

**CITY OF NORTH CANTON
STARK COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CITY OF NORTH CANTON
STARK COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	1

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

City of North Canton
Stark County
145 North Main Street
North Canton, Ohio 44720-2587

To the City Council:

We have audited the general purpose financial statements of the City of North Canton, Stark County, Ohio, (the City) as of and for the year ended December 31, 2000, and have issued our report thereon dated May 25, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated May 25, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated May 25, 2001.

City of North Canton
Stark County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 25, 2001

*Comprehensive Annual
Financial Report*

*North Canton
Ohio*

*For The Year Ending
December 31, 2000*

CITY OF NORTH CANTON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2000

Prepared By
Department of Finance
Julie A. Herr, CPA
Director

INTRODUCTORY SECTION

CITY OF NORTH CANTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2000

TABLE OF CONTENTS

TITLE PAGE

INTRODUCTORY SECTION

Table of Contents	1
Letter of Transmittal	5
GFOA Certificate of Achievement	20
Organizational Chart	21
City of North Canton Elected and Appointed Officials	22
Department of Finance Organizational Chart	23

FINANCIAL SECTION

Report of Independent Accountants	25
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General Purpose Financial Statements:

Combined Balance Sheet - All Fund Types and Account Groups	28
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	30
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund	32
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - All Proprietary Fund Types	36
Combined Statement of Cash Flows - All Proprietary Fund Types	37
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types	38
Notes to the General Purpose Financial Statements	40

TABLE OF CONTENTS
(Continued)

FINANCIAL SECTION (continued)

Financial Statements and Schedules of Individual Funds and Account Groups	63
Governmental Funds:	
General Fund	64
Special Revenue Funds	65
Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	68
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis) for the following funds:	
City Income Tax	70
Fire Operating Levy	71
Emergency Medical Service Levy	72
Computer	73
Enforcement and Education	74
Street Construction Maintenance and Repair	75
Storm Sewer Levy	76
Street Levy	77
Municipal Road	78
Debt Service Fund	79
Capital Projects Fund	80
Proprietary Funds:	
Enterprise Funds	81
Combining Balance Sheet	82
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	83

TABLE OF CONTENTS
(Continued)

FINANCIAL SECTION (continued)

Combining Statement of Cash Flows	84
Schedule of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) for the following funds:	
Water Revenue	85
Sewer Revenue	86
Garbage Service	87
Internal Service Funds	88
Fiduciary Funds:	
Trust and Agency Funds	89
Combining Balance Sheet	90
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	91
General Fixed Assets Account Group	92
Schedule of General Fixed Assets by Source	93
Schedule of Changes in General Fixed Assets by Function and Department	94
Schedule of General Fixed Assets by Function and Department	95

STATISTICAL SECTION

General Governmental Expenditures by Function - Last Ten Years	97
General Governmental Revenues by Source - Last Ten Years	98
City Income Tax Collections - Last Ten Years	99

STATISTICAL SECTION (continued)

Real Property Tax Levies and Collections - Last Ten Years	100
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years	101
Real Property Tax Rates - Direct and Overlapping Governments - Last Ten Years	102
Special Assessment Billings and Collections - Last Ten Years	103
Legal Debt Margin	104
Water Enterprise Bonded Debt Coverage - Last Ten Years	105
Sewer Enterprise General Obligation Bond Coverage - Last Ten Years	106
Computation of Overlapping Debt	107
Demographic Statistics - Last Ten Years	108
Construction and Bank Deposits - Last Ten Years	109
Principal Taxpayers	110
Miscellaneous Statistics	111



City of NORTH CANTON, OHIO

145 NORTH MAIN STREET
NORTH CANTON, OHIO 44720-2587

May 25, 2001

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

The Comprehensive Annual Financial Report (CAFR) of the City of North Canton, Ohio (City) for the fiscal year ended December 31, 2000 is hereby presented. This report has been prepared and is presented to the citizens by their Director of Finance empowered through the City charter as the chief accounting officer.

INTRODUCTION

The City's charter states that: "A Director of Finance, appointed by Council for a term of two (2) years shall be head of the Finance Department and shall be fiscal officer of the municipality.

- (1) He shall serve the Mayor and Council as financial advisor in connection with municipal affairs and shall keep the financial records of the municipality. He shall be responsible for collection of all taxes and assessments and shall disburse the same as may be required by law or ordinance.
- (2) He shall maintain a general accounting system for the municipality and for each of its officers, departments and agencies; keep books for and exercise financial budgetary control over each office, department and agency; keep separate accounts for the items of appropriation contained in the municipal budget, each of which accounts shall show the amount of appropriation, the amounts paid therefrom, the unpaid obligations against it and the unencumbered balance; require reports of receipts and disbursements from each receiving and spending agency of the municipality to be made at such intervals as he may deem expedient."

This report fulfills these duties and is distributed to the general public, banks, brokers, rating agencies, schools, libraries, university students and many others.

Responsibility for the accuracy of the data contained herein, for the completeness and fairness of the presentation, and for all disclosure rests with the City's management. To the best of her knowledge, the Director of Finance believes that the financial and other data contained in this

report fairly present the financial position and results of operations of the various funds and account groups of the City. All necessary disclosures to enable the citizens and other readers to understand the City's financial activities are included in this report.

THE MANAGEMENT:

The City's management consists of a Mayor, seven-member Council, Director of Finance, Director of Administration, Director of Law, and Clerk of Council. The Mayor and Council are elected for two year terms in the odd numbered years. All are chosen through a nonpartisan election process. The Director of Law, Director of Finance and Clerk to the Council are appointed by, and serve at the pleasure of, the Council. The Director of Administration is appointed by the Mayor subject to confirmation by a majority vote of Council.

THE REPORT:

This CAFR is designed in a manner to assist and guide the reader in understanding its contents. The report consists of three major sections.

The Introductory Section contains the table of contents, a list of the elected and appointed City officials, an organizational chart for the City, an organizational chart for the Finance Department, a copy of the Certificate of Achievement for Excellence in Financial Reporting, and this transmittal letter.

The Financial Section includes the Report of Independent Accountants, the General Purpose Financial Statements, providing an overview of the City's financial position and operating results, notes to the general purpose financial statements, and individual fund and combining statements by fund type and schedules that provide additional detailed information relative to the General Purpose Financial Statements.

The Statistical Section presents financial, economic, social, and demographic data about the City for the last 10 years.

THE REPORTING ENTITY:

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, in that the financial statements include all the organizations, activities, functions, and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City. On this basis, the reporting entity of the City includes the following services as authorized by its charter: public service, public safety, development, health, recreation, and parks, and public utilities. The City owns and operates a water system, a sanitary sewer system and provides garbage service all of which are reported as enterprise funds.

The North Canton Mayor's Court has been included in the reporting entity. Although the Mayor's Court is a separate entity, it is classified as an agency fund.

Certain organizations, although sharing some degree of name similarity with the City, are separate and distinct entities, not only from the City but also from each other. The City is not financially accountable for these entities. Because of their independent nature, none of these organizations' financial statements are included in this report. These organizations are as follows:

The North Canton City School District, a separate and distinct governmental entity, is independent of the City in governing bodies, financial resources and management. The North Canton City School District has a school board elected by the public with the authority to levy its own property tax and govern its own activities. Their geographic boundaries are also unrelated. While the District lies primarily within the City's corporate boundaries, portions extend beyond. There are two other school districts, all independent of the City and independent of each other, which also partially lie within the City's boundaries.

