental activities and \$40,349,226 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, 2009 balances compared to December 31, 2008:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 5,195,135	\$ 5,131,635	\$ 1,023,702	\$ 960,202	\$ 6,218,837	\$ 6,091,837
Construction in progress	2,172,397	571,030	729,498	556,067	2,901,895	1,127,097
Land improvements	583,229	623,026	469,890	490,761	1,053,119	1,113,787
Buildings	2,884,551	2,923,708	11,443,975	11,955,806	14,328,526	14,879,514
Equipment	2,164,108	2,719,793	3,140,828	3,465,939	5,304,936	6,185,732
Infrastructure	<u>15,997,060</u>	<u>17,172,411</u>	<u>23,541,333</u>	<u>22,869,918</u>	<u>39,538,393</u>	<u>40,042,329</u>
Totals	<u>\$28,996,480</u>	<u>\$29,141,603</u>	<u>\$40,349,226</u>	<u>\$40,298,693</u>	<u>\$69,345,706</u>	<u>\$69,440,296</u>

Debt

The City had the following long-term obligations outstanding at December 31, 2009 and 2008:

	<u>Governmental Activities 2009</u>	<u>Governmental Activities 2008</u>
Capital leases	<u>\$ 398,126</u>	<u>\$ 647,237</u>
	<u>Business-type Activities 2009</u>	<u>Business-type Activities 2008</u>
OWDA loans	\$ 9,686,773	\$ 10,263,181
OPWC loans	1,323,932	1,388,947
General obligation bonds	<u>3,985,000</u>	<u>4,145,000</u>
Total business-type activities long-term obligations	<u>\$ 14,995,705</u>	<u>\$ 15,797,128</u>

See Note 15 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, 2009 (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 continues to tighten its belt and anticipates reductions in expenditures and revenue enhancement actions will be necessary through the remainder of 2010 and beyond. In 2010, with the completion of the redevelopment of the Hoover facility, approximately 500 jobs have been relocated to the City.

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. During 2009 the site was redeveloped for warehousing, manufacturing, office space, limited retail and some residential housing units. It is anticipated in 2010 that the road and street infrastructure which surround the site will be upgraded and widened.

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. In 2010, multiple infrastructure projects (Raw waterline #10, North Main Street waterline and North Main Street reconstruction, East Maple reconstruction, Portage Street/West Park Sanitary Sewer, etc..) will be undertaken by the City through the combined use of existing City funds, grants, and, if necessary, the issuance of debt. The City also conducted a water and sewer rate study. The study will be used to determine if water and sewer rates are recommended to be increased over the next five years.

City officials have been preparing for the closure of the Hoover Company over the last several 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 the previous year, 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. The new billing company has assisted in providing better contract management of the accounts and collections and has provided the City with more meaningful reports. Financial forecasts have been prepared by the finance director for the City Administration and Council. The forecast will be used to assist the Administration and Council in its decision making process regarding city-wide operations. During 2009, multi-year collective bargaining contracts were negotiated with City employees. The City has made significant efforts to obtain concessions to assist the City in controlling costs in areas such as wages, benefits and healthcare expenses. The City, through negotiations, entered into a revised healthcare package for healthcare insurance with its existing provider. Controlling health care costs continues to be a priority. The City is currently in negotiations with the two remaining 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 continues to use the State Cooperative program 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-second Comprehensive Annual Financial Report. We will be submitting our 2009 CAFR for the Government Finance Officers Certificate of Achievement for Excellence in Financial Reporting.

CITY OF NORTH CANTON, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

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.

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CITY OF NORTH CANTON, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	North Canton Community Improvement Corporation
Assets:				
Equity in pooled cash and investments.	\$ 4,709,057	\$ 3,710,582	\$ 8,419,639	\$ -
Cash and cash equivalents:				
In segregated accounts	59,728	-	59,728	-
With fiscal agents.	-	-	-	90,157
With escrow agent	857,000	-	857,000	-
Receivables:				
Property taxes	1,968,719	-	1,968,719	-
Municipal income taxes.	1,027,046	-	1,027,046	-
Accounts	74,723	1,038,419	1,113,142	-
Intergovernmental	1,942,158	15,625	1,957,783	857,000
Special assessments	4,967	103,252	108,219	-
Internal balances	1,304	(1,304)	-	-
Materials and supplies inventory.	63,098	173,658	236,756	-
Prepayments.	30,929	14,016	44,945	-
Deferred charges.	-	200,067	200,067	-
Capital assets:				
Nondepreciable capital assets	7,367,532	1,753,200	9,120,732	71,439
Depreciable capital assets, net.	21,628,948	38,596,026	60,224,974	468,260
Total capital assets.	28,996,480	40,349,226	69,345,706	539,699
Total assets.	39,735,209	45,603,541	85,338,750	1,486,856
Liabilities:				
Accounts payable.	92,665	138,711	231,376	-
Contracts payable.	1,322,037	256,614	1,578,651	-
Accrued wages and benefits	165,388	49,104	214,492	-
Intergovernmental payable	287,012	47,103	334,115	-
Unearned revenue.	1,903,727	-	1,903,727	857,000
Accrued interest payable.	5,981	190,471	196,452	-
Claims payable.	65,095	-	65,095	-
Long-term liabilities:				
Due within one year	361,396	883,818	1,245,214	-
Due in more than one year	1,926,222	14,159,673	16,085,895	-
Total liabilities	6,129,523	15,725,494	21,855,017	857,000
Net assets:				
Invested in capital assets, net of related debt	28,598,354	25,353,521	53,951,875	539,699
Restricted for:				
Capital projects	1,057,592	-	1,057,592	-
Street construction, maintenance and repair.	1,042,924	-	1,042,924	-
Emergency medical services	190,303	-	190,303	-
Fire operating levy	95,270	-	95,270	-
Computer systems	15,472	-	15,472	-
Storm sewer	483,356	-	483,356	-
Donations for supplies	32,363	-	32,363	-
Other purposes	36,808	-	36,808	-
Unrestricted	2,053,244	4,524,526	6,577,770	90,157
Total net assets	\$ 33,605,686	\$ 29,878,047	\$ 63,483,733	\$ 629,856

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government.	\$ 2,154,096	\$ 361,766	\$ -	\$ -
Security of persons and property:				
Police	3,271,884	22,274	3,146	-
Fire	750,783	-	289	-
Public health and welfare.	1,567,495	416,579	3,330	-
Transportation	2,629,812	-	681,889	491,915
Community environment	503,388	193,024	-	-
Leisure time activities	909,636	329,340	350	-
Economic development	4,100,754	-	4,197,409	-
Basic utility services	401,269	-	448,424	-
Interest and fiscal charges.	22,707	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities	16,311,824	1,322,983	5,334,837	491,915
	<hr/>	<hr/>	<hr/>	<hr/>
Business-type Activities:				
Water	5,660,450	5,885,354	-	65,702
Sewer.	2,017,112	2,286,131	-	-
Garbage.	974,743	812,774	49,802	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total business-type activities	8,652,305	8,984,259	49,802	65,702
	<hr/>	<hr/>	<hr/>	<hr/>
Total primary government.	<u>\$ 24,964,129</u>	<u>\$ 10,307,242</u>	<u>\$ 5,384,639</u>	<u>\$ 557,617</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Component Unit:				
North Canton Community Improvement Corporation.	<u>\$ 26,664</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ -</u>
	<hr/>	<hr/>	<hr/>	<hr/>
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

Net (Expense) Revenue and Changes in Net Assets			Component
Primary Government			Unit
Governmental Activities	Business-type Activities	Total	North Canton Community Improvement Corporation
\$ (1,792,330)	\$ -	\$ (1,792,330)	\$ -
(3,246,464)	-	(3,246,464)	-
(750,494)	-	(750,494)	-
(1,147,586)	-	(1,147,586)	-
(1,456,008)	-	(1,456,008)	-
(310,364)	-	(310,364)	-
(579,946)	-	(579,946)	-
96,655	-	96,655	-
47,155	-	47,155	-
(22,707)	-	(22,707)	-
<u>(9,162,089)</u>	<u>-</u>	<u>(9,162,089)</u>	<u>-</u>
-	290,606	290,606	-
-	269,019	269,019	-
-	<u>(112,167)</u>	<u>(112,167)</u>	<u>-</u>
-	447,458	447,458	-
<u>(9,162,089)</u>	<u>447,458</u>	<u>(8,714,631)</u>	<u>-</u>
-	-	-	<u>73,336</u>
797,287	-	797,287	-
82,972	-	82,972	-
148,236	-	148,236	-
323,509	-	323,509	-
323,509	-	323,509	-
4,331,485	-	4,331,485	-
1,166,334	-	1,166,334	-
1,418,091	-	1,418,091	-
23,936	-	23,936	60
35,012	-	35,012	12
8,650,371	-	8,650,371	72
<u>(147,331)</u>	<u>147,331</u>	<u>-</u>	<u>-</u>
(659,049)	594,789	(64,260)	73,408
<u>34,264,735</u>	<u>29,283,258</u>	<u>63,547,993</u>	<u>556,448</u>
<u>\$ 33,605,686</u>	<u>\$ 29,878,047</u>	<u>\$ 63,483,733</u>	<u>\$ 629,856</u>

CITY OF NORTH CANTON, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	<u>General</u>	<u>Capital Improvements</u>	<u>Hoover District Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and investments.	\$ 1,276,286	\$ 804,576	\$ 28,806	\$ 2,291,879	\$ 4,401,547
Cash and cash equivalents:					
In segregated accounts	-	-	-	59,728	59,728
With escrow agent	857,000	-	-	-	857,000
Receivables:					
Property taxes	938,648	-	-	1,030,071	1,968,719
Municipal income taxes	821,637	205,409	-	-	1,027,046
Accounts	-	-	-	74,723	74,723
Intergovernmental	427,990	6,756	1,099,219	408,193	1,942,158
Special assessments	4,967	-	-	-	4,967
Materials and supplies inventory	7,150	-	-	55,948	63,098
Prepayments.	19,569	-	-	11,360	30,929
Total assets	<u>\$ 4,353,247</u>	<u>\$ 1,016,741</u>	<u>\$ 1,128,025</u>	<u>\$ 3,931,902</u>	<u>\$ 10,429,915</u>
Liabilities:					
Accounts payable.	\$ 18,813	\$ -	\$ -	\$ 73,852	\$ 92,665
Contracts payable	-	177,277	1,070,609	74,151	1,322,037
Accrued wages and benefits	98,946	-	-	66,442	165,388
Compensated absences payable.	-	-	-	48,882	48,882
Intergovernmental payable	172,522	-	-	114,490	287,012
Deferred revenue	846,939	115,240	1,099,219	416,438	2,477,836
Unearned revenue	908,057	-	-	995,670	1,903,727
Total liabilities	<u>2,045,277</u>	<u>292,517</u>	<u>2,169,828</u>	<u>1,789,925</u>	<u>6,297,547</u>
Fund Balances:					
Reserved for encumbrances	82,053	301,198	-	369,350	752,601
Reserved for materials and supplies inventory.	7,150	-	-	55,948	63,098
Reserved for prepayments	19,569	-	-	11,360	30,929
Unreserved, designated for:					
CIC	857,000	-	-	-	857,000
Unreserved, undesignated (deficit), reported in:					
General fund.	1,342,198	-	-	-	1,342,198
Special revenue funds	-	-	-	1,522,698	1,522,698
Capital projects funds	-	423,026	(1,041,803)	182,621	(436,156)
Total fund balances (deficit)	<u>2,307,970</u>	<u>724,224</u>	<u>(1,041,803)</u>	<u>2,141,977</u>	<u>4,132,368</u>
Total liabilities and fund balances	<u>\$ 4,353,247</u>	<u>\$ 1,016,741</u>	<u>\$ 1,128,025</u>	<u>\$ 3,931,902</u>	<u>\$ 10,429,915</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, 2009

Total governmental fund balances		\$ 4,132,368
<i>Amounts reported for governmental activities on the Statement of Net Assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		28,996,480
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$ 64,992	
Municipal income taxes receivable	542,419	
Accounts receivable	37,852	
Intergovernmental receivable	1,827,606	
Special assessments receivable	4,967	
Total		2,477,836
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	(1,776,896)	
Pollution remediation obligation	(63,714)	
Capital lease obligations	(398,126)	
Total		(2,238,736)
In the Statement of Net Assets interest is accrued on capital leases, whereas in governmental funds, interest is accrued when due.		(5,981)
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.		242,415
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		1,304
Net assets of governmental activities		<u>\$ 33,605,686</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, 2009

	<u>General</u>	<u>Capital Improvements</u>	<u>Hoover District Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 799,425	\$ -	\$ -	\$ 880,864	\$ 1,680,289
Municipal income taxes	4,334,835	1,161,216	-	-	5,496,051
Charges for services	237,330	-	-	483,140	720,470
Licenses and permits	193,024	-	-	-	193,024
Fines and forfeitures	82,079	-	-	133,065	215,144
Intergovernmental	1,599,277	350,000	1,775,398	1,459,406	5,184,081
Interest	28,898	-	-	-	28,898
Rentals	277,537	-	-	-	277,537
Contributions and donations	-	89,605	1,322,792	3,595	1,415,992
Other	34,808	500	-	7,102	42,410
Total revenues	<u>7,587,213</u>	<u>1,601,321</u>	<u>3,098,190</u>	<u>2,967,172</u>	<u>15,253,896</u>
Expenditures:					
Current:					
General government	1,887,908	-	-	140,210	2,028,118
Security of persons and property:					
Police	3,092,918	-	-	1,251	3,094,169
Fire	-	-	-	580,697	580,697
Public health and welfare	96,050	-	-	1,391,813	1,487,863
Community environment	455,515	-	-	-	455,515
Transportation	-	-	-	1,206,706	1,206,706
Leisure time activities	816,908	-	-	606	817,514
Basic utility services	-	-	-	904,835	904,835
Economic development	-	-	4,100,754	-	4,100,754
Capital outlay	-	1,463,959	39,239	67,480	1,570,678
Debt service:					
Principal retirement	-	249,111	-	-	249,111
Interest and fiscal charges	-	28,006	-	-	28,006
Total expenditures	<u>6,349,299</u>	<u>1,741,076</u>	<u>4,139,993</u>	<u>4,293,598</u>	<u>16,523,966</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,237,914</u>	<u>(139,755)</u>	<u>(1,041,803)</u>	<u>(1,326,426)</u>	<u>(1,270,070)</u>
Other financing sources (uses):					
Transfers in	-	185,000	-	1,955,000	2,140,000
Transfers out	<u>(2,067,000)</u>	-	-	<u>(33,000)</u>	<u>(2,100,000)</u>
Total other financing sources (uses)	<u>(2,067,000)</u>	<u>185,000</u>	<u>-</u>	<u>1,922,000</u>	<u>40,000</u>
Net change in fund balances	(829,086)	45,245	(1,041,803)	595,574	(1,230,070)
Fund balances at beginning of year	<u>3,137,056</u>	<u>678,979</u>	<u>-</u>	<u>1,546,403</u>	<u>5,362,438</u>
Fund balances (deficit) at end of year	<u>\$ 2,307,970</u>	<u>\$ 724,224</u>	<u>\$ (1,041,803)</u>	<u>\$ 2,141,977</u>	<u>\$ 4,132,368</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, 2009

Net change in fund balances - total governmental funds \$ (1,230,070)

*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 capital outlays exceeds depreciation in the current period.

Capital asset additions	\$ 1,908,358	
Current year depreciation	(1,871,612)	
Total	36,746	36,746

The net effect of various miscellaneous transactions involving capital assets is to decrease net assets. The City recorded (\$181,869) related to disposals. (181,869)

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

Delinquent property taxes	(4,776)	
Municipal income taxes	1,768	
Charges for services	(66,561)	
Intergovernmental	637,372	
Interest	(4,962)	
Special assessments	(2,881)	
Rentals	(13,750)	
Total	546,210	546,210

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. 249,111

In the Statement of Activities, interest is accrued on capital leases, whereas in governmental funds, interest is expensed when due. 5,299

Some expenses, such as compensated absences and pollution remediation obligations, reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds. (97,869)

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 \$20,070 is allocated among the governmental activities. 13,393

Change in net assets of governmental activities \$ (659,049)

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, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 822,500	\$ 799,396	\$ 799,425	\$ 29
Municipal income taxes	4,388,000	4,388,000	4,310,640	(77,360)
Charges for services	306,600	237,275	237,330	55
Licenses and permits	120,000	153,577	193,024	39,447
Fines and forfeitures	41,000	58,865	82,079	23,214
Intergovernmental	1,290,898	1,613,693	1,609,079	(4,614)
Interest	100,000	82,000	81,158	(842)
Rentals	211,500	291,967	277,537	(14,430)
Other	5,500	12,657	34,808	22,151
Total revenues.	<u>7,285,998</u>	<u>7,637,430</u>	<u>7,625,080</u>	<u>(12,350)</u>
Expenditures:				
Current:				
General government	2,126,752	2,117,303	1,926,259	191,044
Security of persons and property:				
Police	3,080,233	3,135,613	3,080,495	55,118
Public health and welfare	97,500	97,500	96,050	1,450
Community environment	550,356	555,301	475,514	79,787
Leisure time activities	889,998	898,637	814,985	83,652
Debt service:				
Principal retirement	900,000	900,000	900,000	-
Interest and fiscal charges	50,000	48,400	45,388	3,012
Total expenditures.	<u>7,694,839</u>	<u>7,752,754</u>	<u>7,338,691</u>	<u>414,063</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(408,841)</u>	<u>(115,324)</u>	<u>286,389</u>	<u>401,713</u>
Other financing sources (uses):				
Note issuance	800,000	800,000	800,000	-
Transfers out	<u>(2,067,000)</u>	<u>(2,067,000)</u>	<u>(2,067,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,267,000)</u>	<u>(1,267,000)</u>	<u>(1,267,000)</u>	<u>-</u>
Net change in fund balance	(1,675,841)	(1,382,324)	(980,611)	401,713
Fund balance at beginning of year	3,712,734	3,712,734	3,712,734	-
Prior year encumbrances appropriated.	<u>94,121</u>	<u>94,121</u>	<u>94,121</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,131,014</u>	<u>\$ 2,424,531</u>	<u>\$ 2,826,244</u>	<u>\$ 401,713</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF FUND NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2009

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Garbage	Total	Activities - Internal Service Fund
Assets:					
Current assets:					
Equity in pooled cash and investments	\$ 2,410,231	\$ 1,037,387	\$ 262,964	\$ 3,710,582	\$ 307,510
Receivables:					
Accounts	828,787	202,790	6,842	1,038,419	-
Intergovernmental	-	-	15,625	15,625	-
Special assessments	306	102,946	-	103,252	-
Materials and supplies inventory	119,604	54,054	-	173,658	-
Prepayments.	12,038	1,855	123	14,016	-
Total current assets	<u>3,370,966</u>	<u>1,399,032</u>	<u>285,554</u>	<u>5,055,552</u>	<u>307,510</u>
Noncurrent assets:					
Deferred charges	200,067	-	-	200,067	-
Capital assets:					
Nondepreciable capital assets	1,493,100	260,100	-	1,753,200	-
Depreciable capital assets, net.	32,606,099	5,989,927	-	38,596,026	-
Total noncurrent assets	<u>34,299,266</u>	<u>6,250,027</u>	<u>-</u>	<u>40,549,293</u>	<u>-</u>
Total assets	<u>37,670,232</u>	<u>7,649,059</u>	<u>285,554</u>	<u>45,604,845</u>	<u>307,510</u>
Liabilities:					
Current liabilities:					
Accounts payable	61,354	8,316	69,041	138,711	-
Contracts payable.	256,614	-	-	256,614	-
Accrued wages and benefits.	38,578	8,114	2,412	49,104	-
Intergovernmental payable	38,549	7,116	1,438	47,103	-
Accrued interest payable.	190,471	-	-	190,471	-
Pollution remediation obligation	15,929	15,928	15,929	47,786	-
Claims payable.	-	-	-	-	65,095
Current portion of general obligation bonds payable	170,000	-	-	170,000	-
Current portion of OWDA loans.	601,017	-	-	601,017	-
Current portion of OPWC loans	65,015	-	-	65,015	-
Total current liabilities	<u>1,437,527</u>	<u>39,474</u>	<u>88,820</u>	<u>1,565,821</u>	<u>65,095</u>
Long-term liabilities:					
General obligation bonds payable	3,815,000	-	-	3,815,000	-
OWDA loans	9,085,756	-	-	9,085,756	-
OPWC loans	1,258,917	-	-	1,258,917	-
Total long-term liabilities	<u>14,159,673</u>	<u>-</u>	<u>-</u>	<u>14,159,673</u>	<u>-</u>
Total liabilities	<u>15,597,200</u>	<u>39,474</u>	<u>88,820</u>	<u>15,725,494</u>	<u>65,095</u>
Net assets:					
Invested in capital assets, net of related debt.	19,103,494	6,250,027	-	25,353,521	-
Unrestricted.	2,969,538	1,359,558	196,734	4,525,830	242,415
Total net assets	<u>\$ 22,073,032</u>	<u>\$ 7,609,585</u>	<u>\$ 196,734</u>	<u>29,879,351</u>	<u>\$ 242,415</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.				(1,304)	
Net assets of business-type activities				<u>\$ 29,878,047</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, 2009

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>	<u>Activities - Internal Service Fund</u>
Operating revenues:					
Charges for services	\$ 5,823,947	\$ 2,237,571	\$ 812,774	\$ 8,874,292	\$ 1,292,475
Tap-in fees	32,089	38,040	-	70,129	-
Other.	29,318	10,520	-	39,838	-
Total operating revenues	<u>5,885,354</u>	<u>2,286,131</u>	<u>812,774</u>	<u>8,984,259</u>	<u>1,292,475</u>
Operating expenses:					
Personal services	1,573,153	339,826	84,902	1,997,881	-
Contract services	1,357,869	1,265,987	840,090	3,463,946	213,203
Materials and supplies	546,767	97,547	49,685	693,999	-
Claims.	-	-	-	-	1,085,949
Depreciation	1,588,697	300,121	-	1,888,818	-
Other	2,599	-	-	2,599	-
Total operating expenses	<u>5,069,085</u>	<u>2,003,481</u>	<u>974,677</u>	<u>8,047,243</u>	<u>1,299,152</u>
Operating income (loss)	<u>816,269</u>	<u>282,650</u>	<u>(161,903)</u>	<u>937,016</u>	<u>(6,677)</u>
Nonoperating revenues (expenses):					
Interest expense and fiscal charges	(539,054)	-	-	(539,054)	-
Loss on disposal of capital assets.	(34,658)	(11,280)	-	(45,938)	-
Intergovernmental.	-	-	49,802	49,802	-
Total nonoperating revenues (expenses)	<u>(573,712)</u>	<u>(11,280)</u>	<u>49,802</u>	<u>(535,190)</u>	<u>-</u>
Income (loss) before capital contributions and transfers	242,557	271,370	(112,101)	401,826	(6,677)
Capital contributions	183,511	69,522	-	253,033	-
Transfers out	(40,000)	-	-	(40,000)	-
Changes in net assets.	386,068	340,892	(112,101)	614,859	(6,677)
Net assets at beginning of year.	<u>21,686,964</u>	<u>7,268,693</u>	<u>308,835</u>		<u>249,092</u>
Net assets at end of year	<u>\$ 22,073,032</u>	<u>\$ 7,609,585</u>	<u>\$ 196,734</u>		<u>\$ 242,415</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.				(20,070)	
Changes in net assets of business-type activities				<u>\$ 594,789</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, 2009

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Garbage	Total	Activities - Internal Service Fund
Cash flows from operating activities:					
Cash received from customers	\$ 5,822,255	\$ 2,232,981	\$ 810,116	\$ 8,865,352	\$ -
Cash received from interfund services.	-	-	-	-	1,292,475
Cash received from tap-in fees	32,089	38,040	-	70,129	-
Cash received from other operations.	29,318	10,520	-	39,838	-
Cash payments for personal services	(1,558,043)	(333,226)	(81,052)	(1,972,321)	-
Cash payments for contract services	(1,388,898)	(1,263,620)	(758,968)	(3,411,486)	(213,203)
Cash payments for materials and supplies	(533,383)	(145,414)	(49,685)	(728,482)	-
Cash payments for claims	-	-	-	-	(1,096,524)
Cash payments for other expenses	(2,599)	-	-	(2,599)	-
Net cash provided by (used in) operating activities.	<u>2,400,739</u>	<u>539,281</u>	<u>(79,589)</u>	<u>2,860,431</u>	<u>(17,252)</u>
Cash flows from noncapital financing activities:					
Transfers out to other funds	(40,000)	-	-	(40,000)	-
Noncapital grants received.	-	-	66,005	66,005	-
Net cash provided by (used in) noncapital financing activities	<u>(40,000)</u>	<u>-</u>	<u>66,005</u>	<u>26,005</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets.	(1,345,521)	(199,720)	-	(1,545,241)	-
Capital grants received	65,702	-	-	65,702	-
Principal payments - bonds.	(160,000)	-	-	(160,000)	-
Principal payments - OWDA loans	(576,408)	-	-	(576,408)	-
Principal payments - OPWC loans	(65,015)	-	-	(65,015)	-
Interest and fiscal charges - bonds	(166,822)	-	-	(166,822)	-
Interest and fiscal charges - OWDA loans	(372,500)	-	-	(372,500)	-
Net cash used in capital and related financing activities	<u>(2,620,564)</u>	<u>(199,720)</u>	<u>-</u>	<u>(2,820,284)</u>	<u>-</u>
Net increase (decrease) in cash and investments.	(259,825)	339,561	(13,584)	66,152	(17,252)
Cash and investments at beginning of year	<u>2,670,056</u>	<u>697,826</u>	<u>276,548</u>	<u>3,644,430</u>	<u>324,762</u>
Cash and investments at end of year	<u>\$ 2,410,231</u>	<u>\$ 1,037,387</u>	<u>\$ 262,964</u>	<u>\$ 3,710,582</u>	<u>\$ 307,510</u>

- - continued

CITY OF NORTH CANTON, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Fund
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 816,269	\$ 282,650	\$ (161,903)	\$ 937,016	\$ (6,677)
Adjustments:					
Depreciation.	1,588,697	300,121	-	1,888,818	-
Changes in assets and liabilities:					
(Increase) in accounts receivable	(4,092)	(4,201)	(2,658)	(10,951)	-
(Increase) decrease in special assessments	2,400	(389)	-	2,011	-
(Increase) in materials and supplies inventory	(6,964)	(50,608)	-	(57,572)	-
(Increase) decrease in prepayments.	2,653	741	(18)	3,376	-
Increase (decrease) in accounts payable	4,366	(11,561)	65,275	58,080	-
(Decrease) in contracts payable	(33,629)	-	(64)	(33,693)	-
Increase in accrued wages and benefits	4,038	3,413	2,412	9,863	-
Increase in intergovernmental payable.	11,072	3,187	1,438	15,697	-
Increase in pollution remediation obligation.	15,929	15,928	15,929	47,786	-
(Decrease) in claims payable	-	-	-	-	(10,575)
Net cash provided by (used in) operating activities.	<u>\$ 2,400,739</u>	<u>\$ 539,281</u>	<u>\$ (79,589)</u>	<u>\$ 2,860,431</u>	<u>\$ (17,252)</u>

Non-cash transactions:

During 2009, the water fund and sewer fund received capital contributions of \$117,809 and \$69,522, respectively, from governmental activities. During 2009, the water fund and sewer fund purchased \$250,408 and \$2,309, respectively, on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
DECEMBER 31, 2009

	<u>Agency</u>
Assets:	
Cash and cash equivalents in segregated accounts . . .	\$ <u>127,572</u>
Total assets	<u>\$ 127,572</u>
Liabilities:	
Deposits held and due to others.	\$ <u>127,572</u>
Total liabilities	<u>\$ 127,572</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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 18 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 20.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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) guidance 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 guidance 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, 2009

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 and/or the general laws of Ohio.

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

Hoover district improvements fund - The Hoover district improvements fund accounts for revenues and expenditures associated with the redevelopment of the Hoover District Site.

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 for 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, 2009

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, 2009

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

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the 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.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. 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, 2009, but which were levied to finance year 2010 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, 2009, 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, 2009**

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 2009, investments were limited to Federal National Mortgage Association bonds, 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, 2009**

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, 2009.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2009 amounted to \$28,898, which includes \$21,169 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, 2009, 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. During 2009, the City increased its capitalization threshold from \$1,500 to \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of 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, 2009

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, 2009

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, materials and supplies inventory and prepayments. 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 \$857,000.

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 \$2,954,088 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 water fund received \$117,809 and the City's sewer fund received \$69,522 in capital contributions from governmental activities. The water fund also received \$65,702 in grants restricted to construction projects.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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 2009.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2009, the City has implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", and GASB Statement No. 57 "Other Postemployment Benefit (OPEB) Measurements by Agent Employers and Agent Multiple-Employers".

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the City.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the City.

CITY OF NORTH CANTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the City.

GASB Statement No. 57 establishes standards for the measurement and financial reporting of actuarially determined information by agent employers with individual-employer OPEB plans that have fewer than 100 total plan members and by the agent multiple-employer OPEB plans in which they participate. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the City.

B. Deficit Fund Balance

One fund balance at December 31, 2009, had a fund deficit. The Hoover district improvements fund had a deficit of \$1,041,803 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 transfers when cash is required, not when accruals occur.

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.

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;

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At December 31, 2009, the carrying amount of all City deposits was \$970,260 exclusive of the \$740,000 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, 2009, \$609,933 of the City’s bank balance of \$875,984 was exposed to custodial risk as discussed below, while \$266,051 was covered by the FDIC.

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.

C. Investments

As of December 31, 2009, the City had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FNMA	\$ 21,016	\$ -	\$ -	\$ -	\$ -	\$ 21,016
Repurchase agreement	740,000	740,000	-	-	-	-
STAR Ohio	7,732,663	7,732,663	-	-	-	-
Total	<u>\$ 8,493,679</u>	<u>\$ 8,472,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,016</u>

The weighted average of maturity of investments is 0.03 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FNMA	\$ 21,016	0.25
Repurchase agreement	740,000	8.71
STAR Ohio	7,732,663	91.04
Total	<u>\$ 8,493,679</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, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 970,260
Investments	<u>8,493,679</u>
Total	<u>\$ 9,463,939</u>

<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 5,625,785
Business-type activities	3,710,582
Agency fund	<u>127,572</u>
Total	<u>\$ 9,463,939</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 5 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Beginning in calendar year 2009 tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property tax collections in calendar year 2009 represent delinquent collections.

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 was 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 2009-2010, 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 property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2009 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 2009 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 5 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2009 was \$5.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real Property

Residential/Agricultural	\$ 306,412,350
Commercial/Industrial/Mineral	76,848,090
Tangible Personal Property	6,213,470

Public Utility

Real	<u>1,083,510</u>
Total Assessed Value	<u>\$ 390,557,420</u>

NOTE 6 - RECEIVABLES

Receivables at December 31, 2009, 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 \$18,681 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.

Special assessments expected to be collected in more than one year amount to \$108,219. At December 31, 2009, the amount of delinquent special assessments was \$5,662.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 6 - RECEIVABLES - (Continued)

A. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Governmental activities:

Estate tax	\$ 75,447
Local government	295,260
Homestead and rollback	57,283
Street construction, maintenance and repair	341,323
Fire operating levy	5,546
Emergency medical services	12,976
Storm sewer levy	24,174
Street levy	24,174
Capital improvement	6,756
Hoover District improvement	<u>1,099,219</u>
Total governmental activities	<u>\$ 1,942,158</u>

Business-type activities:

Garbage	<u>\$ 15,625</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, 2009

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 2009, 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 \$65,095 reported in the internal service fund at December 31, 2009 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 2008 and 2009 are:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2009	\$ 75,670	\$ 1,085,949	\$ (1,096,524)	\$ 65,095
2008	42,440	1,032,262	(999,032)	75,670

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 8 - OPERATING LEASE – (Continued)

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:

	Governmental Activities
Asset:	
Land	\$ 1,780,214
Buildings	1,648,340
Land improvements	592,759
Equipment	176,749
Subtotal	4,198,062
Less: accumulated depreciation	(600,824)
Total	\$ 3,597,238

The future minimum lease payments under this non-cancelable lease as of December 31, 2009, are the following:

	Minimum Commitment
2010	\$ 100,000
2011	100,000

NOTE 9 - CONTRACTUAL COMMITMENTS

The City had the following contractual commitments outstanding at December 31, 2009:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Amount Outstanding</u>
Wenger Excavating	\$ 1,282,079	\$ (288,427)	\$ 993,652
Bontrager Excavating	616,367	(467,717)	148,650
Reynolds Inliner	449,040	-	449,040
Stark County Engineer	265,000	(145,298)	119,702
M.E Companies	357,116	(144,509)	212,607
Insituform Technologies	642,658	(605,973)	36,685
SCASSA Asphalt	81,600	(46,586)	35,014
Northstar Asphalt	240,000	(171,490)	68,510
Tuscon, Inc.	248,352	(108,505)	139,847
Refrigeration Sales Corp.	224,996	(170,000)	54,996
Scheetz Construction Inc.	3,899,551	(2,699,551)	1,200,000
Total Contractual Commitments	\$ 8,306,759	\$ (4,848,056)	\$ 3,458,703