The Public Library of North Canton is also a separate entity from the City. The Library is a distinct political subdivision governed by a board of trustees appointed by the Stark County Commissioners and the judges of the Stark County Court of Common Pleas. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the City for operational subsidies.

The City contributes to two principal retirement plans covering various groups of City employees. The Ohio Police and Fire Pension Fund and the Public Employees Retirement System of Ohio are administered by the State of Ohio.

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.

North Canton was organized as a city effective January 1, 1962; 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 six 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 City's charter can only be amended by a majority vote of the City's registered voters.

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.

North Canton is located in the northeastern section of Ohio at an elevation of approximately 1150 feet above sea level with median temperatures of 70 degrees in summer and 28 degrees in winter. The central business area is located at longitude west 81 degrees, 24 feet, 11 inches and latitude north 40 degrees, 52 feet, 33 inches. The City's land area is 5.801 square miles.

THE REPORTING STANDARDS:

The City's accounts are organized as funds or account groups. Each fund and account group is a separate accounting entity with its own self-balancing set of accounts; assets, liabilities and, with the exception of account groups, fund equity. Following are the titles of these funds and account groups with a brief description.

GOVERNMENTAL FUNDS:

General Fund - The general fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund.

Special Revenue Funds - The special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes by City ordinances or Federal and State statutes. During 2000, the City had nine special revenue funds.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

Capital Projects Fund - The capital projects fund is used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

PROPRIETARY FUNDS:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises--where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where City Council has decided that periodic determination of net income is appropriate for accountability purposes. The City operates three enterprise activities: water, sewer, and garbage.

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by one division or agency to other divisions or agencies of the City generally on a cost reimbursement basis. The City has one internal service fund.

FIDUCIARY FUNDS:

Fiduciary funds include trust and agency funds. A trust fund is used to account for assets held by the City in a trustee capacity. Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. The City had one expendable trust fund and two agency funds during 2000.

GENERAL FIXED ASSETS ACCOUNT GROUP:

Fixed assets of the City, other than those accounted for in the proprietary funds, are accounted for in the general fixed assets account group. These assets are further explained in Note 7 to the general purpose financial statements and later in this letter.

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP:

All long-term debt of the City, except that accounted for in the proprietary funds, is accounted for in this account group. The only obligation in this fund is \$1,016,713 for accrued vacation and sick leave benefits due to employees in nonproprietary funds payable only on termination of employment.

BASIS OF ACCOUNTING:

Except for that used for budgetary purposes, the basis of accounting used by the City is in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units and is consistent with GASB Cod. Sec. 1600, "Basis of Accounting." All governmental and expendable trust funds are accounted for using a current financial resources - current assets and current liabilities - measurement focus. The modified accrual basis of accounting is utilized for the governmental, expendable trust and agency funds. Revenues are recognized when they are both measurable and available. Expenditures are recognized when the related fund liability is incurred except for principal and interest on long-term debt that is recorded when due.

The measurement focus for the City's proprietary funds is on the flow of total economic resources; all assets and all liabilities. The accrual basis of accounting - revenues are recognized when earned and expenses when incurred - is utilized by the City in its proprietary funds.

The City's basis of accounting for budgetary purposes differs from generally accepted accounting principles in that revenues are recognized when received, rather than when susceptible to accrual, measurable and available or earned, and encumbrances are recorded as expenditures rather than as reservations of fund balances. A reconciliation of the results of these differences appears in Note 9. During 2000, all accounting principles were applied consistently with those of the prior year.

ECONOMIC CONDITION AND OUTLOOK

SUMMARY OF LOCAL ECONOMY

The City continued to prosper financially in 2000. The General Fund balance is sufficient to cover the City's needs. All governmental fund types and expendable trust fund revenues for 2000 were 13.55% more than in 1999. Income tax revenues were 8.71% more than in 1999.

North Canton is a leader among Stark County's four major cities. Based on the 1990 census figures (the latest information available at this time), the City has the highest per capita and median household income, the lowest percentage of residents below the poverty level and the lowest overall unemployment. During the last ten years, the rate of unemployment has gone from 6.90% to the present rate of 3.80%.

A combination of five ongoing and new business construction projects totaling \$14,625,000 are 39% complete at year's end. This supports the fact that the economic condition in the City continues to be healthy.

MAJOR INDUSTRY AFFECTING LOCAL ECONOMY

During a period of a sound financial climate, the Hoover Company (our largest employer) has gone from 25.59% to 22.05% of the City's tax base for taxes paid as they relate to the City's overall general governmental revenue.

FUTURE ECONOMIC OUTLOOK

Development of the Hoover Company Land Development area, known as Washington Square, has progressed rapidly in 2000 and on into 2001. Giant Eagle, a chain grocery store, constructed a 68,000 square foot building which opened for business in May of 2000. Also constructed during 2000 was a 29,000 square foot strip shopping center adjacent to the Giant Eagle. The construction of a smaller 4-unit retail center, a bank, and the first of five office buildings is either complete, or will be complete during 2001. Construction of a fast-food chain restaurant in this development is under proposal at this time.

Also under development in the Washington Square area is 75 acres zoned for single family dwellings and condominiums. Of the total 146 sites available, 56 are complete or under construction.

Sixty-nine (69) acres of property, donated to the City in 1996, were developed into seven ball fields for the Little League in time for the start of their 2001 season. The remaining land is to be developed as a nature-walking trail over the next few years.

More than half of the 253 home sites of a residential development known as Monticello Estates are complete or under construction at year end.

First Friends Church began construction of a new 93,000 square foot building in 2000. As of the end of the year, the \$6,250,000 project was 70% complete.

Walsh University began construction of a new 52,000 square foot Student Center. The \$6,000,000 project is expected to be completed in 2001.

The Kolp Building located on South Main Street has undergone a remodeling of the exterior as well as some interior alterations. This project was completed in 2001.

Other projects that will be starting in 2001 include the 11,000 square foot addition to the YMCA Building as well as the 7,500 square foot addition to the North Canton Public Library.

The industrial/commercial outlook for the future is strong. The continued diversification of new businesses within the boundaries of the City is evident by the fact that small businesses, many service oriented, have left the City less reliant on its major employer in recent years. This change in the economic mix, along with new construction in business and residential areas, provides a broad, stable employment base.