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 10 - CAPITAL ASSETS

A. Governmental activities

Governmental capital asset activity for the year ended December 31, 2009, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/09</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 5,131,635	\$ 63,500	\$ -	\$ 5,195,135
Construction in progress	<u>571,030</u>	<u>1,646,942</u>	<u>(45,575)</u>	<u>2,172,397</u>
Total capital assets, not being depreciated	<u>5,702,665</u>	<u>1,710,442</u>	<u>(45,575)</u>	<u>7,367,532</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	912,914	6,075	-	918,989
Buildings	6,955,436	143,695	-	7,099,131
Equipment	6,978,880	48,146	(769,150)	6,257,876
Infrastructure - streets subsystem	22,385,700	24,959	-	22,410,659
Infrastructure - storm sewers subsystem	9,161,627	20,616	-	9,182,243
Infrastructure - bridge subsystem	<u>203,000</u>	<u>-</u>	<u>-</u>	<u>203,000</u>
Total capital assets, being depreciated	<u>46,597,557</u>	<u>243,491</u>	<u>(769,150)</u>	<u>46,071,898</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(289,888)	(45,872)	-	(335,760)
Buildings	(4,031,728)	(182,852)	-	(4,214,580)
Equipment	(4,259,087)	(421,962)	587,281	(4,093,768)
Infrastructure - streets subsystem	(10,997,076)	(1,014,916)	-	(12,011,992)
Infrastructure - storm sewers subsystem	(3,445,080)	(200,270)	-	(3,645,350)
Infrastructure - bridge subsystem	<u>(135,760)</u>	<u>(5,740)</u>	<u>-</u>	<u>(141,500)</u>
Total accumulated depreciation	<u>(23,158,619)</u>	<u>(1,871,612)</u>	<u>587,281</u>	<u>(24,442,950)</u>
Total capital assets, being depreciated, net	<u>23,438,938</u>	<u>(1,628,121)</u>	<u>(181,869)</u>	<u>21,628,948</u>
Governmental activities capital assets, net	<u>\$ 29,141,603</u>	<u>\$ 82,321</u>	<u>\$ (227,444)</u>	<u>\$ 28,996,480</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 134,786
Police	96,806
Fire	86,164
Public health and welfare	64,047
Transportation	1,146,341
Community environment	23,201
Leisure time activities	119,604
Basic utility services	<u>200,663</u>
Total depreciation expense - governmental activities	<u>\$ 1,871,612</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 10 - CAPITAL ASSETS - (Continued)

B. Business-type activities

Business-type activities capital asset activity for 2009 is as follows:

<u>Business-type activities:</u>	<u>Balance</u> 12/31/08	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 12/31/09
<i>Capital assets, not being depreciated:</i>				
Land	\$ 960,202	\$ 63,500	\$ -	\$ 1,023,702
Construction in progress	<u>556,067</u>	<u>1,753,530</u>	<u>(1,580,099)</u>	<u>729,498</u>
Total capital assets, not being depreciated	<u>1,516,269</u>	<u>1,817,030</u>	<u>(1,580,099)</u>	<u>1,753,200</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	582,252	-	-	582,252
Buildings	17,367,395	-	-	17,367,395
Equipment	5,828,436	168,259	(236,570)	5,760,125
Infrastructure - water lines	25,090,064	1,420,300	-	26,510,364
Infrastructure - sewer lines	<u>12,100,743</u>	<u>159,799</u>	<u>-</u>	<u>12,260,542</u>
Total capital assets, being depreciated	<u>60,968,890</u>	<u>1,748,358</u>	<u>(236,570)</u>	<u>62,480,678</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(91,491)	(20,871)	-	(112,362)
Buildings	(5,411,589)	(511,831)	-	(5,923,420)
Equipment	(2,362,497)	(447,432)	190,632	(2,619,297)
Infrastructure - water lines	(8,188,678)	(647,088)	-	(8,835,766)
Infrastructure - sewer lines	<u>(6,132,211)</u>	<u>(261,596)</u>	<u>-</u>	<u>(6,393,807)</u>
Total accumulated depreciation	<u>(22,186,466)</u>	<u>(1,888,818)</u>	<u>190,632</u>	<u>(23,884,652)</u>
Total capital assets, being depreciated, net	<u>38,782,424</u>	<u>(140,460)</u>	<u>(45,938)</u>	<u>38,596,026</u>
Business-type activities capital assets, net	<u>\$ 40,298,693</u>	<u>\$ 1,676,570</u>	<u>\$ (1,626,037)</u>	<u>\$ 40,349,226</u>

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

Water	\$ 1,588,697
Sewer	<u>300,121</u>
Total depreciation expense - business-type activities:	<u>\$ 1,888,818</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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 2009, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2009 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 2009 was 14.00%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.63% of covered payroll.

The City's contribution rate for pension benefits for 2009 was 7.00% from January 1 through March 31, 2009 and 8.50% from April 1 through December 31, 2009, except for those plan members in law enforcement and public safety. For those classifications, pension contributions were 10.63% from January 1 through March 31, 2009 and 12.13% from April 1 through December 31, 2009. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008 and 2007 were \$380,066, \$342,009 and \$432,875, respectively; 90.54% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

CITY OF NORTH CANTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 11 - PENSION PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

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

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2009, 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 \$199,794 and \$25,457 for the year ended December 31, 2009, \$194,159 and \$27,662 for the year ended December 31, 2008 and \$178,825 and \$26,162 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 75.15% has been contributed for police and 73.66% has been contributed for firefighters for 2009.

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 not does 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.00% of covered payroll (17.63% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for 2009 was 7.00% from January 1 through March 31, 2009 and 5.50% from April 1 through December 31, 2009.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008 and 2007 were \$274,817, \$342,009 and \$285,128, respectively; 90.54% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

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

CITY OF NORTH CANTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$105,774 and \$9,962 for the year ended December 31, 2009, \$102,790 and \$10,824 for the year ended December 31, 2008 and \$117,948 and \$12,477 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 75.15% has been contributed for police and 73.66% has been contributed for firefighters for 2009.

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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	\$ 1,098,434
Less: accumulated depreciation	(181,042)
Total	\$ 917,392

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

	Governmental Activities
2010	\$ 251,341
2011	171,067
Total minimum lease payments	422,408
Less: amount representing interest	(24,282)
Present value of minimum lease payments	\$ 398,126

NOTE 15 - LONG-TERM OBLIGATIONS

<u>Debt Issued</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
Business-type activities:			
OWDA loans			
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
OPWC loans			
Booster pump station 2007	0	1,020,904	January 1, 2028
Applegrove waterline 2008	0	419,088	January 1, 2039
Other long-term liabilities			
Bonds payable - water system 2007	4.0 - 4.125	4,415,000	December 1, 2026

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

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

	<u>Balance</u> <u>12/31/2008</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/2009</u>	<u>Amounts Due</u> <u>in One Year</u>
Business-type activities:					
OWDA loans					
Water storage system	\$ 253,329	\$ -	\$ (122,647)	\$ 130,682	\$ 130,682
Water treatment plant improvement	5,794,103	-	(272,288)	5,521,815	282,318
Water treatment plant improvement	2,699,688	-	(115,940)	2,583,748	120,340
Water treatment backwash tank	<u>1,516,061</u>	<u>-</u>	<u>(65,533)</u>	<u>1,450,528</u>	<u>67,677</u>
Total OWDA loans	<u>10,263,181</u>	<u>-</u>	<u>(576,408)</u>	<u>9,686,773</u>	<u>601,017</u>
OPWC loans					
Booster pump station	969,859	-	(51,045)	918,814	51,045
Applegrove waterline	<u>419,088</u>	<u>-</u>	<u>(13,970)</u>	<u>405,118</u>	<u>13,970</u>
Total OPWC loans	<u>1,388,947</u>	<u>-</u>	<u>(65,015)</u>	<u>1,323,932</u>	<u>65,015</u>
Other long-term liabilities					
General obligation bonds - 4.0-4.125%	4,145,000	-	(160,000)	3,985,000	170,000
Pollution remediation	<u>-</u>	<u>47,786</u>	<u>-</u>	<u>47,786</u>	<u>47,786</u>
Total business-type activities	<u>\$ 15,797,128</u>	<u>\$ 47,786</u>	<u>\$ (801,423)</u>	<u>\$ 15,043,491</u>	<u>\$ 883,818</u>
Governmental activities:					
Long-term liabilities					
Compensated absences	\$ 1,754,291	\$ 91,696	\$ (20,209)	\$ 1,825,778	\$ 63,183
Capital lease	647,237	-	(249,111)	398,126	234,499
Pollution remediation	<u>-</u>	<u>63,714</u>	<u>-</u>	<u>63,714</u>	<u>63,714</u>
Total governmental activities	<u>\$ 2,401,528</u>	<u>\$ 155,410</u>	<u>\$ (269,320)</u>	<u>\$ 2,287,618</u>	<u>\$ 361,396</u>

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

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 39.46 percent of net revenues and 16.12 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$12,704,099. Principal and interest paid for the current year were \$948,949, total net revenues were \$2,404,966 and total revenues were \$5,885,354.

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 pollution remediation obligation is for the clean up of polluted lands due to improper disposal of street sweeping clippings as directed by the Ohio Environmental Protection Agency. The estimated liability is \$111,500; \$63,714 is likely to be paid from governmental funds and \$47,786 from business-type activities. The City's pollution remediation obligation for this project was prepared by the City's Utilities, Services and Recreation department. The liability has the potential to be increased or reduced depending on if further pollution is discovered. The City does not anticipate any recoveries that may reduce the liability.

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

Principal and interest requirements to retire the outstanding debt at December 31, 2009, are as follows:

Year Ending December 31,	Ohio Public Works Commission			OWDA Water Loans		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 65,015	\$ -	\$ 65,015	\$ 601,017	\$ 347,933	\$ 948,950
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	65,015	-	65,015	542,938	269,019	811,957
2015 - 2019	325,075	-	325,075	3,027,238	1,032,542	4,059,780
2020 - 2024	325,076	-	325,076	3,622,529	437,240	4,059,769
2025 - 2029	222,988	-	222,988	376,403	11,376	387,779
2030 - 2034	69,850	-	69,850	-	-	-
2035 - 2039	55,868	-	55,868	-	-	-
Total	<u>\$ 1,323,932</u>	<u>\$ -</u>	<u>\$ 1,323,932</u>	<u>\$ 9,686,773</u>	<u>\$ 3,017,326</u>	<u>\$ 12,704,099</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending December 31,	Water System General Obligation Bonds		
	Principal	Interest	Total
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	190,000	131,377	321,377
2015 - 2019	1,110,000	534,885	1,644,885
2020 - 2024	1,350,000	292,888	1,642,888
2025 - 2026	<u>610,000</u>	<u>37,874</u>	<u>647,874</u>
Total	<u>\$ 3,985,000</u>	<u>\$ 1,596,932</u>	<u>\$ 5,581,932</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, 2009, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$12,800,000.

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, 2009, the City's total debt margin was \$40,939,923 and the unvoted debt margin was \$21,444,722.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 16 - 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>General</u>	<u>Nonmajor funds</u>	<u>Water</u>	<u>Total</u>
Major funds				
Capital improvements fund	\$ 185,000	\$ -	\$ -	\$ 185,000
Nonmajor funds				
Street construction, maintenance and repair fund	400,000	-	-	400,000
Emergency medical services levy fund	530,000	-	-	530,000
Fire operating levy fund	850,000	-	-	850,000
Compensated absences fund	102,000	33,000	40,000	175,000
Total	\$ 2,067,000	\$ 33,000	\$ 40,000	\$ 2,140,000

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.

NOTE 17 - 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 is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and 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);
4. Manuscript debt/internal borrowing transactions within the same fund are recorded when internal debt is issued or retired (budget basis) as opposed to being eliminated and having no effect (GAAP basis); and,
5. Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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:

Net Change in Fund Balance

	<u>General</u>
Budget basis	\$ (980,611)
Adjustment for revenue accruals	(37,867)
Adjustment for expenditure accruals	901,480
Adjustment for other sources/uses	(800,000)
Adjustment for encumbrances	<u>87,912</u>
GAAP basis	<u>\$ (829,086)</u>

NOTE 18 - 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 2009. Complete financial statements can be obtained from the Stark Council of Governments, P.O. Box 21451 Canton, Ohio 44701-1451.

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 \$96,050 to the Health District in 2009. Complete financial statements can be obtained from the Stark County Combined General Health District, 3951 Convenience Circle NW, Canton, Ohio 44718.

CITY OF NORTH CANTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 19 - 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 20 - 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 a legally separate entity and 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 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.

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.

CITY OF NORTH CANTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 20 - NORTH CANTON COMMUNITY IMPROVEMENT CORPORATION - (Continued)

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.

Deposits

At December 31, 2009, the carrying amount of the CIC's deposits was \$90,157. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2009, the entire bank balance of \$90,157 was covered by the FDIC.

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, 2009, the CIC has received \$643,000 under this funding mechanism.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 20 - NORTH CANTON COMMUNITY IMPROVEMENT CORPORATION - (Continued)

Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

	Balance <u>12/31/08</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/09</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 71,439	\$ -	\$ -	\$ 71,439
<i>Total capital assets, not being depreciated</i>	<u>71,439</u>	<u>-</u>	<u>-</u>	<u>71,439</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	44,200	-	-	44,200
Equipment	444,000	-	-	444,000
<i>Total capital assets, being depreciated</i>	<u>488,200</u>	<u>-</u>	<u>-</u>	<u>488,200</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(4,420)	(4,420)	-	(8,840)
Equipment	-	(11,100)	-	(11,100)
<i>Total accumulated depreciation</i>	<u>(4,420)</u>	<u>(15,520)</u>	<u>-</u>	<u>(19,940)</u>
Total capital assets, net	<u>\$ 555,219</u>	<u>\$ (15,520)</u>	<u>\$ -</u>	<u>\$ 539,699</u>

NOTE 21 - SUBSEQUENT EVENTS

On February 25, 2010, the City issued \$900,000 in bond anticipation notes for wastewater construction. The notes bear an interest rate of 2% and will mature on December 29, 2010.

On March 22, 2010, the City entered into a capital lease agreement for a Groundmaster Toro 5900. The present value of the future minimum lease payments at the time of acquisition was \$68,125. The lease bears an interest rate of 5.99% with the final payment due on May 5, 2014.

On May 4, 2010, voters passed two property tax levies in the City. Voters approved a one mil street improvement renewal levy which is estimated to generate approximately \$397,000 annually for the next five years. Voters also approved a new two year, 1.5 mil EMS/ambulance levy which is estimated to generate approximately \$565,000 annually starting in 2011. The amounts generated by the levies are each for a specific purpose and cannot be used for any other purpose. The passage of the two levies will help to stabilize the City's finances. The City will continue to reduce expenditures wherever possible and will continue to operate in an efficient manner with a reduced workforce.

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, 2009

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 822,500	\$ 799,396	\$ 799,425	\$ 29
Municipal income taxes	4,388,000	4,388,000	4,310,640	(77,360)
Charges for services	306,600	237,275	237,330	55
Licenses and permits	120,000	153,577	193,024	39,447
Fines and forfeitures	41,000	58,865	82,079	23,214
Intergovernmental	1,290,898	1,613,693	1,609,079	(4,614)
Interest	100,000	82,000	81,158	(842)
Rentals	211,500	291,967	277,537	(14,430)
Other	5,500	12,657	34,808	22,151
Total revenues	<u>7,285,998</u>	<u>7,637,430</u>	<u>7,625,080</u>	<u>(12,350)</u>
Expenditures:				
Current:				
General Government:				
Legislative and Executive:				
Mayor:				
Personal services	100,150	100,150	98,382	1,768
Contract services	5,375	5,794	5,241	553
Materials and supplies	800	800	768	32
Total mayor	<u>106,325</u>	<u>106,744</u>	<u>104,391</u>	<u>2,353</u>
Director of Administration:				
Personal services	119,100	131,907	130,655	1,252
Contract services	12,822	13,582	11,289	2,293
Materials and supplies	1,650	1,650	1,403	247
Capital outlay	1,240	1,220	1,120	100
Total director of administration	<u>134,812</u>	<u>148,359</u>	<u>144,467</u>	<u>3,892</u>
Director of Finance:				
Personal services	142,750	151,420	150,597	823
Contract services	40,885	35,604	33,479	2,125
Materials and supplies	3,500	4,395	4,370	25
Capital outlay	5,120	5,117	4,309	808
Total director of finance	<u>192,255</u>	<u>196,536</u>	<u>192,755</u>	<u>3,781</u>
Electronic Data Processing:				
Contract services	10,650	12,570	12,520	50
Materials and supplies	200	200	34	166
Capital outlay	5,000	5,000	4,225	775
Total electronic data processing	<u>15,850</u>	<u>17,770</u>	<u>16,779</u>	<u>991</u>
Director of Law:				
Personal services	73,100	73,100	71,564	1,536
Contract services	59,266	75,502	73,171	2,331
Materials and supplies	3,100	3,667	2,355	1,312
Capital outlay	500	368	100	268
Total director of law	<u>135,966</u>	<u>152,637</u>	<u>147,190</u>	<u>5,447</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, 2009

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
City Council:				
Personal services	\$ 221,750	\$ 221,750	\$ 195,298	\$ 26,452
Contract services	33,816	33,961	19,493	14,468
Materials and supplies.	2,200	2,200	1,799	401
Capital outlay	1,500	1,500	1,113	387
Total city council	<u>259,266</u>	<u>259,411</u>	<u>217,703</u>	<u>41,708</u>
Civil Service Commission:				
Personal services	7,875	7,875	7,470	405
Contract services	5,757	5,757	3,262	2,495
Materials and supplies.	300	300	130	170
Total civil service commission	<u>13,932</u>	<u>13,932</u>	<u>10,862</u>	<u>3,070</u>
City Hall Maintenance:				
Personal services	19,950	19,950	15,261	4,689
Contract services	98,851	99,811	91,295	8,516
Materials and supplies.	3,711	3,600	3,121	479
Capital outlay	120	117	117	-
Total city hall maintenance.	<u>122,632</u>	<u>123,478</u>	<u>109,794</u>	<u>13,684</u>
Department of Engineering:				
Personal services	214,800	235,002	233,754	1,248
Contract services	105,365	102,352	99,267	3,085
Materials and supplies.	6,976	6,801	4,160	2,641
Capital outlay	7,320	4,796	4,796	-
Total department of engineering	<u>334,461</u>	<u>348,951</u>	<u>341,977</u>	<u>6,974</u>
Income Tax Administration:				
Personal services	260,700	264,170	193,323	70,847
Contract services	35,535	35,490	26,435	9,055
Materials and supplies.	7,000	7,000	6,149	851
Capital outlay	7,500	6,653	6,652	1
Other.	175,000	170,837	156,158	14,679
Total income tax administration	<u>485,735</u>	<u>484,150</u>	<u>388,717</u>	<u>95,433</u>
Other General Government:				
Personal services	65,000	31,832	31,832	-
Contract services	155,518	143,741	131,710	12,031
Other.	105,000	89,762	88,082	1,680
Total other general government	<u>325,518</u>	<u>265,335</u>	<u>251,624</u>	<u>13,711</u>
Total General Government	<u>2,126,752</u>	<u>2,117,303</u>	<u>1,926,259</u>	<u>191,044</u>
Security of Persons and Property:				
Police:				
Personal services	2,726,865	2,779,259	2,761,692	17,567
Contract services	269,050	276,589	250,383	26,206
Materials and supplies.	83,818	79,265	68,104	11,161
Capital outlay	500	500	316	184
Total police	<u>3,080,233</u>	<u>3,135,613</u>	<u>3,080,495</u>	<u>55,118</u>
Total Security of Persons and Property.	<u>3,080,233</u>	<u>3,135,613</u>	<u>3,080,495</u>	<u>55,118</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, 2009

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public Health and Welfare:				
County Health Department:				
Contract services	\$ 97,500	\$ 97,500	\$ 96,050	\$ 1,450
Total county health department	<u>97,500</u>	<u>97,500</u>	<u>96,050</u>	<u>1,450</u>
Total Public Health and Welfare	<u>97,500</u>	<u>97,500</u>	<u>96,050</u>	<u>1,450</u>
Community Environment:				
Permits and Inspections:				
Personal services	290,560	289,560	227,802	61,758
Contract services	32,881	37,991	25,770	12,221
Materials and supplies.	5,700	5,700	3,965	1,735
Capital outlay	5,294	5,291	5,290	1
Total permits and inspections.	<u>334,435</u>	<u>338,542</u>	<u>262,827</u>	<u>75,715</u>
Planning Commission:				
Contract services	1,442	1,442	394	1,048
Materials and supplies.	200	400	394	6
Total planning commission	<u>1,642</u>	<u>1,842</u>	<u>788</u>	<u>1,054</u>
Zoning and Building:				
Contract services	157	157	33	124
Materials and supplies.	50	50	19	31
Total zoning and building	<u>207</u>	<u>207</u>	<u>52</u>	<u>155</u>
Economic Development:				
Personal services	180,039	180,039	179,659	380
Contract services	29,583	32,071	30,094	1,977
Materials and supplies.	3,700	1,850	1,758	92
Capital outlay	750	750	336	414
Total economic development.	<u>214,072</u>	<u>214,710</u>	<u>211,847</u>	<u>2,863</u>
Total Community Environment.	<u>550,356</u>	<u>555,301</u>	<u>475,514</u>	<u>79,787</u>
Leisure Time Activities:				
Dogwood Shelter:				
Contract services	15,842	15,824	14,655	1,169
Total dogwood shelter	<u>15,842</u>	<u>15,824</u>	<u>14,655</u>	<u>1,169</u>
Swimming Pool:				
Personal services	134,000	129,437	127,723	1,714
Contract services	35,075	37,043	30,871	6,172
Materials and supplies.	38,881	41,629	36,736	4,893
Total swimming pool	<u>207,956</u>	<u>208,109</u>	<u>195,330</u>	<u>12,779</u>
Parks Department:				
Personal services	217,750	219,478	218,132	1,346
Contract services	99,960	104,106	96,274	7,832
Materials and supplies.	18,400	18,400	13,675	4,725
Capital outlay	120	117	117	-
Total parks department.	<u>336,230</u>	<u>342,101</u>	<u>328,198</u>	<u>13,903</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, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Civic Center:				
Personal services	\$ 75,520	\$ 81,847	\$ 81,724	\$ 123
Contract services	50,541	51,582	38,012	13,570
Materials and supplies.	3,064	3,064	2,998	66
Capital outlay	73,620	68,117	35,312	32,805
Total civic center	<u>202,745</u>	<u>204,610</u>	<u>158,046</u>	<u>46,564</u>
Recreation Department:				
Personal services	104,750	106,697	99,629	7,068
Contract services	9,035	7,805	7,091	714
Materials and supplies.	6,520	6,574	6,297	277
Capital outlay	120	117	117	-
Total recreation department.	<u>120,425</u>	<u>121,193</u>	<u>113,134</u>	<u>8,059</u>
Recreation Program:				
Contract services	5,000	5,000	4,563	437
Materials and supplies.	1,800	1,800	1,059	741
Total recreation program	<u>6,800</u>	<u>6,800</u>	<u>5,622</u>	<u>1,178</u>
Total Leisure Time Activities.	<u>889,998</u>	<u>898,637</u>	<u>814,985</u>	<u>83,652</u>
Debt Service:				
Principal retirement	900,000	900,000	900,000	-
Interest and fiscal charges	50,000	48,400	45,388	3,012
Total debt service.	<u>950,000</u>	<u>948,400</u>	<u>945,388</u>	<u>3,012</u>
Total expenditures	<u>7,694,839</u>	<u>7,752,754</u>	<u>7,338,691</u>	<u>414,063</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(408,841)</u>	<u>(115,324)</u>	<u>286,389</u>	<u>401,713</u>
Other financing source (uses):				
Note issuance	800,000	800,000	800,000	-
Transfers out	(2,067,000)	(2,067,000)	(2,067,000)	-
Total other financing sources (uses).	<u>(1,267,000)</u>	<u>(1,267,000)</u>	<u>(1,267,000)</u>	<u>-</u>
Net change in fund balance	<u>(1,675,841)</u>	<u>(1,382,324)</u>	<u>(980,611)</u>	<u>401,713</u>
Fund balance at beginning of year	<u>3,712,734</u>	<u>3,712,734</u>	<u>3,712,734</u>	<u>-</u>
Prior year encumbrances appropriated	<u>94,121</u>	<u>94,121</u>	<u>94,121</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,131,014</u>	<u>\$ 2,424,531</u>	<u>\$ 2,826,244</u>	<u>\$ 401,713</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Municipal income taxes	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ -
Intergovernmental	350,000	350,000	350,000	-
Contributions and donations	200,000	200,000	89,605	(110,395)
Other	-	-	500	500
Total revenues	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,590,105</u>	<u>(109,895)</u>
Expenditures:				
Capital Outlay:				
Contract services	1,586,684	1,661,125	1,590,913	70,212
Capital outlay	439,924	426,135	292,497	133,638
Total capital outlay	<u>2,026,608</u>	<u>2,087,260</u>	<u>1,883,410</u>	<u>203,850</u>
Debt service:				
Principal retirement	306,000	292,615	285,261	7,354
Interest and fiscal charges	35,000	48,385	31,506	16,879
Total debt service	<u>341,000</u>	<u>341,000</u>	<u>316,767</u>	<u>24,233</u>
Total expenditures	<u>2,367,608</u>	<u>2,428,260</u>	<u>2,200,177</u>	<u>228,083</u>
Excess of expenditures over revenues . .	<u>(667,608)</u>	<u>(728,260)</u>	<u>(610,072)</u>	<u>118,188</u>
Other financing sources:				
Transfers in	<u>185,000</u>	<u>185,000</u>	<u>185,000</u>	<u>-</u>
Total other financing sources	<u>185,000</u>	<u>185,000</u>	<u>185,000</u>	<u>-</u>
Net change in fund balance	(482,608)	(543,260)	(425,072)	118,188
Fund balance at beginning of year	37,466	37,466	37,466	-
Prior year encumbrances appropriated .	<u>716,558</u>	<u>716,558</u>	<u>716,558</u>	<u>-</u>
Fund balance at end of year	<u>\$ 271,416</u>	<u>\$ 210,764</u>	<u>\$ 328,952</u>	<u>\$ 118,188</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
HOOVER DISTRICT IMPROVEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 5,000,000	\$ 5,000,000	\$ 1,775,398	\$ (3,224,602)
Contributions and donations.	-	3,000,000	1,322,792	(1,677,208)
Total revenues	<u>5,000,000</u>	<u>8,000,000</u>	<u>3,098,190</u>	<u>(4,901,810)</u>
Expenditures:				
Economic Development:				
Contract services	<u>5,000,000</u>	<u>5,000,000</u>	<u>3,128,971</u>	<u>1,871,029</u>
Total expenditures	<u>5,000,000</u>	<u>5,000,000</u>	<u>3,128,971</u>	<u>1,871,029</u>
Net change in fund balance	-	3,000,000	(30,781)	(3,030,781)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year . . .	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ (30,781)</u>	<u>\$ (3,030,781)</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.

Emergency Medical Services Levy Fund

This fund accounts for property taxes levied for the partial operation of the emergency medical service 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, 2009

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Equity in pooled cash and investments.	\$ 2,109,258	\$ 182,621	\$ 2,291,879
Cash and cash equivalents:			
In segregated accounts	59,728	-	59,728
Receivables:			
Property taxes.	1,030,071	-	1,030,071
Accounts	74,723	-	74,723
Intergovernmental.	408,193	-	408,193
Materials and supplies inventory	55,948	-	55,948
Prepayments	11,360	-	11,360
Total assets	<u>\$ 3,749,281</u>	<u>\$ 182,621</u>	<u>\$ 3,931,902</u>
Liabilities:			
Accounts payable	\$ 73,852	\$ -	\$ 73,852
Contracts payable	74,151	-	74,151
Accrued wages and benefits	66,442	-	66,442
Compensated absences payable	48,882	-	48,882
Intergovernmental payable.	114,490	-	114,490
Deferred revenue	416,438	-	416,438
Unearned revenue	995,670	-	995,670
Total liabilities	<u>1,789,925</u>	<u>-</u>	<u>1,789,925</u>
Fund Balances:			
Reserved for encumbrances.	369,350	-	369,350
Reserved for materials and supplies inventory	55,948	-	55,948
Reserved for prepayments	11,360	-	11,360
Unreserved, undesignated, reported in:			
Special revenue funds	1,522,698	-	1,522,698
Capital projects fund	-	182,621	182,621
Total fund balances	<u>1,959,356</u>	<u>182,621</u>	<u>2,141,977</u>
Total liabilities and fund balance	<u>\$ 3,749,281</u>	<u>\$ 182,621</u>	<u>\$ 3,931,902</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, 2009

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Other Governmental Funds
Revenues:			
Property and other taxes	\$ 880,864	\$ -	\$ 880,864
Charges for services	483,140	-	483,140
Fines and forfeitures	133,065	-	133,065
Intergovernmental	1,414,352	45,054	1,459,406
Contributions and donations	3,595	-	3,595
Other	7,102	-	7,102
Total revenues	<u>2,922,118</u>	<u>45,054</u>	<u>2,967,172</u>
Expenditures:			
Current:			
General government	140,210	-	140,210
Security of persons and property:			
Police	1,251	-	1,251
Fire	580,697	-	580,697
Public health and welfare	1,391,813	-	1,391,813
Transportation	1,206,706	-	1,206,706
Leisure time activities	606	-	606
Basic utility services	904,835	-	904,835
Capital outlay	<u>-</u>	<u>67,480</u>	<u>67,480</u>
Total expenditures	<u>4,226,118</u>	<u>67,480</u>	<u>4,293,598</u>
Excess of expenditures over revenues	<u>(1,304,000)</u>	<u>(22,426)</u>	<u>(1,326,426)</u>
Other financing sources (uses):			
Transfers in	1,955,000	-	1,955,000
Transfers out	<u>(33,000)</u>	<u>-</u>	<u>(33,000)</u>
Total other financing sources (uses)	<u>1,922,000</u>	<u>-</u>	<u>1,922,000</u>
Net change in fund balances	618,000	(22,426)	595,574
Fund balances at beginning of year	<u>1,341,356</u>	<u>205,047</u>	<u>1,546,403</u>
Fund balances at end of year	<u>\$ 1,959,356</u>	<u>\$ 182,621</u>	<u>\$ 2,141,977</u>

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CITY OF NORTH CANTON, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2009

	<u>Fire Operating Levy</u>	<u>Emergency Medical Services Levy</u>	<u>Computer</u>	<u>Enforcement and Education</u>
Assets:				
Equity in pooled cash and investments	\$ 126,388	\$ 203,292	\$ 15,672	\$ 9,357
Cash and cash equivalents:				
In segregated accounts	-	-	-	-
Receivables:				
Property taxes.	95,040	173,177	-	-
Accounts	-	74,723	-	-
Intergovernmental.	5,546	12,976	-	-
Materials and supplies inventory	-	6,013	-	-
Prepayments	4,381	2,168	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 231,355</u>	<u>\$ 472,349</u>	<u>\$ 15,672</u>	<u>\$ 9,357</u>
Liabilities:				
Accounts payable.	\$ 1,869	\$ 5,164	\$ 200	\$ -
Contracts payable	-	-	-	-
Accrued wages and benefits	20,142	32,434	-	-
Compensated absences payable	-	-	-	-
Intergovernmental payable	22,580	77,530	-	-
Deferred revenue	9,092	57,087	-	-
Unearned revenue	91,494	166,918	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities.	<u>145,177</u>	<u>339,133</u>	<u>200</u>	<u>-</u>
Fund Balances:				
Reserved for encumbrances.	2,798	3,967	-	-
Reserved for materials and supplies inventory	-	6,013	-	-
Reserved for prepayments.	4,381	2,168	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	78,999	121,068	15,472	9,357
Total fund balances.	<u>86,178</u>	<u>133,216</u>	<u>15,472</u>	<u>9,357</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance.	<u>\$ 231,355</u>	<u>\$ 472,349</u>	<u>\$ 15,672</u>	<u>\$ 9,357</u>

Street Construction, Maintenance and Repair	Storm Sewer Levy	Street Levy	Municipal Road	General Trust	Law Enforcement Trust
\$ 389,086	\$ 491,928	\$ 365,331	\$ 7,252	\$ -	\$ -
-	-	-	-	36,906	14,911
-	380,927	380,927	-	-	-
-	-	-	-	-	-
341,323	24,174	24,174	-	-	-
49,935	-	-	-	-	-
4,382	429	-	-	-	-
<u>\$ 784,726</u>	<u>\$ 897,458</u>	<u>\$ 770,432</u>	<u>\$ 7,252</u>	<u>\$ 36,906</u>	<u>\$ 14,911</u>
\$ 66,619	\$ -	\$ -	\$ -	\$ -	\$ -
15,149	28,934	25,525	-	4,543	-
13,866	-	-	-	-	-
-	-	-	-	-	-
13,770	610	-	-	-	-
277,315	36,472	36,472	-	-	-
-	368,629	368,629	-	-	-
<u>386,719</u>	<u>434,645</u>	<u>430,626</u>	<u>-</u>	<u>4,543</u>	<u>-</u>
88,056	131,764	134,477	-	6,940	-
49,935	-	-	-	-	-
4,382	429	-	-	-	-
<u>255,634</u>	<u>330,620</u>	<u>205,329</u>	<u>7,252</u>	<u>25,423</u>	<u>14,911</u>
<u>398,007</u>	<u>462,813</u>	<u>339,806</u>	<u>7,252</u>	<u>32,363</u>	<u>14,911</u>
<u>\$ 784,726</u>	<u>\$ 897,458</u>	<u>\$ 770,432</u>	<u>\$ 7,252</u>	<u>\$ 36,906</u>	<u>\$ 14,911</u>

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CITY OF NORTH CANTON, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2009