MAJOR INITIATIVES

CURRENT YEAR PROJECTS

North Canton's current projects over \$5,000 are as follows:

<u>ITEM</u>	<u>AMOUNT ANTICIPATED</u>	<u>PERCENT COMPLETE YEAR END</u>
Security of Persons and Property:		
Purchase Computers	\$ 11,600	100 %
Purchase Radio Base Station	27,133	100
Purchase Ambulance	148,058	100
Purchase Paper Shredder	6,138	100
Leisure Time Activities:		
Purchase Pick-Up Truck	20,860	100
Purchase Mower	31,417	100
General Government:		
Purchase Computers, Furniture, and Equipment	15,601	100
Resurface City Hall Front Porch	34,000	100
Purchase Van	17,878	100
Rehabilitation of Streets, Curbs, Gutters, Sidewalks	2,615,000	100
Transportation:		
Purchase Dump Truck	54,256	100
Purchase Phase Timer for Traffic Lights	5,250	100
Purchase Pickup with Plow	23,902	100
Water Department:		
Construct and Replace Waterlines	490,200	Various
Underground Storage Tank	1,200,000	90
Purchase Fork Lift Truck	19,085	100
Expand Well Fields	100,000	90
Sewer Department:		
Construct and Replace Sanitary Sewerlines	296,000	Various
Construct and Replace Storm Sewerlines	475,000	Various
Purchase Diesel Trash Pump	9,995	100
Purchase Pickup Truck	24,286	100
Purchase Service Truck	38,366	100
Purchase Dump Truck	65,000	100

FUTURE PROJECTS

<u>ITEM</u>	<u>ESTIMATED COST</u>
Security of Persons and Property:	
Fire Station Roof Repair	\$ 25,000
Purchase 4WD Vehicle	36,000
Purchase 7 Cruisers	186,000
Purchase Video Cameras for Cruisers	30,000
Purchase Bullet Proof Vests	20,300
Purchase Computers	15,000

Leisure Time Activities:	
Miscellaneous Recreational Repairs	25,800
Develop Nature Park	50,000
Purchase Pick-Up Truck	22,000
Purchase 4WD Mower	9,850
General Government:	
Purchase Computers, Furniture, and Equipment	25,000
Land Acquisition	200,000
Purchase Vehicle for Engineering	18,000
Surveying Equipment	15,000
Transportation:	
Street Program (Rehabilitation of Streets, Curbs, Gutters, and Sidewalks)	645,000
Annual Road Program	225,000
Rebuild Main Street - Phase IV	600,000
Purchase Trailer for Dozer	9,100
Purchase Vacuum Sweeper	130,000
Signal Light for Salway & Everhard	50,000
Water Department:	
Purchase Lime Slaker	100,000
Construct and Replace Waterlines	226,000
Construct Raw Waterline	1,000,000
Clean Sludge Handling	750,000
Study for Plant Expansion	520,000
Plant Expansion	4,500,000
Metalize South Water Tower	90,000
Purchase Carbon Dioxide Storage System	150,000
Additional Well	135,000
Sewer Department:	
Construct and Replace Sanitary Sewer Lines	235,000
Construct and Replace Storm Sewer Lines	400,000
Purchase 4" Trash Pump	12,000
Purchase 2-1/2 Ton Dump Truck	72,500

DEPARTMENTAL SERVICES AND ACCOMPLISHMENTS

During 2000, the City has focused on ensuring the continuation of quality water as well as improving its safety and working conditions for its water treatment plant employees. Several projects were started in 2000 to address these issues, including the purchase of a lime slaker and a new Co₂ tank. In addition, the City constructed a 1.0 million gallon underground storage tank, which will meet EPA standards of at least one day water usage in storage.

The City also addressed the issue of increasing its raw water supply. During 2000, the City began the drilling of Well #8 on E. Maple Street. This well, once completed, will provide an additional maximum flow of 3.0 million gallons per day. This well will be completed in 2001. In 2002, plans are in place for the drilling of Well #9, which will be adjacent to Well #8. This will generate an additional flow of 3.0 million gallons per day. Also, in March 2001, the City entered into a contract to construct a 24" raw waterline that will connect these new wells to the water treatment plant.

For the last several years, the City Council has mandated a program to replace the waterlines

in the core of the City. Our water distribution employees have been concentrating on the installation of waterlines in the northeast side of the City. This project will alleviate chronic discoloration of water in that area.

The Board of Control has approved the contract for implementing computerized meter reading of the City's Water Department. The conversion of these meters is about 75% complete at year end.

FINANCIAL INFORMATION

INTERNAL ACCOUNTING CONTROLS

In developing the City's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

THE ACCOUNTING SYSTEM

The City uses a mainframe computer system for general ledger, appropriations accounting, fixed assets, City income tax, purchasing and payroll accounting. The City's accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The type of funds used are determined by generally accepted accounting principles and the number of individual funds established is determined by prudent financial administration.

The City maintains seven fund types: General, Special Revenue, Debt Service, Capital Projects, Enterprise, Internal Service, and Trust and Agency. During the year, the accounting records are maintained on a cash basis for all fund types. To prepare this report, adjusting entries are prepared for the various funds to convert the cash basis records to modified accrual basis for all governmental and fiduciary fund types, and accrual basis for the proprietary fund types. A more detailed explanation of the basis of accounting for the various funds is included in the notes to the general purpose financial statements, located in the Financial Section of this report.

BUDGETARY SYSTEM

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. The Mayor, with the assistance of the Finance Director, is required to submit to Council a schedule of anticipated revenue for the succeeding year by May 15 and a schedule of anticipated expenditures for the succeeding year by June 15. The Finance Director, based on the annual estimate, shall submit to Council an appropriation ordinance for the succeeding fiscal year. Council is required to adopt the appropriation

ordinance (the budget) in its original form, or with those revisions as it may find proper, within ninety days of the beginning of the fiscal year covered by such ordinance. The appropriation ordinance adopted by Council is at the fund level, the legal level of control.

The Finance Director maintains budgetary control on a non-GAAP basis by allocating appropriations within each fund by department and at major object levels which include personal service, travel and education, contractual services, supplies and materials, other expenditures, capital outlay, debt service, and operating transfers. For management purposes, the major object level is often further defined. Budgeted amounts may not exceed the aggregate appropriated by Council.

Budgetary control is maintained by an encumbrance of purchase commitment amounts prior to the release of purchase orders to vendors. Open encumbrances in governmental fund types are reported as reservations of fund balance at December 31, 2000. The estimated expenditure is encumbered against the available appropriation. Encumbrances that would exceed the available appropriation are not approved or recorded until the City Council authorizes additional appropriations or the Finance Director authorizes intrafund transfers of existing appropriations. Unencumbered appropriations lapse at the end of each year. The accounting system used by the City provides interim financial reports that detail year-to-date expenditures, prior year expenditures, encumbrances, original appropriations plus any additional appropriations made to date. The reports allow the Finance Director and other City officials to ascertain the status of a department's appropriations any time during the year.

As an additional control over expenditures, the City Charter requires that all contracts in excess of \$10,000 be authorized by Council ordinance and awarded to a qualified responsible bidder through the Board of Control.

GENERAL GOVERNMENTAL FUNCTIONS AND EXPENDABLE TRUST FUND

General Governmental functions include General, Special Revenue, Debt Service, Capital Projects and Expendable Trust Funds.

Revenues from operations of general governmental functions and the expendable trust fund totaled \$13,659,576, an increase of \$1,630,113 (13.55%) more than 1999. The amount of revenues and increases and decreases over last year are shown on the following tabulations:

<u>REVENUE SOURCES</u>	<u>2000 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE) OVER 1999</u>	<u>PERCENT OF INCREASE (DECREASE)</u>
City Income Tax	\$6,911,615	50.60%	\$ 553,757	8.71 %
Property Taxes	1,030,719	7.55	(12,202)	(1.17)
Charges for Services	305,120	2.23	6,427	2.15
Licenses and Permits	140,905	1.03	(16,570)	(10.52)
Fines and Forfeitures	85,999	0.63	55,889	185.62
Intergovernmental	3,400,347	24.89	301,119	9.72
Special Assessments	0	0.00	(16,689)	(100.00)
Ambulance Fee	99,299	0.73	32,984	49.74
Contributions/Grants	632,568	4.63	391,274	162.16
Investment Income	1,019,352	7.46	311,460	44.00
Other	<u>33,652</u>	<u>0.25</u>	<u>22,664</u>	<u>206.26</u>
TOTAL REVENUE	<u>\$13,659,576</u>	<u>100.00%</u>	<u>\$ 1,630,113</u>	<u>13.55%</u>

REVENUES

The major increase in City Income Tax is due to an increase in employer's withholding taxes. The increase in Intergovernmental revenue of \$301,119 is directly traced to estate tax due to an individual passing away last year. The increase in Contributions/Grants is from a State Grant that was used for an intersection improvement that is 25% inside the City and 75% outside the City. This project was completed in 2000, with the final payment and subsequent reimbursement received in 2001. The only other significant increase is the increase of \$311,460 in Investment Income. This was due to higher interest rates on investments for the majority of 2000.

<u>EXPENDITURES</u>	<u>2000 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE) OVER 1999</u>	<u>PERCENT OF INCREASE (DECREASE)</u>
Current:				
General Government	\$1,601,772	16.23%	\$ 140,430	9.61 %
Security of Persons and Property	2,468,042	25.01	(97,324)	(3.79)
Public Health and Welfare	865,914	8.77	32,051	3.84
Transportation	936,608	9.49	171,281	22.38
Community Environment	234,491	2.38	(2,776)	(1.17)
Basic Utility Services	35,271	0.36	14,251	67.80
Leisure Time Activities	718,856	7.28	(698)	(0.10)
Capital Outlay	3,007,454	30.48	(916,140)	(23.35)
Debt Service:				
Principal Retirement	0	0.00	(15,000)	(100.00)
Interest Charges	0	0.00	(1,013)	(100.00)
TOTAL EXPENDITURES	<u>\$ 9,868,408</u>	<u>100.00%</u>	<u>\$(674,938)</u>	<u>(6.40)%</u>

EXPENDITURES

The increase in General Government expenditures is primarily due to increased personnel costs. The major increase in Transportation is from increased wages and fringe benefits as well as an increase in operating supplies, such as road salt.

The decrease in Capital Outlay is due to fewer new major street projects in 2000 versus 1999. Significant projects from 1999 included the Applegrove project and the Main Street project.

PROPRIETARY OPERATIONS

ENTERPRISE FUNDS

The Water Enterprise Fund accounts for water treatment and distribution to residents and commercial users. Rates are based on water usage. Meters are read and customers are billed monthly. The fund showed an operating loss of \$227,806, which is a decrease of \$806,621 over last year's operating loss of \$1,034,427. The decrease in the operating loss is primarily due to a 25% rate increase which went into effect March 1, 2000. The increase is expected to be sufficient to allow for the debt service for current and the foreseeable future upgrading of the system and to meet environmental protection requirements.

The Sewer Enterprise Fund accounts for the City's sewage collection system. Treatment services are provided by the City of Canton's treatment plant on a contractual basis. Rates are

based on 100% of water charges for business while residential users pay a flat fee. Bills are sent and collected monthly. The Sewer Fund showed an operating profit of \$645,462 which arose from the City recognizing a credit for future service due to the overpayment of sewer charges to the City of Canton over the past few years. This credit was negotiated in March of 2001.

The Garbage Enterprise Fund accounts for garbage collection service provided to the residential and some of the City's commercial users. The City, in addition to billing and collecting garbage charges, acts as an agent between the successful bidder for pickup service and City customers. The contract is awarded on a three-year basis. The garbage fund has operating income of \$9,385, and has a sufficient fund equity balance to meet operational needs.

INTERNAL SERVICE FUND

The Insurance Fund was established by ordinances to permit use of higher deductibles in the areas of buildings and contents, auto comprehensive and collision. The City also covers all costs associated with the City's insurance program for hospitalization, major medical insurance, dental, and prescription drug program. Our present self-insured stop loss exposure is for the first \$30,000 per employee. The Insurance Fund has an operating loss of \$140,439. In order to offset this loss and future increases in health care costs, the City increased health insurance premiums charged to each department by 20%. The City is satisfied with the self-funding insurance activity and intends to continue with the policy as it is presently structured.

PROPRIETARY RELATIONSHIP TO GENERAL GOVERNMENT OPERATIONS

Office requirements for the proprietary operations are provided by the Finance Department within the General Fund. Charges are allocated to the Enterprise Funds on a basis of activity requirements.

DEBT ADMINISTRATION

In February 2000, the City entered into a \$1.0 million loan agreement with the Ohio Water Development Authority (OWDA) for the purpose of financing the construction of an underground water storage system. At December 31, 2000, the City had received \$728,324 in reimbursements from the OWDA.

An outstanding debt summary is as follows:

	Balance December 31, 1999	Issued	Retired	Balance December 31, 2000
6.41% OWDA Loan	\$ 0	\$ 728,324	\$ 0	\$ 728,324
TOTAL ENTERPRISE DEBT	<u>\$ 0</u>	<u>\$ 728,324</u>	<u>\$ 0</u>	728,324
Sick Leave and Vacation Pay Liability				<u>1,016,713</u>
TOTAL LONG-TERM OBLIGATIONS				<u>\$ 1,745,037</u>

The ratio of net general bonded debt to assessed valuation and the amount of bonded debt per capita, of which the City's net general bonded debt is zero, are considered good indicators of the City's debt position to municipal managers, citizens, and investors in general governmental debt.

The City's debt position as of December 31, 2000 is as follows:

Overall Debt Margin	\$29,754,487
Unvoted Debt Margin	\$15,585,684

CASH MANAGEMENT

Cash management is a vital component in the City's overall financial strategy. An aggressive cash management program is maintained by the Director of Finance. Major considerations are timing of cash flows necessary to pay City liabilities and available interest rates. As City funds become available, they are invested in short-term certificates of deposit or other securities authorized by the City investment ordinance. Interest earnings are allocated to funds based on the City's ordinance requirements. Investment income for 2000 totaled \$1,019,352.

All deposits and investments are covered by pooled collateral with a face value equal to at least 105% of deposits or by pledged securities held at a Federal Reserve Bank in the name of the respective depository bank.

RISK MANAGEMENT

The City assumes the risk of general liability and property casualty claims with the following exceptions:

PROPERTY AND LIABILITY INSURANCE:

	<u>Amount</u>		<u>Deductible per Occurrence</u>
Building and Contents	\$20,130,173	replacement cost	\$ 1,000
Emergency Medical Service			
Malpractice:	500,000	per claim	0
	500,000	aggregate	0
Fire Department			
Errors and Omissions:	250,000	per claim/aggregate	0
Police Professional			
1,000,000/2,000,000/2,000,000		per person/occurrence/aggregate	10,000
Public Officials	1,000,000	per occurrence/aggregate	5,000
General Liability	1,000,000	personal service	0
All Vehicles	1,000,000	liability/comprehensive	500
Umbrella Coverage	5,000,000	per occurrence/aggregate	10,000

SURETY BOND COVERAGE:

<u>Position</u>	<u>Coverage</u>	<u>Amount</u>	<u>Deductible</u>
Director of Finance	Fidelity Bond	\$25,000	\$ 0

Mayor	Fidelity Bond	20,000	0
Director of Administration	Fidelity Bond	10,000	0
Police Chief	Fidelity Bond	10,000	0
All Other Employees and Elected Officials	Blanket Bond	10,000	0

OTHER

The City assumes the risk of medical, major medical, hospitalization, dental, prescription drugs, and optical up to \$30,000 per employee. Collision on motor vehicles is covered by the insurance fund with the exception of fire trucks, ambulances and the sewer vac-all.