	<u>Compensated Absences</u>	<u>Continuing Professional Education</u>	<u>Mayor's Court</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 496,323	\$ 4,629	\$ -	\$ 2,109,258
Cash and cash equivalents:				
In segregated accounts	-	-	7,911	59,728
Receivables:				
Property taxes	-	-	-	1,030,071
Accounts	-	-	-	74,723
Intergovernmental	-	-	-	408,193
Materials and supplies inventory	-	-	-	55,948
Prepayments	-	-	-	11,360
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Total assets	<u>\$ 496,323</u>	<u>\$ 4,629</u>	<u>\$ 7,911</u>	<u>\$ 3,749,281</u>
 Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 73,852
Contracts payable	-	-	-	74,151
Accrued wages and benefits	-	-	-	66,442
Compensated absences payable	48,882	-	-	48,882
Intergovernmental payable	-	-	-	114,490
Deferred revenue	-	-	-	416,438
Unearned revenue	-	-	-	995,670
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Total liabilities	<u>48,882</u>	<u>-</u>	<u>-</u>	<u>1,789,925</u>
 Fund Balances:				
Reserved for encumbrances	-	1,348	-	369,350
Reserved for materials and supplies inventory	-	-	-	55,948
Reserved for prepayments	-	-	-	11,360
Unreserved, undesignated, reported in:				
Special revenue funds	447,441	3,281	7,911	1,522,698
Total fund balances	<u>447,441</u>	<u>4,629</u>	<u>7,911</u>	<u>1,959,356</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 496,323</u>	<u>\$ 4,629</u>	<u>\$ 7,911</u>	<u>\$ 3,749,281</u>

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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, 2009

	Fire Operating Levy	Emergency Medical Services Levy	Computer	Enforcement and Education
Revenues:				
Property and other taxes	\$ 83,554	\$ 149,480	\$ -	\$ -
Charges for services	-	483,140	-	-
Fines and forfeitures	-	-	4,490	2,307
Intergovernmental	27,451	52,686	-	-
Contributions and donations	-	-	-	-
Other	204	-	-	-
Total revenues	<u>111,209</u>	<u>685,306</u>	<u>4,490</u>	<u>2,307</u>
Expenditures:				
Current:				
General government	-	-	6,080	-
Security of persons and property:				
Police	-	-	-	200
Fire	580,127	-	-	-
Public health and welfare	-	1,387,270	-	-
Transportation	-	-	-	-
Leisure time activities	-	-	-	-
Basic utility services	-	-	-	-
Total expenditures	<u>580,127</u>	<u>1,387,270</u>	<u>6,080</u>	<u>200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(468,918)</u>	<u>(701,964)</u>	<u>(1,590)</u>	<u>2,107</u>
Other financing sources (uses):				
Transfers in	530,000	850,000	-	-
Transfers out	(7,000)	(16,000)	-	-
Total other financing sources (uses)	<u>523,000</u>	<u>834,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	54,082	132,036	(1,590)	2,107
Fund balances (deficit) at beginning of year	<u>32,096</u>	<u>1,180</u>	<u>17,062</u>	<u>7,250</u>
Fund balances at end of year	<u>\$ 86,178</u>	<u>\$ 133,216</u>	<u>\$ 15,472</u>	<u>\$ 9,357</u>

Street Construction, Maintenance and Repair	Storm Sewer Levy	Street Levy	Municipal Road	General Trust	Law Enforcement Trust
\$ -	\$ 323,915	\$ 323,915	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	14,290
683,805	529,326	80,902	39,662	-	-
-	-	-	-	3,595	-
6,898	-	-	-	-	-
<u>690,703</u>	<u>853,241</u>	<u>404,817</u>	<u>39,662</u>	<u>3,595</u>	<u>14,290</u>
-	-	-	-	-	-
-	-	-	-	500	-
-	-	-	-	570	-
-	-	-	-	4,543	-
1,008,782	-	192,279	-	-	-
-	-	-	-	606	-
-	886,370	-	-	-	-
<u>1,008,782</u>	<u>886,370</u>	<u>192,279</u>	<u>-</u>	<u>6,219</u>	<u>-</u>
(318,079)	(33,129)	212,538	39,662	(2,624)	14,290
400,000	-	-	-	-	-
(10,000)	-	-	-	-	-
<u>390,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
71,921	(33,129)	212,538	39,662	(2,624)	14,290
<u>326,086</u>	<u>495,942</u>	<u>127,268</u>	<u>(32,410)</u>	<u>34,987</u>	<u>621</u>
<u>\$ 398,007</u>	<u>\$ 462,813</u>	<u>\$ 339,806</u>	<u>\$ 7,252</u>	<u>\$ 32,363</u>	<u>\$ 14,911</u>

- - Continued

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

	Compensated Absences	Continuing Professional Education	Mayor's Court	Total Nonmajor Special Revenue Funds
Revenues:				
Property and other taxes	\$ -	\$ -	\$ -	\$ 880,864
Charges for services	-	-	-	483,140
Fines and forfeitures	-	-	111,978	133,065
Intergovernmental	-	520	-	1,414,352
Contributions and donations	-	-	-	3,595
Other	-	-	-	7,102
Total revenues	-	520	111,978	2,922,118
Expenditures:				
Current:				
General government	24,772	-	109,358	140,210
Security of persons and property:				
Police	-	551	-	1,251
Fire	-	-	-	580,697
Public health and welfare	-	-	-	1,391,813
Transportation	5,645	-	-	1,206,706
Leisure time activities	-	-	-	606
Basic utility services	18,465	-	-	904,835
Total expenditures	48,882	551	109,358	4,226,118
Excess (deficiency) of revenues over (under) expenditures	(48,882)	(31)	2,620	(1,304,000)
Other financing sources (uses):				
Transfers in	175,000	-	-	1,955,000
Transfers out	-	-	-	(33,000)
Total other financing sources (uses)	175,000	-	-	1,922,000
Net change in fund balances	126,118	(31)	2,620	618,000
Fund balances (deficit) at beginning of year	321,323	4,660	5,291	1,341,356
Fund balances at end of year	\$ 447,441	\$ 4,629	\$ 7,911	\$ 1,959,356

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 93,061	\$ 83,555	\$ 83,554	\$ (1)
Intergovernmental	15,557	20,784	27,451	6,667
Other	-	-	204	204
Total revenues	<u>108,618</u>	<u>104,339</u>	<u>111,209</u>	<u>6,870</u>
Expenditures:				
Current:				
Security of Person and Property:				
Fire:				
Personal services	536,480	536,968	473,590	63,378
Contract services	100,719	100,132	89,320	10,812
Materials and supplies	19,000	19,000	14,782	4,218
Capital outlay	4,000	4,000	2,922	1,078
Total expenditures	<u>660,199</u>	<u>660,100</u>	<u>580,614</u>	<u>79,486</u>
Excess of expenditures over revenues	<u>(551,581)</u>	<u>(555,761)</u>	<u>(469,405)</u>	<u>86,356</u>
Other financing sources (uses):				
Transfers in	530,000	530,000	530,000	-
Transfers out	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	-
Total other financing sources (uses)	<u>523,000</u>	<u>523,000</u>	<u>523,000</u>	-
Net change in fund balance	(28,581)	(32,761)	53,595	86,356
Fund balance at beginning of year	68,472	68,472	68,472	-
Prior year encumbrances appropriated	819	819	819	-
Fund balance at end of year	<u>\$ 40,710</u>	<u>\$ 36,530</u>	<u>\$ 122,886</u>	<u>\$ 86,356</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 166,488	\$ 149,481	\$ 149,480	\$ (1)
Charges for services	253,000	443,000	464,244	21,244
Intergovernmental	31,114	39,351	52,686	13,335
Total revenues	<u>450,602</u>	<u>631,832</u>	<u>666,410</u>	<u>34,578</u>
Expenditures:				
Current:				
Public Health and Welfare:				
Personal services	1,178,000	1,224,926	1,220,810	4,116
Contract services	118,697	105,399	104,705	694
Materials and supplies	37,000	27,833	27,307	526
Capital outlay	5,000	4,820	4,624	196
Total expenditures	<u>1,338,697</u>	<u>1,362,978</u>	<u>1,357,446</u>	<u>5,532</u>
Excess expenditures over revenues	<u>(888,095)</u>	<u>(731,146)</u>	<u>(691,036)</u>	<u>40,110</u>
Other financing sources (uses):				
Transfers in	850,000	850,000	850,000	-
Transfers out	<u>(16,000)</u>	<u>(16,000)</u>	<u>(16,000)</u>	-
Total other financing sources (uses)	<u>834,000</u>	<u>834,000</u>	<u>834,000</u>	-
Net change in fund balance	(54,095)	102,854	142,964	40,110
Fund balance at beginning of year	49,681	49,681	49,681	-
Prior year encumbrances appropriated	<u>6,197</u>	<u>6,197</u>	<u>6,197</u>	-
Fund balance at end of year	<u>\$ 1,783</u>	<u>\$ 158,732</u>	<u>\$ 198,842</u>	<u>\$ 40,110</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 4,000	\$ 4,000	\$ 4,490	\$ 490
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>4,490</u>	<u>490</u>
Expenditures:				
Current:				
General Government:				
Computer:				
Contract services	3,300	3,373	3,262	111
Materials and supplies.	500	500	451	49
Capital outlay	<u>2,960</u>	<u>2,887</u>	<u>2,367</u>	<u>520</u>
Total expenditures.	<u>6,760</u>	<u>6,760</u>	<u>6,080</u>	<u>680</u>
Net change in fund balance	(2,760)	(2,760)	(1,590)	1,170
Fund balance at beginning of year	16,102	16,102	16,102	-
Prior year encumbrances appropriated .	<u>960</u>	<u>960</u>	<u>960</u>	<u>-</u>
Fund balance at end of year	<u>\$ 14,302</u>	<u>\$ 14,302</u>	<u>\$ 15,472</u>	<u>\$ 1,170</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 1,500	\$ 2,377	\$ 2,307	\$ (70)
Total revenues	<u>1,500</u>	<u>2,377</u>	<u>2,307</u>	<u>(70)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Contract services	1,000	1,000	200	800
Materials and supplies.	250	250	-	250
Capital outlay	100	100	-	100
Total expenditures.	<u>1,350</u>	<u>1,350</u>	<u>200</u>	<u>1,150</u>
Net change in fund balance	150	1,027	2,107	1,080
Fund balance at beginning of year	<u>7,250</u>	<u>7,250</u>	<u>7,250</u>	<u>-</u>
Fund balance at end of year	<u>\$ 7,400</u>	<u>\$ 8,277</u>	<u>\$ 9,357</u>	<u>\$ 1,080</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 620,000	\$ 620,000	\$ 679,017	\$ 59,017
Other	-	3,653	6,898	3,245
Total revenues	<u>620,000</u>	<u>623,653</u>	<u>685,915</u>	<u>62,262</u>
Expenditures:				
Current:				
Transportation:				
Personal services	556,675	552,627	462,522	90,105
Contract services	263,674	266,923	218,860	48,063
Materials and supplies.	370,728	369,542	338,459	31,083
Capital outlay	50,725	50,722	48,207	2,515
Total expenditures.	<u>1,241,802</u>	<u>1,239,814</u>	<u>1,068,048</u>	<u>171,766</u>
Excess expenditures over revenues	<u>(621,802)</u>	<u>(616,161)</u>	<u>(382,133)</u>	<u>234,028</u>
Other financing sources (uses):				
Transfers in	500,000	500,000	400,000	(100,000)
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total other financing sources (uses).	<u>490,000</u>	<u>490,000</u>	<u>390,000</u>	<u>(100,000)</u>
Net change in fund balance	(131,802)	(126,161)	7,867	134,028
Fund balance at beginning of year	193,525	193,525	193,525	-
Prior year encumbrances appropriated	<u>18,277</u>	<u>18,277</u>	<u>18,277</u>	<u>-</u>
Fund balance at end of year	<u>\$ 80,000</u>	<u>\$ 85,641</u>	<u>\$ 219,669</u>	<u>\$ 134,028</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 367,308	\$ 367,308	\$ 323,915	\$ (43,393)
Intergovernmental	833,360	833,360	529,326	(304,034)
Total revenues	<u>1,200,668</u>	<u>1,200,668</u>	<u>853,241</u>	<u>(347,427)</u>
Expenditures:				
Current:				
Basic Utility Services:				
Storm Sewers:				
Personal services	55,000	55,000	55,000	-
Contract services	1,492,141	1,473,497	959,065	514,432
Materials and supplies	26,644	25,609	4,774	20,835
Capital outlay	2,120	2,117	259	1,858
Total expenditures	<u>1,575,905</u>	<u>1,556,223</u>	<u>1,019,098</u>	<u>537,125</u>
Net change in fund balance	(375,237)	(355,555)	(165,857)	189,698
Fund balance at beginning of year	363,238	363,238	363,238	-
Prior year encumbrances appropriated .	<u>133,905</u>	<u>133,905</u>	<u>133,905</u>	<u>-</u>
Fund balance at end of year	<u>\$ 121,906</u>	<u>\$ 141,588</u>	<u>\$ 331,286</u>	<u>\$ 189,698</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 367,308	\$ 367,308	\$ 323,915	\$ (43,393)
Intergovernmental	31,114	31,114	80,902	49,788
Total revenues	<u>398,422</u>	<u>398,422</u>	<u>404,817</u>	<u>6,395</u>
Expenditures:				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Personal services	55,000	55,000	55,000	-
Contract services	550,100	540,068	506,242	33,826
Materials and supplies	35,000	35,000	22,309	12,691
Capital outlay	5,000	5,000	3,116	1,884
Total expenditures.	<u>645,100</u>	<u>635,068</u>	<u>586,667</u>	<u>48,401</u>
Net change in fund balance	(246,678)	(236,646)	(181,850)	54,796
Fund balance at beginning of year	68,486	68,486	68,486	-
Prior year encumbrances appropriated .	<u>319,100</u>	<u>319,100</u>	<u>319,100</u>	<u>-</u>
Fund balance at end of year	<u>\$ 140,908</u>	<u>\$ 150,940</u>	<u>\$ 205,736</u>	<u>\$ 54,796</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 139,324	\$ 139,324	\$ 39,662	\$ (99,662)
Total revenues	<u>139,324</u>	<u>139,324</u>	<u>39,662</u>	<u>(99,662)</u>
Expenditures:				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Contract services	133,112	132,662	39,662	93,000
Total expenditures.	<u>133,112</u>	<u>132,662</u>	<u>39,662</u>	<u>93,000</u>
Net change in fund balance	6,212	6,662	-	(6,662)
Fund balance (deficit) at beginning of year .	(32,860)	(32,860)	(32,860)	-
Prior year encumbrances appropriated . .	<u>40,112</u>	<u>40,112</u>	<u>40,112</u>	<u>-</u>
Fund balance at end of year	<u>\$ 13,464</u>	<u>\$ 13,914</u>	<u>\$ 7,252</u>	<u>\$ (6,662)</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Contributions and donations	\$ 1,400	\$ 1,400	\$ 3,595	\$ 2,195
Total revenues	<u>1,400</u>	<u>1,400</u>	<u>3,595</u>	<u>2,195</u>
Expenditures:				
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	12,533	12,533	9,401	3,132
Total police	<u>12,533</u>	<u>12,533</u>	<u>9,401</u>	<u>3,132</u>
Fire:				
Contract services	9,785	9,785	3,152	6,633
Total fire	<u>9,785</u>	<u>9,785</u>	<u>3,152</u>	<u>6,633</u>
Total Security of Persons and Property	<u>22,318</u>	<u>22,318</u>	<u>12,553</u>	<u>9,765</u>
Public Health and Welfare:				
E.M.S.:				
Contract services	299	299	-	299
Total E.M.S.	<u>299</u>	<u>299</u>	<u>-</u>	<u>299</u>
Total Public Health and Welfare	<u>299</u>	<u>299</u>	<u>-</u>	<u>299</u>
Leisure Time Activities:				
Park Department:				
Contract services	1,339	2,461	606	1,855
Total park department	<u>1,339</u>	<u>2,461</u>	<u>606</u>	<u>1,855</u>
Total Leisure Time Activities	<u>1,339</u>	<u>2,461</u>	<u>606</u>	<u>1,855</u>
Total expenditures	<u>27,456</u>	<u>28,578</u>	<u>13,159</u>	<u>15,419</u>
Net change in fund balance	(26,056)	(27,178)	(9,564)	17,614
Fund balance at beginning of year	<u>34,987</u>	<u>34,987</u>	<u>34,987</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,931</u>	<u>\$ 7,809</u>	<u>\$ 25,423</u>	<u>\$ 17,614</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ -	\$ 14,290	\$ 14,290	\$ -
Total revenues	<u>-</u>	<u>14,290</u>	<u>14,290</u>	<u>-</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Materials and supplies.	620	620	-	620
Total expenditures	<u>620</u>	<u>620</u>	<u>-</u>	<u>620</u>
Net change in fund balance	(620)	13,670	14,290	620
Fund balance at beginning of year	<u>621</u>	<u>621</u>	<u>621</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1</u></u>	<u><u>\$ 14,291</u></u>	<u><u>\$ 14,911</u></u>	<u><u>\$ 620</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
General Government:				
Personal services	\$ 15,250	\$ 15,250	\$ -	\$ 15,250
Total General Government.	<u>15,250</u>	<u>15,250</u>	<u>-</u>	<u>15,250</u>
Security of Persons and Property:				
Police:				
Personal services	180,000	180,000	-	180,000
Total Police	<u>180,000</u>	<u>180,000</u>	<u>-</u>	<u>180,000</u>
Basic Utilities Services:				
Personal services	51,000	51,000	-	51,000
Total Basic Utility Services.	<u>51,000</u>	<u>51,000</u>	<u>-</u>	<u>51,000</u>
Transportation:				
Personal services	71,025	71,025	11,550	59,475
Total Transportation	<u>71,025</u>	<u>71,025</u>	<u>11,550</u>	<u>59,475</u>
Total expenditures	<u>317,275</u>	<u>317,275</u>	<u>11,550</u>	<u>305,725</u>
Excess expenditures over revenues	<u>(317,275)</u>	<u>(317,275)</u>	<u>(11,550)</u>	<u>305,725</u>
Other financing sources:				
Transfers in	175,000	175,000	175,000	-
Total other financing sources.	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>-</u>
Net change in fund balance	(142,275)	(142,275)	163,450	305,725
Fund balance at beginning of year	<u>332,873</u>	<u>332,873</u>	<u>332,873</u>	<u>-</u>
Fund balance at end of year	<u>\$ 190,598</u>	<u>\$ 190,598</u>	<u>\$ 496,323</u>	<u>\$ 305,725</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 3,120	\$ 3,120	\$ 520	\$ (2,600)
Total revenues	<u>3,120</u>	<u>3,120</u>	<u>520</u>	<u>(2,600)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Contract services	4,660	4,660	1,899	2,761
Total expenditures	<u>4,660</u>	<u>4,660</u>	<u>1,899</u>	<u>2,761</u>
Net change in fund balance	(1,540)	(1,540)	(1,379)	161
Fund balance at beginning of year	<u>4,660</u>	<u>4,660</u>	<u>4,660</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 3,120</u></u>	<u><u>\$ 3,120</u></u>	<u><u>\$ 3,281</u></u>	<u><u>\$ 161</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 45,055	\$ 45,054	\$ (1)
Total revenues	<u>-</u>	<u>45,055</u>	<u>45,054</u>	<u>(1)</u>
Expenditures:				
Capital Outlay:				
Contract services	135,944	117,809	67,480	50,329
Total expenditures	<u>135,944</u>	<u>117,809</u>	<u>67,480</u>	<u>50,329</u>
Net change in fund balance	(135,944)	(72,754)	(22,426)	50,328
Fund balance at beginning of year	69,103	69,103	69,103	-
Prior year encumbrances appropriated .	<u>135,944</u>	<u>135,944</u>	<u>135,944</u>	<u>-</u>
Fund balance at end of year	<u>\$ 69,103</u>	<u>\$ 132,293</u>	<u>\$ 182,621</u>	<u>\$ 50,328</u>

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

ENTERPRISE FUNDS

Enterprise funds are used 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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 5,825,000	\$ 5,830,341	\$ 5,822,255	\$ (8,086)
Tap-in fees	70,000	70,000	32,089	(37,911)
Other.	1,900	21,632	29,318	7,686
Total operating revenues.	<u>5,896,900</u>	<u>5,921,973</u>	<u>5,883,662</u>	<u>(38,311)</u>
Operating expenses:				
Personal services.	1,675,925	1,665,493	1,558,043	107,450
Contract services	1,541,145	1,495,438	1,294,411	201,027
Materials and supplies	614,898	625,278	551,852	73,426
Capital outlay	4,057,143	3,867,148	2,854,073	1,013,075
Other.	10,000	5,000	2,599	2,401
Total operating expenses.	<u>7,899,111</u>	<u>7,658,357</u>	<u>6,260,978</u>	<u>1,397,379</u>
Operating loss	<u>(2,002,211)</u>	<u>(1,736,384)</u>	<u>(377,316)</u>	<u>1,359,068</u>
Nonoperating revenues (expenses):				
Notes issued	1,400,000	1,400,000	-	(1,400,000)
Debt service:				
Principal retirement	(808,130)	(808,582)	(801,423)	7,159
Interest and fiscal charges.	<u>(556,000)</u>	<u>(560,548)</u>	<u>(539,322)</u>	<u>21,226</u>
Total nonoperating revenues (expenses).	<u>35,870</u>	<u>30,870</u>	<u>(1,340,745)</u>	<u>(1,371,615)</u>
Loss before capital contributions and transfers	(1,966,341)	(1,705,514)	(1,718,061)	(12,547)
Capital contributions	-	65,703	65,702	(1)
Transfers out.	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Net change is fund equity	(2,006,341)	(1,679,811)	(1,692,359)	(12,548)
Fund equity at beginning of year.	1,940,750	1,940,750	1,940,750	-
Prior year encumbrances appropriated	<u>729,306</u>	<u>729,306</u>	<u>729,306</u>	<u>-</u>
Fund equity at end of year	<u>\$ 663,715</u>	<u>\$ 990,245</u>	<u>\$ 977,697</u>	<u>\$ (12,548)</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 2,196,000	\$ 2,196,000	\$ 2,232,981	\$ 36,981
Tap-in fees	63,000	70,500	38,040	(32,460)
Other.	13,600	14,773	10,520	(4,253)
Total operating revenues	<u>2,272,600</u>	<u>2,281,273</u>	<u>2,281,541</u>	<u>268</u>
Operating expenses:				
Personal services.	506,100	495,228	333,226	162,002
Contract services	1,797,640	2,202,545	1,845,454	357,091
Materials and supplies	23,910	25,123	16,662	8,461
Capital outlay	1,008,418	992,076	437,885	554,191
Total operating expenses	<u>3,336,068</u>	<u>3,714,972</u>	<u>2,633,227</u>	<u>1,081,745</u>
Operating loss	<u>(1,063,468)</u>	<u>(1,433,699)</u>	<u>(351,686)</u>	<u>1,082,013</u>
Nonoperating revenues:				
Intergovernmental	375,000	824,040	-	(824,040)
Total nonoperating revenues	<u>375,000</u>	<u>824,040</u>	<u>-</u>	<u>(824,040)</u>
Net change in fund equity	(688,468)	(609,659)	(351,686)	257,973
Fund equity at beginning of year.	276,235	276,235	276,235	-
Prior year encumbrances appropriated . . .	<u>421,591</u>	<u>421,591</u>	<u>421,591</u>	<u>-</u>
Fund equity at end of year	<u>\$ 9,358</u>	<u>\$ 88,167</u>	<u>\$ 346,140</u>	<u>\$ 257,973</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 816,000	\$ 816,000	\$ 810,116	\$ (5,884)
Total operating revenues	<u>816,000</u>	<u>816,000</u>	<u>810,116</u>	<u>(5,884)</u>
Operating expenses:				
Personal services.	95,975	94,689	81,052	13,637
Contract services	778,288	779,561	759,335	20,226
Materials and supplies	52,450	52,450	49,685	2,765
Total operating expenses	<u>926,713</u>	<u>926,700</u>	<u>890,072</u>	<u>36,628</u>
Operating loss	<u>(110,713)</u>	<u>(110,700)</u>	<u>(79,956)</u>	<u>30,744</u>
Nonoperating revenues:				
Intergovernmental	50,000	55,982	66,005	10,023
Total nonoperating revenues	<u>50,000</u>	<u>55,982</u>	<u>66,005</u>	<u>10,023</u>
Net change in fund equity	(60,713)	(54,718)	(13,951)	40,767
Fund equity at beginning of year.	276,535	276,535	276,535	-
Prior year encumbrances appropriated . . .	<u>13</u>	<u>13</u>	<u>13</u>	<u>-</u>
Fund equity at end of year	<u>\$ 215,835</u>	<u>\$ 221,830</u>	<u>\$ 262,597</u>	<u>\$ 40,767</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,348,000	\$ 1,348,000	\$ 1,292,475	\$ (55,525)
Total operating revenues	<u>1,348,000</u>	<u>1,348,000</u>	<u>1,292,475</u>	<u>(55,525)</u>
Expenses:				
Contract services	255,600	222,783	213,203	9,580
Claims	<u>1,103,000</u>	<u>1,135,817</u>	<u>1,096,524</u>	<u>39,293</u>
Total operating expenses	<u>1,358,600</u>	<u>1,358,600</u>	<u>1,309,727</u>	<u>48,873</u>
Operating loss.	(10,600)	(10,600)	(17,252)	(6,652)
Fund equity at beginning of year	<u>324,762</u>	<u>324,762</u>	<u>324,762</u>	<u>-</u>
Fund equity at end of year	<u>\$ 314,162</u>	<u>\$ 314,162</u>	<u>\$ 307,510</u>	<u>\$ (6,652)</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, 2009

	Beginning Balance 12/31/2008	Additions	Reductions	Ending Balance 12/31/2009
Deposits and Fees				
Assets:				
Cash and cash equivalents in segregated accounts.	\$ 48,089	\$ 328,917	\$ 249,434	\$ 127,572
Total assets.	<u>\$ 48,089</u>	<u>\$ 328,917</u>	<u>\$ 249,434</u>	<u>\$ 127,572</u>
Liabilities:				
Deposits held and due to others	\$ 48,089	\$ 328,917	\$ 249,434	\$ 127,572
Total liabilities	<u>\$ 48,089</u>	<u>\$ 328,917</u>	<u>\$ 249,434</u>	<u>\$ 127,572</u>

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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	115-126
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the income tax.	127-134
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	135-139
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	140-142
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	143-147

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 EIGHT YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2009</u>	<u>2008</u>	<u>2007 (1)</u>	<u>2006</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 28,598,354	\$ 28,494,366	\$ 27,680,040	\$ 26,870,342
Restricted for:				
Capital projects	1,057,592	976,112	2,364,897	1,859,062
Street construction, maintenance and repair	1,042,924	774,996	651,009	854,455
Fire operations	95,270	44,003	-	17,550
Emergency medical services	190,303	128,653	235,207	205,388
Computer systems	15,472	34,987	14,502	13,719
Storm sewer	483,356	524,203	526,185	349,624
Donations and supplies	32,363	17,062	35,054	36,864
Other purposes	36,808	17,822	6,858	6,614
Unrestricted	<u>2,053,244</u>	<u>3,252,531</u>	<u>3,245,584</u>	<u>5,070,626</u>
Total governmental activities net assets	<u>\$ 33,605,686</u>	<u>\$ 34,264,735</u>	<u>\$ 34,759,336</u>	<u>\$ 35,284,244</u>
Business-type Activities				
Invested in capital assets, net of related debt	\$ 25,353,521	\$ 24,501,565	\$ 24,165,821	\$ 22,808,223
Unrestricted	<u>4,524,526</u>	<u>4,781,693</u>	<u>3,842,872</u>	<u>4,053,862</u>
Total business-type activities net assets	<u>\$ 29,878,047</u>	<u>\$ 29,283,258</u>	<u>\$ 28,008,693</u>	<u>\$ 26,862,085</u>
Total Primary Government				
Invested in capital assets, net of related debt	\$ 53,951,875	\$ 52,995,931	\$ 51,845,861	\$ 49,678,565
Restricted	2,954,088	2,517,838	3,833,712	3,343,276
Unrestricted	<u>6,577,770</u>	<u>8,034,224</u>	<u>7,088,456</u>	<u>9,124,488</u>
Total primary government net assets	<u>\$ 63,483,733</u>	<u>\$ 63,547,993</u>	<u>\$ 62,768,029</u>	<u>\$ 62,146,329</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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 22,671,549	\$ 22,785,936	\$ 21,759,290	\$ 19,705,944
2,926,256	1,560,922	2,246,120	2,709,155
211,489	280,980	305,021	-
22,563	52,635	3,535	-
28,623	124,284	2,924	-
29,538	27,848	23,557	-
99,180	79,103	92,479	-
31,479	30,354	30,181	-
7,844	9,552	7,914	470,757
5,151,595	6,033,820	7,321,637	11,424,916
<u>\$ 31,180,116</u>	<u>\$ 30,985,434</u>	<u>\$ 31,792,658</u>	<u>\$ 34,310,772</u>
\$ 22,540,242	\$ 19,996,103	\$ 18,375,752	\$ 18,341,581
2,862,283	2,894,243	2,945,175	2,360,344
<u>\$ 25,402,525</u>	<u>\$ 22,890,346</u>	<u>\$ 21,320,927</u>	<u>\$ 20,701,925</u>
\$ 45,211,791	\$ 42,782,039	\$ 40,135,042	\$ 38,047,525
3,356,972	2,165,678	2,711,731	3,179,912
8,013,878	8,928,063	10,266,812	13,785,260
<u>\$ 56,582,641</u>	<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 EIGHT YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Program Revenues:				
Governmental activities				
Charges for services:				
General government	\$ 361,766	\$ 236,634	\$ 206,652	\$ 196,809
Security of persons and property:				
Police	22,274	8,006	7,213	9,779
Public health and welfare	416,579	231,002	352,106	311,999
Community environment	193,024	154,156	119,756	131,988
Leisure time activities	329,340	389,748	375,713	379,916
Subtotal - charges for services	<u>1,322,983</u>	<u>1,019,546</u>	<u>1,061,440</u>	<u>1,030,491</u>
Operating grants and contributions				
General government	-	42,885	-	-
Security of persons and property:				
Police	3,146	8,948	722	16,964
Fire	289	2,459	17,468	3,300
Public health and welfare	3,330	266	33,246	7,000
Transportation	681,889	841,285	712,773	539,001
Leisure time activities	350	501	-	-
Economic development	4,197,409	-	-	-
Basic utility services	448,424	-	54,906	-
Subtotal - operating grants and contributions	<u>5,334,837</u>	<u>896,344</u>	<u>819,115</u>	<u>566,265</u>
Capital grants and contributions				
Security of persons and property:				
Fire	-	-	-	36,536
Transportation	491,915	36,818	1,220,785	3,037,809
Leisure time activities	-	32,245	-	-
Subtotal - capital grants and contributions	<u>491,915</u>	<u>69,063</u>	<u>1,220,785</u>	<u>3,074,345</u>
Total governmental activities program revenues	<u>7,149,735</u>	<u>1,984,953</u>	<u>3,101,340</u>	<u>4,671,101</u>
Business-type activities:				
Charges for services:				
Water	5,885,354	5,949,012	5,740,648	5,181,984
Sewer	2,286,131	2,167,750	2,063,478	2,239,988
Garbage	812,774	759,547	708,666	634,144
Subtotal - charges for services	<u>8,984,259</u>	<u>8,876,309</u>	<u>8,512,792</u>	<u>8,056,116</u>
Operating grants and contributions:				
Garbage	49,802	63,655	61,800	60,000
Subtotal - operating grants and contributions	<u>49,802</u>	<u>63,655</u>	<u>61,800</u>	<u>60,000</u>
Capital grants and contributions:				
Water	65,702	188,670	588,162	513,604
Sewer	-	-	42,215	308,369
Subtotal - capital grants and contributions	<u>65,702</u>	<u>188,670</u>	<u>630,377</u>	<u>821,973</u>
Total business-type activities program revenues	<u>9,099,763</u>	<u>9,128,634</u>	<u>9,204,969</u>	<u>8,938,089</u>
Total primary government	<u>\$ 16,249,498</u>	<u>\$ 11,113,587</u>	<u>\$ 12,306,309</u>	<u>\$ 13,609,190</u>

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 250,259	\$ 173,109	\$ 183,565	\$ 234,426
11,741	8,136	10,158	9,632
314,046	233,047	98,081	113,046
104,782	108,151	123,536	101,617
376,381	310,922	310,183	327,248
<u>1,057,209</u>	<u>833,365</u>	<u>725,523</u>	<u>785,969</u>
3,750	-	-	15,000
22,463	18,595	13,082	32,497
8,568	3,043	500	1,300
4,000	10,699	4,301	4,200
517,377	500,117	537,318	384,861
-	-	-	-
-	-	-	-
-	-	-	6,889
<u>556,158</u>	<u>532,454</u>	<u>555,201</u>	<u>444,747</u>
-	46,019	-	-
150,425	154,015	170,000	-
-	-	-	-
<u>150,425</u>	<u>200,034</u>	<u>170,000</u>	<u>-</u>
<u>1,763,792</u>	<u>1,565,853</u>	<u>1,450,724</u>	<u>1,230,716</u>
4,760,279	3,893,098	3,745,362	3,872,276
2,060,530	1,963,871	1,760,248	1,646,419
558,940	553,006	547,304	543,940
<u>7,379,749</u>	<u>6,409,975</u>	<u>6,052,914</u>	<u>6,062,635</u>
60,000	60,000	60,000	72,734
<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>72,734</u>
1,015,828	867,300	760,702	396,322
623,350	-	168,634	55,432
<u>1,639,178</u>	<u>867,300</u>	<u>929,336</u>	<u>451,754</u>
9,078,927	7,337,275	7,042,250	6,587,123
<u>\$ 10,842,719</u>	<u>\$ 8,903,128</u>	<u>\$ 8,492,974</u>	<u>\$ 7,817,839</u>