Workers' compensation claims are covered through the City's participation in the State of Ohio's program.

The employee life insurance program is administered on an actual claims basis through a life insurance company.

The City reduces exposure to risk through several initiatives: it purchases insurance coverage for the buildings at replacement cost, and for potential liabilities resulting from operations, it provides bond coverage of employees, and it administers employee safety programs.

OTHER RELEVANT INFORMATION

THE INDEPENDENT AUDIT

Included in this report is an unqualified audit opinion rendered on the City's General Purpose Financial Statements as of and for the year ending December 31, 2000 by the office of James M. Petro, Auditor of the State of Ohio. Their audit is conducted in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States.

The City plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a CAFR. An annual audit serves to maintain and strengthen the City's accounting and budgetary controls. The numerous notes to the general purpose financial statements are an integral part of the statements. The reader is encouraged to review them thoroughly.

AWARDS

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

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, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of North Canton has received a Certificate of Achievement for the last twelve consecutive years (fiscal years ended 1988 - 1999). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

ACKNOWLEDGEMENTS

Your Director of Finance strongly supports full disclosure of the City's finances. This is the thirteenth consecutive Comprehensive Annual Financial Report (CAFR) issued by the City of North Canton. We would like to thank the Mayor and Members of Council for their support that has allowed the upgrading of the Financial and Accounting Information System to the status that residents of the City of North Canton demand and deserve.

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,



Julie A. Herr
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, 1999

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.



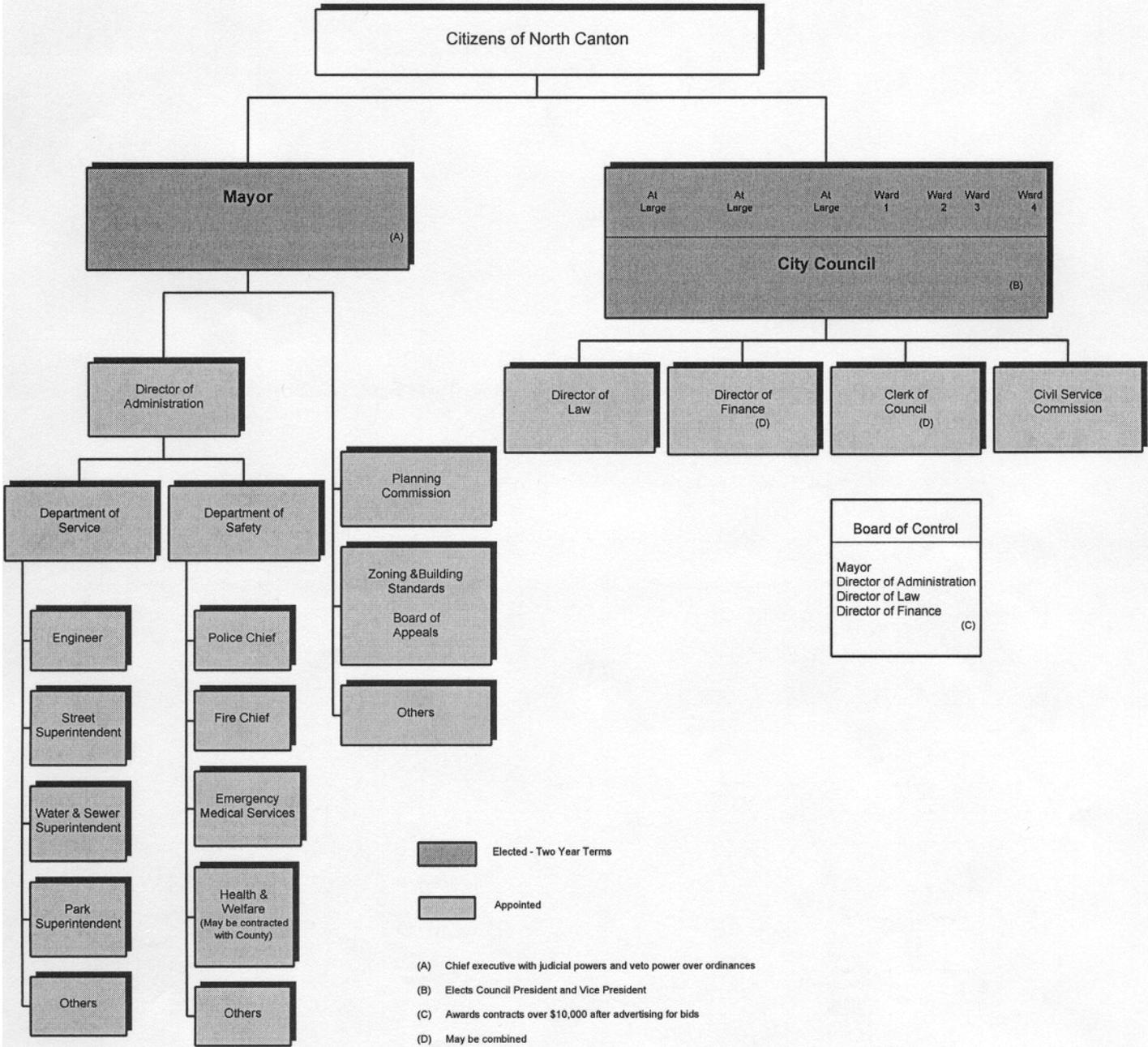
Anne Spray Kinney
President

Jeffrey L. Esler
Executive Director

The City of North Canton, Ohio

Charter Government

Organizational Chart



CITY OF NORTH CANTON
ELECTED CITY OFFICIALS

MAYOR

HONORABLE DARYL L. REVOLDT

CITY COUNCIL
DECEMBER 31, 2000

THOMAS RICE, PRESIDENT
AT-LARGE

KATHLEEN MAGEL, AT-LARGE

DONALD P. WILEY, AT-LARGE

DOUGLAS V. FOLTZ, WARD 1

GREGORY SARBACH, WARD 2

RICK McLAUGHLIN, WARD 3

JON SNYDER, WARD 4

APPOINTED CITY OFFICIALS

DIRECTOR OF FINANCE

V. MARGARET LORETTO

JULIE A. HERR (EFFECTIVE 03-01-01)

DIRECTOR OF ADMINISTRATION

JOHN M. BOYAJIAN

DIRECTOR OF LAW

ROY H. BATISTA

CLERK OF COUNCIL

MARY LOUISE BITTLE

The City of North Canton, Ohio

Department of Finance

Organizational Chart

Director of Finance

V. Margaret Loretto
Julie A. Herr
As of March 1, 2001

Administrative Assistant

Peggy H. Fix

Accounting

Nancy E. Southworth
Bonnie L. Tolson

Data Processing

L. Marsha Milligan

Income Tax

Keith R. Gulling
Pamela J. Perdew

Utility Billing & Collections

Diane Bracken
Laurie A. Hertler

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FINANCIAL SECTION



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

City of North Canton
Stark County
145 North Main Street
North Canton, Ohio 44720-2587