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CITY OF NORTH CANTON, OHIO

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenses:				
Governmental Activities				
General government	\$ 2,154,096	\$ 2,235,205	\$ 2,253,710	\$ 2,040,584
Security of persons and property:				
Police	3,271,884	3,049,396	3,587,425	3,026,053
Fire	750,783	705,273	819,062	693,324
Other	-	-	-	-
Public health and welfare	1,567,495	1,476,085	1,703,059	1,311,606
Transportation	2,629,812	2,575,379	3,213,072	1,075,130
Community environment	503,388	619,805	547,013	380,145
Leisure time activities	909,636	965,725	1,356,650	1,207,578
Economic development	4,100,754	-	-	-
Basic utility services	401,269	566,496	558,990	1,164,581
Intergovernmental	-	-	-	100,000
Interest and fiscal charges	22,707	55,072	184,341	136,057
Total governmental activities expenses	<u>16,311,824</u>	<u>12,248,436</u>	<u>14,223,322</u>	<u>11,135,058</u>
Business-type activities:				
Water	\$ 5,660,450	\$ 5,106,672	\$ 5,349,070	\$ 4,485,688
Sewer	2,017,112	1,946,158	2,031,424	2,296,527
Garbage	974,743	742,158	789,005	676,949
Total business-type activities expenses	<u>8,652,305</u>	<u>7,794,988</u>	<u>8,169,499</u>	<u>7,459,164</u>
Total primary government program expenses	<u>\$ 24,964,129</u>	<u>\$ 20,043,424</u>	<u>\$ 22,392,821</u>	<u>\$ 18,594,222</u>
Net (Expense) Revenue				
Governmental activities	(9,162,089)	(10,263,483)	(11,121,982)	(6,463,957)
Business-type activities	447,458	1,333,646	1,035,470	1,478,925
Total primary government net expense	<u>\$ (8,714,631)</u>	<u>\$ (8,929,837)</u>	<u>\$ (10,086,512)</u>	<u>\$ (4,985,032)</u>

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 2,299,022	\$ 2,320,121	\$ 1,743,780	\$ 2,186,090
3,038,460	2,989,872	2,731,740	2,729,059
602,558	698,556	619,487	544,630
-	-	114,293	-
1,290,268	1,265,192	1,216,486	1,073,559
1,988,890	2,392,977	3,791,505	2,711,933
397,328	312,279	302,185	297,363
1,190,514	1,100,428	1,086,524	1,004,002
-	-	-	-
287,468	323,784	408,540	110,410
100,000	-	-	-
83,215	40,583	13,344	-
<u>11,277,723</u>	<u>11,443,792</u>	<u>12,027,884</u>	<u>10,657,046</u>
\$ 4,062,394	\$ 3,291,706	\$ 3,845,882	\$ 3,205,456
1,960,523	1,998,674	2,008,828	1,825,042
584,994	571,971	605,023	634,401
<u>6,607,911</u>	<u>5,862,351</u>	<u>6,459,733</u>	<u>5,664,899</u>
<u>\$ 17,885,634</u>	<u>\$ 17,306,143</u>	<u>\$ 18,487,617</u>	<u>\$ 16,321,945</u>
(9,513,931)	(9,877,939)	(10,577,160)	(9,426,330)
2,471,016	1,474,924	582,517	922,224
<u>\$ (7,042,915)</u>	<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 EIGHT YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Revenues and Other Changes in Net Assets				
Governmental activities				
Taxes:				
Property and other local taxes levied for:				
General purposes	\$ 797,287	\$ 836,437	\$ 846,147	\$ 825,186
Fire operating levy	82,972	83,655	93,144	96,955
Emergency medical services levy	148,236	149,878	169,256	176,194
Storm sewer levy	323,509	323,116	341,288	355,276
Street levy	323,509	323,116	341,288	355,276
Municipal income taxes levied for:				
General purposes	4,331,485	4,465,795	4,591,652	5,085,423
Capital improvement	1,166,334	1,106,163	1,254,058	1,178,141
Grants and entitlements not restricted to				
Specific programs	1,418,091	2,041,947	2,199,383	1,803,539
Interest	23,936	269,837	606,217	537,976
Gain on sale of capital assets	-	-	82,873	-
Other	35,012	109,857	33,134	110,979
Transfers	<u>(147,331)</u>	<u>59,081</u>	<u>38,634</u>	<u>43,140</u>
Total governmental activities	<u>8,503,040</u>	<u>9,768,882</u>	<u>10,597,074</u>	<u>10,568,085</u>
Business-type activities				
Interest	\$ -	\$ -	\$ -	\$ -
Gain on sale of capital assets	-	-	16,339	-
Other	-	-	133,433	23,775
Transfers	<u>147,331</u>	<u>(59,081)</u>	<u>(38,634)</u>	<u>(43,140)</u>
Total business-type activities	<u>147,331</u>	<u>(59,081)</u>	<u>111,138</u>	<u>(19,365)</u>
Total primary government	<u>\$ 8,650,371</u>	<u>\$ 9,709,801</u>	<u>\$ 10,708,212</u>	<u>\$ 10,548,720</u>
Change in Net Assets				
Governmental activities	\$ (659,049)	\$ (494,601)	\$ (524,908)	\$ 4,104,128
Business-type activities	<u>594,789</u>	<u>1,274,565</u>	<u>1,146,608</u>	<u>1,459,560</u>
Total primary government	<u>\$ (64,260)</u>	<u>\$ 779,964</u>	<u>\$ 621,700</u>	<u>\$ 5,563,688</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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$	780,276	\$ 791,294	\$ 738,731	\$ 700,039
	91,580	94,888	98,558	92,400
	166,613	173,177	180,248	169,164
	97,410	102,581	109,187	102,227
	97,410	102,581	109,187	102,227
	4,013,121	6,072,113	5,545,734	5,918,556
	2,576,293	-	-	-
	1,551,328	1,405,706	1,011,055	2,142,714
	295,629	190,782	201,285	510,963
	-	-	-	-
	38,953	137,593	65,061	76,875
	-	-	-	-
	<u>9,708,613</u>	<u>9,070,715</u>	<u>8,059,046</u>	<u>9,815,165</u>
\$	-	\$ 5,317	\$ 4,951	\$ 9,282
	11,286	-	-	500
	29,877	89,178	31,534	58,118
	-	-	-	-
	<u>41,163</u>	<u>94,495</u>	<u>36,485</u>	<u>67,900</u>
\$	<u>9,749,776</u>	<u>9,165,210</u>	<u>8,095,531</u>	<u>9,883,065</u>
\$	194,682	\$ (807,224)	\$ (2,518,114)	\$ 388,835
	2,512,179	1,569,419	619,002	990,124
\$	<u>2,706,861</u>	<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>2009</u>	<u>2008</u>	<u>Restated 2007</u>	<u>2006</u>
General Fund				
Reserved	\$ 108,772	\$ 81,670	\$ 59,073	\$ 27,388
Unreserved	<u>2,199,198</u>	<u>3,055,386</u>	<u>3,620,768</u>	<u>4,811,853</u>
Total general fund	<u>\$ 2,307,970</u>	<u>\$ 3,137,056</u>	<u>\$ 3,679,841</u>	<u>\$ 4,839,241</u>
All Other Governmental Funds				
Reserved	\$ 737,856	\$ 899,423	\$ 952,745	\$ 2,154,751
Unreserved, reported in:				
Special revenue funds	1,522,698	1,133,862	1,059,744	1,032,842
Capital projects funds	<u>(436,156)</u>	<u>192,097</u>	<u>666,448</u>	<u>(1,125,401)</u>
Total all other governmental funds	<u>\$ 1,824,398</u>	<u>\$ 2,225,382</u>	<u>\$ 2,678,937</u>	<u>\$ 2,062,192</u>
Total governmental funds	<u>\$ 4,132,368</u>	<u>\$ 5,362,438</u>	<u>\$ 6,358,778</u>	<u>\$ 6,901,433</u>

Source: City financial records.

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 13,292	\$ 58,705	\$ 38,997	\$ 20,655	\$ 63,203	\$ 176,508
<u>5,254,767</u>	<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>\$ 5,268,059</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>
\$ 2,997,278	\$ 365,087	\$ 697,752	\$ 320,953	\$ 453,943	\$ 1,357,082
379,908	654,623	387,022	545,406	1,697,313	1,422,031
<u>(1,694,856)</u>	<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>\$ 1,682,330</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>\$ 6,950,389</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>

CITY OF NORTH CANTON, OHIO

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

	<u>2009</u>	<u>2008</u>	<u>Restated 2007</u>	<u>2006</u>
Revenues				
Taxes	\$ 7,176,340	\$ 7,298,228	\$ 7,629,826	\$ 8,105,152
Charges for services	720,470	418,432	291,477	277,741
Licenses and permits	193,024	154,156	117,981	132,200
Fines and forfeitures	215,144	108,903	103,838	96,561
Intergovernmental	5,184,081	2,777,801	4,395,082	5,397,544
Interest	28,898	289,131	576,917	549,893
Rentals	277,537	202,932	208,767	212,202
Contributions and donations	1,415,992	82,644	-	-
Ambulance fees	-	-	337,602	311,999
Other	42,410	123,852	33,134	110,979
Total revenues	<u>15,253,896</u>	<u>11,456,079</u>	<u>13,694,624</u>	<u>15,194,271</u>
Expenditures				
Current:				
General government	2,028,118	2,149,856	1,731,013	1,775,064
Security of persons and property:				
Police	3,094,169	3,038,698	2,950,401	2,898,587
Fire	580,697	578,707	582,303	590,204
Public health and welfare	1,487,863	1,416,316	1,337,240	1,225,749
Community environment	455,515	589,150	499,427	500,264
Transportation	1,206,706	1,515,298	1,700,177	1,158,714
Leisure time activities	817,514	941,185	1,079,086	1,070,913
Basic utility services	904,835	460,158	213,207	176,012
Economic development	4,100,754	-	-	-
Settlement agreement	-	-	-	558,315
Capital outlay	1,570,678	1,460,150	3,736,296	4,566,756
Debt service:				
Principal retirement	249,111	287,196	552,414	644,661
Interest and fiscal charges	28,006	61,445	189,890	121,128
Total expenditures	<u>16,523,966</u>	<u>12,498,159</u>	<u>14,571,454</u>	<u>15,286,367</u>
Excess (deficiency) of revenues over (under) expenditures	(1,270,070)	(1,042,080)	(876,830)	(92,096)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	84,000	-
Notes issued	-	-	-	1,200,000
Current refunding	-	-	-	(1,200,000)
Inception of capital lease	-	-	1,087,721	-
Transfers in	2,140,000	1,936,060	3,039,119	2,572,880
Transfers out	(2,100,000)	(1,890,320)	(2,984,799)	(2,529,740)
Total other financing sources (uses)	<u>40,000</u>	<u>45,740</u>	<u>1,226,041</u>	<u>43,140</u>
Net change in fund balances	<u>\$ (1,230,070)</u>	<u>\$ (996,340)</u>	<u>\$ 349,211</u>	<u>\$ (48,956)</u>
Capital expenditures	\$ 1,908,358	\$ 1,709,755	\$ 1,896,914	\$ 5,149,276
Debt service as a percentage of noncapital expenditures	1.90%	3.23%	5.86%	7.55%

Source: City financial records.

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$	7,362,787	\$ 7,306,072	\$ 6,885,984	\$ 7,044,991	\$ 6,502,582	\$ 7,942,334
	481,565	310,922	310,183	327,248	312,693	305,120
	-	108,151	123,536	101,617	118,623	140,905
	164,104	179,365	193,723	24,458	91,355	85,999
	1,806,389	2,171,045	1,750,283	2,486,668	2,364,205	3,400,249
	304,147	162,281	181,586	510,963	835,486	1,019,352
	96,054	-	-	-	-	-
	6,250	-	-	15,000	22,430	632,568
	314,046	233,047	98,081	113,046	121,875	99,299
	38,953	137,593	65,036	76,875	68,953	33,652
	<u>10,574,295</u>	<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>
	2,112,916	1,985,704	5,775,155	1,861,834	1,758,108	1,601,772
					2,884,587	2,468,042
	2,914,728	2,773,795	2,571,194	2,521,968	N/A	N/A
	532,590	527,577	494,508	494,655	N/A	N/A
	1,255,865	1,191,434	1,159,512	1,071,837	921,120	865,914
	493,027	323,573	286,643	277,441	302,995	234,491
	1,330,351	1,285,060	1,339,514	1,094,539	917,127	932,547
	1,043,587	947,010	949,013	871,033	858,485	718,856
	116,710	130,038	114,688	150,837	25,009	35,271
	-	-	-	-	-	-
	1,500,000	-	359,336	359,336	-	-
	2,978,281	2,873,416	3,429,899	1,592,346	3,171,010	3,007,454
	2,213	-	-	-	-	-
	78,017	12,833	13,344	-	-	-
	<u>14,358,285</u>	<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>
	(3,783,990)	(1,441,964)	(6,998,687)	405,040	(400,239)	3,795,131
	50,521	-	27,429	-	17,211	-
	1,800,000	1,800,000	-	-	-	-
	(1,800,000)	-	-	-	-	-
	146,000	-	-	-	-	-
	1,515,000	3,895,000	4,380,000	4,100,000	6,530,000	7,890,000
	<u>(1,515,000)</u>	<u>(3,895,000)</u>	<u>(4,380,000)</u>	<u>(4,100,000)</u>	<u>(6,530,000)</u>	<u>(7,890,000)</u>
	<u>196,521</u>	<u>1,800,000</u>	<u>27,429</u>	<u>-</u>	<u>17,211</u>	<u>-</u>
\$	<u>(3,587,469)</u>	<u>\$ 358,036</u>	<u>\$ (6,971,258)</u>	<u>\$ 405,040</u>	<u>\$ (383,028)</u>	<u>\$ 3,795,131</u>
\$	3,226,978	\$ 2,322,247	\$ 5,872,469	\$ 1,662,802	\$ 932,248	\$ 311,727
	0.72%	0.13%	0.12%	0.00%	0.00%	0.00%

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
2009	\$ 306,412,350	\$ 76,848,090	\$ 1,095,029,829	\$ 6,213,470	\$ 7,060,761
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

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 was 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
\$ 1,083,510	\$ 8,668,080	\$ 390,557,420	\$ 1,110,758,670	35.16%	\$ 5.90
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

CITY OF NORTH CANTON, OHIO

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Unvoted Millage				
Operating	\$ 2.4000	\$ 2.4000	\$ 2.4000	\$ 2.4000
Voted Millage				
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>
Overlapping Rates By Taxing District				
North Canton City School District				
Residential/Agricultural Real	\$ 34.0290	\$ 34.5888	\$ 34.7169	\$ 29.6110
Commercial/Industrial and Public Utility Real	42.0846	39.7213	39.3218	37.7864
General Business and Public Utility	72.3000	72.8000	72.8000	65.8000
Stark County				
Residential/Agricultural Real	6.9852	3.9848	6.9848	7.3694
Commercial/Industrial and Public Utility Real	7.8365	7.6556	7.4909	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	0.7673	0.7677	0.6712	0.7232
Commercial/Industrial and Public Utility Real	0.8249	0.7974	0.7090	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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<u>\$ 2.4000</u>					
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
<u>0.5000</u>	<u>0.5000</u>	<u>0.5000</u>	<u>0.5000</u>	<u>0.5000</u>	<u>0.5000</u>
<u>3.5000</u>	<u>3.5000</u>	<u>3.5000</u>	<u>3.5000</u>	<u>3.5000</u>	<u>3.5000</u>
<u><u>\$ 5.9000</u></u>					

\$ 29.6110	\$ 29.8692	\$ 29.8252	\$ 32.5882	\$ 32.5882	\$ 28.3145
37.7864	37.7094	37.3465	38.3893	38.3893	33.7798
65.8000	65.8000	65.5000	65.5000	65.5000	61.1000
7.3694	7.7612	7.8060	6.6084	6.6084	7.4150
8.3378	9.2125	9.2372	7.4910	7.4910	8.3657
10.1000	11.5000	11.5000	9.6000	9.6000	11.0000
0.1000	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
0.7232	0.7315	0.7355	0.6883	0.6883	0.6921
0.8281	0.8276	0.8286	0.7751	0.7751	0.7618
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>
2009	\$ 1,908,956	\$ 1,865,586	97.73%	\$ 72,493	\$ 1,938,079
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

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>
101.53%	\$ 64,992	3.40%
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%

CITY OF NORTH CANTON, OHIO

PRINCIPAL TAXPAYERS
REAL ESTATE TAX
CURRENT YEAR AND NINE YEARS AGO

2009			
<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	1.38%
Versailles Gardens, LTD	4,899,730	2	1.28%
Albrecht Incorporated	2,533,440	3	0.66%
Waterford At St. Luke	2,456,950	4	0.64%
Potsdamer Platz, LLC	2,290,690	5	0.60%
Berlin Commons, LTD	1,964,060	6	0.51%
Williamsburg Apartments, LTD	1,882,550	7	0.49%
Maple Street Commerce, LLC	1,751,520	8	0.46%
CETA Group Limited Partnership	1,549,070	9	0.40%
Euro Development, LTD	1,445,930	10	0.38%
Total	<u>\$ 26,058,320</u>		<u>6.80%</u>
Total Assessed Valuation	<u>\$ 383,260,440</u>		