To the City Council:

We have audited the accompanying general purpose financial statements of the City of North Canton, Stark County, Ohio, (the City) as of and for the year ended December 31, 2000, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of North Canton, Stark County, Ohio, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2001, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of North Canton, Stark County, Ohio. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

Jim Petro
Auditor of State

May 25, 2001

CITY OF NORTH CANTON, OHIO
GENERAL PURPOSE FINANCIAL STATEMENTS

City of North Canton, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 December 31, 2000

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General	General	
								Fixed Assets	Long-Term Obligations	
<u>Assets</u>										
Equity in Pooled Cash and Cash Equivalents	\$2,438,274	\$11,136,273	\$0	\$1,978,171	\$1,634,609	\$363,188	\$18,416	\$0	\$0	\$17,568,931
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	0	0	71,882	0	0	71,882
Receivables:										
Taxes	1,199,860	1,662,761	0	0	0	0	0	0	0	2,862,621
Accounts	13,239	57,810	0	0	608,592	0	0	0	0	679,641
Note Receivable	74,650	0	0	0	0	0	0	0	0	74,650
Accrued Interest	4,987	0	0	0	0	0	0	0	0	4,987
Due from Other Funds	5,150,000	0	0	5,150,000	0	0	0	0	0	10,300,000
Intergovernmental Receivables	1,345,935	82,512	0	75,735	0	0	0	0	0	1,504,182
Supply Inventory	14,304	48,139	0	0	52,711	0	0	0	0	115,154
Prepaid Items	7,298	4,683	0	0	709,340	0	0	0	0	721,321
Fixed Assets, (Net of Accumulated Depreciation)	0	0	0	0	17,129,950	0	0	5,879,527	0	23,009,477
<u>Other Debits</u>										
Amount to be Provided from General Government Resources	0	0	0	0	0	0	0	0	1,016,713	1,016,713
Total Assets and Other Debits	\$10,248,547	\$12,992,178	\$0	\$7,203,906	\$20,135,202	\$363,188	\$90,298	\$5,879,527	\$1,016,713	\$57,929,559

continued

City of North Canton, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups - Continued
 December 31, 2000

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups			
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General		Long-Term Obligations	(Memorandum Only)	
								Fixed Assets	General			
<u>Liabilities, Fund Equity, and Other Credits</u>												
<u>Liabilities</u>												
Accounts Payable	\$34,306	\$47,784	\$0	\$164,357	\$97,456	\$0	\$141	\$0	\$0	\$0	\$344,044	
Contracts Payable	0	0	0	156,320	35,091	0	0	0	0	0	191,411	
Employee Severance Payable	56,942	0	0	0	0	0	0	0	0	0	56,942	
Accrued Wages and Benefits	280,834	101,667	0	0	448,531	0	0	0	1,016,713	0	1,847,745	
Due to Other Funds	0	10,300,000	0	0	0	0	0	0	0	0	10,300,000	
Deferred Revenue	1,280,860	892,493	0	0	0	0	0	0	0	0	2,173,353	
Deposits Held and Due to Others	0	0	0	0	0	0	74,214	0	0	0	74,214	
Claims Payable	0	0	0	0	0	84,266	0	0	0	0	84,266	
Loan Interest Payable	0	0	0	0	62,933	0	0	0	0	0	62,933	
OWDA Loan Payable	0	0	0	0	728,324	0	0	0	0	0	728,324	
Total Liabilities	1,652,942	11,341,944	0	320,677	1,372,335	84,266	74,355	0	1,016,713	0	15,863,232	
<u>Fund Equity and Other Credits</u>												
Investment in General Fixed Assets	0	0	0	0	0	0	0	0	0	0	5,879,527	5,879,527
Contributed Capital	0	0	0	0	5,123,932	0	0	0	0	0	5,123,932	5,123,932
Retained Earnings:												
Unreserved	0	0	0	0	13,638,935	278,922	0	0	0	0	13,917,857	13,917,857
Fund Balance:												
Reserve for Encumbrances	154,906	175,381	0	1,128,879	0	0	0	0	0	0	1,459,166	1,459,166
Reserve for Inventory	14,304	48,139	0	0	0	0	0	0	0	0	62,443	62,443
Reserve for Prepaid Items	7,298	4,683	0	0	0	0	0	0	0	0	11,981	11,981
Unreserved, Undesignated	8,419,097	1,422,031	0	5,754,350	0	0	15,943	0	0	0	15,611,421	15,611,421
Total Fund Equity and Other Credits	8,595,605	1,650,234	0	6,883,229	18,762,867	278,922	15,943	0	0	5,879,527	42,066,327	42,066,327
Total Liabilities, Fund Equity, and Other Credits	\$10,248,547	\$12,992,178	\$0	\$7,203,906	\$20,135,202	\$363,188	\$90,298	\$1,016,713	\$5,879,527	\$57,929,559		

See accompanying notes to the general purpose financial statements

City of North Canton, Ohio
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Year Ended December 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
City Income Tax	\$0	\$6,911,615	\$0	\$0
Property Taxes	591,581	439,138	0	0
Charges for Services	305,120	0	0	0
Licenses and Permits	138,702	275	0	0
Fines and Forfeitures	77,569	8,430	0	0
Intergovernmental	2,790,284	610,063	0	0
Ambulance Fee	0	99,299	0	0
Contributions/Grants	0	0	0	632,568
Investment Income	1,019,352	0	0	0
Other	2,476	3,819	0	18,386
Total Revenue	4,925,084	8,072,639	0	650,954
Expenditures:				
Current:				
General Government	1,399,214	202,558	0	0
Security of Persons and Property	2,144,885	317,606	0	0
Public Health and Welfare	66,856	799,058	0	0
Transportation	0	936,423	0	0
Community Environment	232,563	0	0	0
Basic Utility Services	0	35,271	0	0
Leisure Time Activities	718,856	0	0	0
Capital Outlay	262,055	161,667	0	2,583,732
Total Expenditures	4,824,429	2,452,583	0	2,583,732
Excess of Revenues Over (Under) Expenditure	100,655	5,620,056	0	(1,932,778)
Other Financing Sources (Uses):				
Operating Transfers - In	3,300,000	1,290,000	0	3,300,000
Operating Transfers - Out	(1,290,000)	(6,600,000)	0	0
Total Other Financing Sources (Uses)	2,010,000	(5,310,000)	0	3,300,000
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	2,110,655	310,056	0	1,367,222
Fund Balances at Beginning of Year	6,486,332	1,331,598	0	5,516,007
Increase (Decrease) in Reserve for Inventory	(1,382)	8,580	0	0
Fund Balances at End of Year	\$8,595,605	\$1,650,234	\$0	\$6,883,229

See accompanying notes to the general purpose financial statements

Fiduciary Fund Type	Total
Expendable Trust	(Memorandum Only)
\$0	\$6,911,615
0	1,030,719
0	305,120
1,928	140,905
0	85,999
0	3,400,347
0	99,299
0	632,568
0	1,019,352
8,971	33,652
10,899	13,659,576
0	1,601,772
5,551	2,468,042
0	865,914
185	936,608
1,928	234,491
0	35,271
0	718,856
0	3,007,454
7,664	9,868,408
3,235	3,791,168
0	7,890,000
0	(7,890,000)
0	0
3,235	3,791,168
12,708	13,346,645
0	7,198
\$15,943	\$17,145,011

City of North Canton, Ohio
Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Fund
For the Year Ended December 31, 2000

	Governmental Fund Types		
	General		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
City Income Tax	\$0	\$0	\$0
Property Taxes	588,490	591,581	3,091
Charges for Services	280,000	284,053	4,053
Licenses and Permits	124,000	138,702	14,702
Fines and Forfeitures	31,000	77,569	46,569
Intergovernmental	1,953,027	2,593,007	639,980
Ambulance Fee	0	0	0
Investment Income	750,000	981,238	231,238
Contributions/Grants	0	0	0
Other	1,000	7,827	6,827
Total Revenue	3,727,517	4,673,977	946,460
Expenditures:			
Current:			
General Government	1,519,391	1,328,135	191,256
Security of Persons and Property	2,395,666	2,243,541	152,125
Public Health and Welfare	67,000	66,856	144
Transportation	0	0	0
Community Environment	290,248	238,613	51,635
Basic Utility Services	0	0	0
Leisure Time Activities	889,321	717,736	171,585
Capital Outlay	747,706	374,405	373,301
Total Expenditures	5,909,332	4,969,286	940,046
Excess of Revenues Over (Under) Expenditures	(2,181,815)	(295,309)	1,886,506
Other Financing Sources (Uses):			
Operating Transfers - In	2,700,000	2,700,000	0
Operating Transfers - Out	(1,290,000)	(1,290,000)	0
Total Other Financing Sources (Uses)	1,410,000	1,410,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(771,815)	1,114,691	1,886,506
Fund Balances at Beginning of Year	1,082,959	1,082,959	0
Prior Year Encumbrances Appropriated	10,432	10,432	0
Fund Balances at End of Year	\$321,576	\$2,208,082	\$1,886,506

Governmental Fund Types					
Special Revenue			Capital Projects		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$5,590,000	\$6,621,589	\$1,031,589	\$0	\$0	\$0
451,976	439,137	(12,839)	0	0	0
0	0	0	0	0	0
0	275	275	0	0	0
5,000	8,430	3,430	0	0	0
693,096	614,762	(78,334)	0	0	0
40,000	65,443	25,443	0	0	0
0	0	0	0	0	0
0	0	0	75,000	556,833	481,833
0	3,818	3,818	5,000	18,386	13,386
6,780,072	7,753,454	973,382	80,000	575,219	495,219
213,248	196,305	16,943	0	0	0
448,800	318,544	130,256	0	0	0
842,551	795,321	47,230	0	0	0
950,209	896,369	53,840	0	0	0
0	0	0	0	0	0
37,109	35,685	1,424	0	0	0
0	0	0	0	0	0
467,865	334,352	133,513	4,598,972	3,872,702	726,270
2,959,782	2,576,576	383,206	4,598,972	3,872,702	726,270
3,820,290	5,176,878	1,356,588	(4,518,972)	(3,297,483)	1,221,489
1,290,000	1,290,000	0	2,700,000	2,700,000	0
(5,400,000)	(5,400,000)	0	0	0	0
(4,110,000)	(4,110,000)	0	2,700,000	2,700,000	0
(289,710)	1,066,878	1,356,588	(1,818,972)	(597,483)	1,221,489
9,801,485	9,801,485	0	249,652	249,652	0
92,532	92,532	0	963,831	963,831	0
<u>\$9,604,307</u>	<u>\$10,960,895</u>	<u>\$1,356,588</u>	<u>(\$605,489)</u>	<u>\$616,000</u>	<u>\$1,221,489</u>

continued

City of North Canton, Ohio
Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis) - Continued
All Governmental Fund Types and Expendable Trust Fund
For the Year Ended December 31, 2000

	Fiduciary Fund Type		
	Expendable Trust		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
City Income Tax	\$0	\$0	\$0
Property Taxes	0	0	0
Charges for Services	0	0	0
Licenses and Permits	5,200	2,227	(2,973)
Fines and Forfeitures	0	0	0
Intergovernmental	0	0	0
Ambulance Fee	0	0	0
Investment Income	0	0	0
Contributions/Grants	4,800	8,108	3,308
Other	0	2,557	2,557
Total Revenue	10,000	12,892	2,892
Expenditures:			
Current:			
General Government	5,341	2,112	3,229
Security of Persons and Property	11,208	5,552	5,656
Public Health and Welfare	899	0	899
Transportation	0	0	0
Community Environment	0	0	0
Basic Utility Services	0	0	0
Leisure Time Activities	225	0	225
Capital Outlay	0	0	0
Total Expenditures	17,673	7,664	10,009
Excess of Revenues Over (Under) Expenditures	(7,673)	5,228	12,901
Other Financing Sources (Uses):			
Operating Transfers - In	0	0	0
Operating Transfers - Out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(7,673)	5,228	12,901
Fund Balances at Beginning of Year	13,188	13,188	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances at End of Year	\$5,515	\$18,416	\$12,901

See accompanying notes to the general purpose financial statements

Total (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$5,590,000	\$6,621,589	\$1,031,589
1,040,466	1,030,718	(9,748)
280,000	284,053	4,053
129,200	141,204	12,004
36,000	85,999	49,999
2,646,123	3,207,769	561,646
40,000	65,443	25,443
750,000	981,238	231,238
79,800	564,941	485,141
6,000	32,588	26,588
10,597,589	13,015,542	2,417,953
1,737,980	1,526,552	211,428
2,855,674	2,567,637	288,037
910,450	862,177	48,273
950,209	896,369	53,840
290,248	238,613	51,635
37,109	35,685	1,424
889,546	717,736	171,810
5,814,543	4,581,459	1,233,084
13,485,759	11,426,228	2,059,531
(2,888,170)	1,589,314	4,477,484
6,690,000	6,690,000	0
(6,690,000)	(6,690,000)	0
0	0	0
(2,888,170)	1,589,314	4,477,484
11,147,284	11,147,284	0
1,066,795	1,066,795	0
<u>\$9,325,909</u>	<u>\$13,803,393</u>	<u>\$4,477,484</u>

City of North Canton, Ohio
Combined Statement of Revenues,
Expenses, and Changes in Fund Equity
All Proprietary Fund Types
For the Year Ended December 31, 2000

	Enterprise	Internal Service	Total (Memorandum Only)
Operating Revenues:			
Customer Charges	\$4,973,135	\$0	\$4,973,135
Quasi-External Transactions With Other Fund	0	706,092	706,092
Tap-In Fees	169,023	0	169,023
Other Operating Revenue	83,264	0	83,264
Total Operating Revenues	5,225,422	706,092	5,931,514
Operating Expenses:			
Personal Services	1,550,283	0	1,550,283
Contractual Services	1,965,951	125,117	2,091,068
Claims and Judgments	0	721,414	721,414
Materials and Supplies	522,031	0	522,031
Depreciation	760,116	0	760,116
Total Operating Expenses	4,798,381	846,531	5,644,912
Operating Income (Loss)	427,041	(140,439)	286,602
Non-Operating Expenses			
Interest Expense	62,933	0	62,933
Total Non-Operating Expenses	62,933	0	62,933
Net Income (Loss)	364,108	(140,439)	223,669
Depreciation on Fixed Assets Acquired by Contributed Capital	125,959	0	125,959
Retained Earnings at Beginning of Year	13,148,868	419,361	13,568,229
Retained Earnings at End of Year	13,638,935	278,922	13,917,857
Contributed Capital at Beginning of Year	4,882,208	0	4,882,208
Current Year Contributions:			
by Developers	367,683	0	367,683
Depreciation on Fixed Assets Acquired by Contributed Capital	(125,959)	0	(125,959)
Contributed Capital at End of Year	5,123,932	0	5,123,932
Total Fund Equity at End of Year	\$18,762,867	\$278,922	\$19,041,789