2000			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total District Real Estate Assessed Value</u>
Hoover Company	\$ 18,473,720	1	7.61%
Maytag Corporation	8,751,220	2	3.60%
Ohio Bell Telephone	5,469,600	3	2.25%
Ohio Power Company	4,660,700	4	1.92%
Versailles Gardens	4,251,040	5	1.75%
Albrecht Incorporated	2,610,260	6	1.08%
Autlman Health Foundation	2,047,380	7	0.84%
Waterford at Saint Luke	1,853,430	8	0.76%
East Ohio Gas Company	1,828,060	9	0.75%
Berlin Commons, LTD	1,633,750	10	0.67%
Total	<u>\$ 51,579,160</u>		<u>21.23%</u>
Total Assessed Valuation	<u>\$ 242,773,230</u>		

Source: Stark County, Ohio, Auditor's Office

CITY OF NORTH CANTON, OHIO

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

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholdings	Taxes from Net Profits	Percentage of Taxes from Net Profits	Taxes from Individuals	Percentage of Taxes from Individuals
2009	1.50%	\$ 5,460,640	\$ 3,531,379	64.67%	\$ 290,707	5.32%	\$ 1,638,554	30.01%
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%

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>2009</u>	<u>2008</u>	<u>Restated 2007</u>	<u>2006</u>
Total Assessed Property Value	\$ 389,904,030	\$ 394,082,950	\$ 409,541,909	\$ 386,897,880
Overall Legal Debt Limit (10 1/2 % of assessed valuation)	<u>40,939,923</u>	<u>41,378,710</u>	<u>43,001,900</u>	<u>40,624,277</u>
Debt Outstanding				
Various Improvement Note	-	-	750,000	1,000,000
Water System Bonds	3,985,000	4,145,000	4,300,000	-
Water Notes	-	-	-	4,300,000
Sewer Notes	-	-	175,000	350,000
OPWC Loans	1,323,932	1,388,947	1,020,904	-
OWDA Loans	9,686,773	10,263,181	10,813,200	11,309,281
Total gross indebtedness	<u>14,995,705</u>	<u>15,797,128</u>	<u>17,059,104</u>	<u>16,959,281</u>
Less:				
Water System Bonds	3,985,000	4,145,000	4,300,000	-
Water Notes	-	-	-	4,300,000
Sewer Notes	-	-	175,000	350,000
OPWC Loans	1,323,932	1,388,947	1,020,904	-
OWDA Loans	9,686,773	10,263,181	10,813,200	11,309,281
Total net debt applicable to debt limit	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>1,000,000</u>
Legal debt margin within 10 1/2 % limitation	<u>\$ 40,939,923</u>	<u>\$ 41,378,710</u>	<u>\$ 42,251,900</u>	<u>\$ 39,624,277</u>
Legal debt margin as a percentage of the debt limit	100.00%	100.00%	98.26%	97.54%
Unvoted Debt Limitation (5 1/2 % of assessed valuation)	<u>21,444,722</u>	<u>21,674,562</u>	<u>22,524,805</u>	<u>21,279,383</u>
Total gross indebtedness	14,995,705	15,797,128	17,059,104	16,959,281
Less:				
Special Assessment Bonds	-	-	-	-
Water System Bonds	3,985,000	4,145,000	4,300,000	-
Water Notes	-	-	-	4,300,000
Sewer Notes	-	-	175,000	350,000
OPWC Loans	1,323,932	1,388,947	1,020,904	-
OWDA Loans	9,686,773	10,263,181	10,813,200	11,309,281
Net debt within 5 1/2 % limitations	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>1,000,000</u>
Unvoted legal debt margin within 5 1/2 % limitations	<u>\$ 21,444,722</u>	<u>\$ 21,674,562</u>	<u>\$ 21,774,805</u>	<u>\$ 20,279,383</u>
Unvoted legal debt margin as a percentage of the unvoted debt limitation	100.00%	100.00%	96.67%	95.30%

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.

2005	2004	2003	2002	2001	2000
<u>\$ 387,703,613</u>	<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>40,708,879</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>
1,500,000	-	-	-	-	-
-	-	-	-	-	-
3,000,000	2,850,000	1,875,000	1,250,000	1,300,000	-
548,000	-	-	-	-	-
-	-	-	-	-	-
<u>10,633,475</u>	<u>9,204,935</u>	<u>4,498,059</u>	<u>847,048</u>	<u>925,935</u>	<u>728,324</u>
<u>15,681,475</u>	<u>12,054,935</u>	<u>6,373,059</u>	<u>2,097,048</u>	<u>2,225,935</u>	<u>728,324</u>
-	-	-	-	-	-
3,000,000	2,850,000	1,875,000	1,250,000	1,300,000	-
548,000	-	-	-	-	-
-	-	-	-	-	-
<u>10,633,475</u>	<u>9,204,935</u>	<u>4,498,059</u>	<u>847,048</u>	<u>925,935</u>	<u>728,324</u>
<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 39,208,879</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>
96.32%	100.00%	100.00%	100.00%	100.00%	100.00%
<u>21,323,699</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>
15,681,475	12,054,935	6,373,059	2,097,048	2,225,935	728,324
-	-	-	-	-	-
-	-	-	-	-	-
3,000,000	2,850,000	1,875,000	1,250,000	1,300,000	-
548,000	-	-	-	-	-
-	-	-	-	-	-
<u>10,633,475</u>	<u>9,204,935</u>	<u>4,498,059</u>	<u>847,048</u>	<u>925,935</u>	<u>728,324</u>
<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 19,823,699</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>
92.97%	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			
2009	\$ -	\$ 398,126	\$ 3,985,000	\$ 9,686,773	\$ 1,323,932	\$ 15,393,831	3.91%	\$ 940
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

Source: City financial records.

Note: Population and personal income data are presented on page 140.

CITY OF NORTH CANTON, OHIO

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2009

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Amount Applicable to City</u>
Direct - City of North Canton			
Capital Lease	\$ 398,126	100.00%	\$ 398,126
	<u>398,126</u>		<u>398,126</u>
Overlapping debt:			
North Canton City School District	28,095,097	46.83%	13,156,934
Jackson Local School District	63,137,575	0.36%	227,295
Plain Local School District	53,959,913	6.57%	3,545,166
Plain Township	400,000	1.27%	5,080
Stark County	4,907,157	5.22%	256,154
	<u>150,499,742</u>		<u>17,190,629</u>
Total direct and overlapping debt	<u>\$ 150,897,868</u>		<u>\$ 17,588,755</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 THREE YEARS**

Year	Operating Revenues	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2009	\$ 5,885,354	\$ 3,480,388	\$ 2,404,966	\$ 576,449	\$ 372,500	2.53
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>
2009	16,369	\$ 393,592,605	\$ 24,045	\$ 42,013	42.3	33.6%
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%

(1) Source: U.S. Census

(a) Years 2000 through 2009 - 2000 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

N/A - Information not available

<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>
4,853	13.5%	N/A	\$ 390,557,420
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

CITY OF NORTH CANTON, OHIO

PRINCIPAL EMPLOYERS
CURRENT YEAR AND THREE YEARS AGO

Employer	2009		
	Employees	Rank	Percentage of Total City Employment
Walsh University	1,411	1	9.76%
North Canton Board of Education	991	2	6.86%
St. Lukes Home for the Aged	419	3	2.90%
YMCA of Central Stark County	268	4	1.85%
Aultman Hospital	252	5	1.74%
Fred W. Albrecht Grocery	220	6	1.52%
Trubridge Incorporated	206	7	1.43%
Tamarkin Company	188	8	1.30%
Northeast Professional Homecare Inc.	187	9	1.29%
City of North Canton	168	10	1.16%
Total	4,310		29.82%
Total City Employment	14,454		

Employer	2006		
	Employees (1)	Rank	Percentage of Total
Whirlpool Corporation	1,266	1	10.24%
Walsh University	1,110	2	8.98%
North Canton Board of Education	986	3	7.97%
St. Lukes Home for the Aged	469	4	3.79%
North Canton Medical Foundation	321	5	2.60%
City of North Canton	254	6	2.05%
Fred W. Albrecht Grocery	200	7	1.62%
Aultman Hospital Association	184	8	1.49%
Tamarkin Company	181	9	1.46%
Southern Ohio College LLC	176	10	1.42%
Total	5,147		41.63%
Total City Employment	12,364		

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

Note: Information prior to 2006 was unavailable.

CITY OF NORTH CANTON, OHIO

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

Function/Program	2009	2008	2007	2006	2005	2004	2003	2002
General Government								
Council	6.00	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	1.50
Law	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Finance	3.00	3.00	3.50	4.00	4.00	4.00	4.00	4.00
Tax	3.00	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	2.00
City hall maintenance	0.00	0.50	0.50	0.50	0.50	0.50	0.50	1.50
Engineer	5.50	5.50	5.00	5.50	6.50	5.50	5.00	6.00
Security of Persons and Property								
Police - administration	1.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50
Police - officers	26.00	25.00	24.00	25.00	26.50	26.50	26.50	26.50
Police - crossing guards	6.00	6.00	6.50	7.50	6.00	6.00	6.00	6.50
Dispatchers/Chief Dispatcher	8.00	8.50	8.00	7.50	7.50	8.00	8.50	8.50
Fire Inspectors	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Fire Fighters	9.50	11.00	12.00	12.00	12.00	13.00	13.00	16.00
Public Health Services								
Emergency Medical Services	21.00	22.00	21.50	21.50	23.00	22.50	21.00	23.00
Leisure Time Activities								
Municipal Pool	20.50	19.50	18.00	19.00	18.00	18.50	17.00	17.00
Civic Center	3.00	2.00	3.00	3.00	3.50	2.50	2.50	2.00
Recreation	2.50	3.50	2.50	2.00	2.00	2.50	2.00	2.00
Park Maintenance	5.50	8.00	5.50	6.50	6.50	6.50	6.50	7.00
Community Development								
Permits & Inspections	3.50	3.50	4.00	4.00	4.00	4.00	4.00	4.00
Economic Development	1.00	2.00	1.50	1.50	1.00	0.00	0.00	0.00
Transportation								
Street M&R	8.50	8.50	11.00	10.00	12.00	12.50	12.00	12.00
Basic Utility Services								
Water Administration	4.00	4.00	4.00	4.00	4.00	4.50	4.00	4.50
Water Distribution	7.00	5.50	7.50	8.00	7.50	7.50	7.50	7.50
Water Treatment Plant	12.00	11.00	12.00	13.00	12.00	12.00	12.00	12.00
Sewer Collection	4.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Total	167.50	168.50	170.00	176.00	178.50	178.50	174.50	182.00

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**

Function/Program	2009	2008	2007	2006
General Government				
Square footage occupied	31,517	31,517	31,517	31,517
Vehicles	10	10	10	8
Police				
Stations	1	1	1	1
Square footage of building	11,960	11,960	11,960	11,960
Vehicles	13	13	14	13
Fire				
Stations	1	1	1	1
Square footage of building	8,989	8,989	8,989	8,989
Vehicles	11	11	11	11
Emergency Medical Service				
Stations	1	1	1	1
Square footage of building	8,970	8,970	8,970	8,970
Vehicles	6	6	5	6
Recreation				
Number of parks	11	11	11	13
Number of pools	1	1	1	1
Number of tennis courts	11	11	11	11
Number of basketball courts	7	7	7	8
Number of park shelters	8	8	7	7
Vehicles	11	11	11	11
Public Service Department				
Streets (miles)	95.46	95.46	95.46	95.46
Vehicles	18	18	18	18
Water Department				
Water lines (miles)	129.80	129.80	129.80	127.93
Square footage of water treatment plant	32,125	32,125	32,125	32,125
Vehicles	17	17	17	17
Wastewater				
Sanitary sewers (miles)	64.39	64.39	64.39	64.06
Storm sewers (miles)	49.42	49.42	49.42	48.3
Vehicles	9	9	9	9

Source: City of North Canton departments

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
31,517 9	31,517 9	31,517 8	31,517 8	31,517 8	31,517 7
1 11,960 13	1 11,960 13	1 11,960 13	1 11,960 13	1 11,960 12	1 11,960 12
1 8,989 11	1 8,989 11	1 8,989 10	1 8,989 10	1 8,989 10	1 8,989 10
1 8,970 6	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	12 1 11 8 6 11	11 1 11 8 6 11	11 1 11 8 6 11
95.46 18	93.70 18	93.70 18	93.30 18	93.00 18	83.69 17
127.34 26,925 17	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
63.70 47.41 9	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

CITY OF NORTH CANTON, OHIO

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST EIGHT YEARS

Function/Program	2009	2008	2007	2006
General Government				
Number of ordinances passed	123	122	147	141
Number of planning commission agenda items	2	15	15	21
Number of zoning board of appeals agenda items	3	11	12	18
Number of checks/vouchers issued	4,113	3,390	3,711	3,825
Interest earnings for fiscal year (cash basis)	\$81,158	\$360,120	\$543,994	\$463,016
General fund receipts (cash basis in thousands)	\$8,425	\$9,031	\$9,321	\$9,500
General fund expenditures (cash basis in thousands)	\$9,406	\$9,961	\$7,744	\$9,915
General fund cash balances (in thousands)	\$2,826	\$3,713	\$4,578	\$4,695
Income Tax Department				
Number of individual returns	7,742	7,852	8,312	8,385
Number of business returns	1,109	1,187	1,319	1,270
Annual number of reconciliation of withholding processed	1,503	1,529	1,523	1,519
Building Department Indicators				
Construction permits issued	786	703	305	381
Estimated value of construction	\$ 11,462,310	\$ 17,559,237	\$ 19,254,219	\$ 25,389,738
Inspections conducted	1,124	1,114	1,895	771
Security of Persons & Property				
Police				
Total calls for services	29,225	29,459	31,274	31,276
Traffic violations	1,495	1,418	1,297	1,628
Motor vehicle accidents	513	525	604	561
Total arrests	504	392	398	482
Fire/Emergency Medical Services				
EMS calls	1,948	2,080	1,635	1,612
EMS transports	1,251	1,284	1,503	1,069
Ambulance billing collections	\$461,009	\$269,287	\$337,602	\$311,999
Fire calls	424	537	434	412
Fire safety inspections	1,543	1,410	1,223	1,087
Leisure Time Activities				
Recreation				
Swimming pool memberships	2,387	2,729	3,107	3,375
Civic center rentals	303	337	318	208
Dogwood shelter rentals	261	252	228	260
Transportation				
Asphalt resurfacing (miles)	2.58	2.7	1.80	2.66
Asphalt usage for pothole repairs (tons)	358.37	530.75	410	184
Salt usage (tons)	6,250	6,752	4,250	2,282
Cost of salt purchased	\$237,641	\$282,216	\$188,992	\$121,505
Water Department				
Average daily gallons sold per consumer	132	321	340.81	332.85
Number of customers	8,876	8,947	8,794	8,699
Annual water collections	\$5,819,610	\$5,759,068	\$5,583,161	\$5,031,926
Water main breaks	19	31	59	33
Number of wells	8	8	8	7
Gallons of water treated (millions of gallons)	1,210	1,321	1,307	1,170
Wastewater Department				
Residential sewer rate (flat monthly rate)	\$21.00	\$21.00	\$19.00	\$19.00
Number of customers	6,204	6,284	6,283	6,251

Source: City of North Canton departments

Note: Information prior to 2002 is unavailable.

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
218	162	156	124
32	15	44	130
22	15	13	9
4,052	3,944	3,906	4,078
\$319,590	\$206,055	\$339,932	\$572,469
\$7,417	\$10,771	\$10,703	\$9,857
\$9,926	\$12,230	\$14,443	\$10,076
\$5,107	\$7,540	\$8,954	\$12,612
8,288	8,090	8,008	8,359
1,239	1,202	1,154	1,131
1,536	1,532	1,127	1,086
455	489	484	512
\$ 19,587,769	\$ 22,572,034	\$ 27,442,926	\$ 18,806,846
782	980	1,097	985
32,295	33,863	35,205	39,149
2,006	2,221	2,117	2,597
614	677	653	623
483	468	434	433
1,824	1,760	1,866	1,757
1,062	1,110	1,269	1,096
\$314,046	\$233,047	\$98,081	\$113,046
425	456	445	415
629	909	384	508
2,887	2,694	2,406	2,203
201	262	261	221
273	247	238	239
5.54	5.32	4.20	4.38
350	326	530	435
4,135	6,486	7,650	4,480
\$235,051	\$181,329	\$220,015	\$155,774
292.14	289.13	298.50	329.39
8,544	8,540	8,213	8,103
\$4,587,520	\$3,729,072	\$3,655,815	\$3,711,960
32	50	65	37
7	6	6	6
1,156	1,124	1,112	1,234
\$18.00	\$18.00	\$15.00	\$15.00
6,197	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
JULY 29, 2010