See accompanying notes to the general purpose financial statements

City of North Canton, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended December 31, 2000

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
Operating Activities:			
Cash Received From Customers	\$5,102,407	\$0	\$5,102,407
Cash Received From Quasi-External Transactions With Other Funds	0	706,092	706,092
Cash Payments for Goods and Services	(3,228,491)	(125,117)	(3,353,608)
Cash Payments for Wages and Benefits	(1,521,814)	0	(1,521,814)
Cash Payments for Claims	0	(716,743)	(716,743)
Net Cash Provided by (Used for) Operating Activities	352,102	(135,768)	216,334
Capital and Related Financing Activities:			
Proceeds from OWDA Loan	728,324	0	728,324
Payments for Capital Acquisitions	(1,750,411)	0	(1,750,411)
Net Cash (Used for) Capital and Related Financing Activities	(1,022,087)	0	(1,022,087)
Decrease in Cash and Cash Equivalents	(669,985)	(135,768)	(805,753)
Cash and Cash Equivalents at Beginning of Year	2,304,594	498,956	2,803,550
Cash and Cash Equivalents at End of Year	<u>\$1,634,609</u>	<u>\$363,188</u>	<u>\$1,997,797</u>

Reconciliation of Operating Income (Loss) to Net Cash

Provided by (Used for) Operating Activities:

Operating Income (Loss)	\$427,041	(\$140,439)	\$286,602
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation Expense	760,116	0	760,116
Changes in Operating Assets and Liabilities:			
Increase Accounts Receivable	(123,016)	0	(123,016)
Increase Supply Inventory	(13,496)	0	(13,496)
Increase Prepaid Items	(705,650)	0	(705,650)
Decrease Accounts Payable	(56,454)	0	(56,454)
Increase Claims Payable	0	4,671	4,671
Increase Contracts Payable	35,091	0	35,091
Increase Accrued Wages and Benefits	28,470	0	28,470
Net Cash Provided by (Used for) Operating Activities:	<u>\$352,102</u>	<u>(\$135,768)</u>	<u>\$216,334</u>

In addition to the above, the Enterprise Funds had the following non-cash financing transactions:
Developers contributed \$367,683 of water and sewer lines.

See accompanying notes to the general purpose financial statements

City of North Canton, Ohio
Combined Statement of Revenues, Expenses, and
Changes in Fund Equity - Budget and Actual (Budget Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2000

	Enterprise		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Customer Charges	\$4,621,914	\$4,851,251	\$229,337
Tap-In Fees	198,000	169,023	(28,977)
Other Operating Revenue	<u>0</u>	<u>82,133</u>	<u>82,133</u>
 Total Revenue	 4,819,914	 5,102,407	 282,493
Expenses:			
Current:			
Personal Services	1,589,164	1,516,440	72,724
Contractual Services	2,511,915	2,174,813	337,102
Claims and Judgments	1,000	0	1,000
Materials and Supplies	541,276	446,154	95,122
Other Operating Expense	5,600	2,467	3,133
Capital Outlay	<u>3,144,908</u>	<u>2,954,882</u>	<u>190,026</u>
 Total Expenses	 <u>7,793,863</u>	 <u>7,094,756</u>	 <u>699,107</u>
 Excess of Revenues Over (Under) Expenses	 (2,973,949)	 (1,992,349)	 981,600
Other Financing Sources:			
OWDA Loan Proceeds	<u>1,000,000</u>	<u>728,324</u>	<u>(271,676)</u>
 Total Other Sources	 <u>1,000,000</u>	 <u>728,324</u>	 <u>(271,676)</u>
 Excess of Revenues Over (Under) Expenses and Other Financing Sources	 (1,973,949)	 (1,264,025)	 709,924
 Fund Equity at Beginning of Year	 2,161,030	 2,161,030	 0
 Prior Year Encumbrances Appropriated	 <u>143,565</u>	 <u>143,565</u>	 <u>0</u>
 Fund Equity at End of Year	 <u><u>\$330,646</u></u>	 <u><u>\$1,040,570</u></u>	 <u><u>\$709,924</u></u>

See accompanying notes to the general purpose financial statements

Internal Service			Total (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$650,000	\$706,092	\$56,092	\$5,271,914	\$5,557,343	\$285,429
0	0	0	198,000	169,023	(28,977)
0	0	0	0	82,133	82,133
650,000	706,092	56,092	5,469,914	5,808,499	338,585
0	0	0	1,589,164	1,516,440	72,724
132,093	128,517	3,576	2,644,008	2,303,330	340,678
817,907	716,743	101,164	818,907	716,743	102,164
0	0	0	541,276	446,154	95,122
0	0	0	5,600	2,467	3,133
0	0	0	3,144,908	2,954,882	190,026
950,000	845,260	104,740	8,743,863	7,940,016	803,847
(300,000)	(139,168)	160,832	(3,273,949)	(2,131,517)	1,142,432
0	0	0	1,000,000	728,324	(271,676)
0	0	0	1,000,000	728,324	(271,676)
(300,000)	(139,168)	160,832	(2,273,949)	(1,403,193)	870,756
498,956	498,956	0	2,659,986	2,659,986	0
0	0	0	143,565	143,565	0
<u>\$198,956</u>	<u>\$359,788</u>	<u>\$160,832</u>	<u>\$529,602</u>	<u>\$1,400,358</u>	<u>\$870,756</u>

CITY OF NORTH CANTON
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying General Purpose Financial Statements of the City of North Canton (City) present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2000, and for the year then ended, and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

The accompanying general purpose financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government, which includes the following services: police and fire protection, emergency medical response, parks and recreation, planning, zoning, street maintenance, water, sewer, refuse collection (on a contractual basis) and other governmental services.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a set of self-balancing accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are summarized by type in the combined general purpose financial statements. The following fund types and account groups are used by the City:

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is based upon sources/uses of current financial resources. The following are the City's governmental fund types:

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

A. BASIS OF PRESENTATION - FUND ACCOUNTING - (continued)

GENERAL FUND

The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City of North Canton and/or the general laws of Ohio.

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for revenues derived from specific taxes, grants, or other sources (other than amounts relating to major capital projects) whose use is restricted. The uses and limitations of each special revenue fund are specified by City ordinances or federal and state statutes.

DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources for, and the payment of, special assessment debt principal and interest.

CAPITAL PROJECTS FUND

The capital projects fund is used to account for financial resources for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

PROPRIETARY FUNDS

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The measurement focus is based on a flow of economic resources.

ENTERPRISE FUNDS

The enterprise funds are used to account for the City's water, sewer and garbage service operations. They are financed and operated in a manner similar to private sector business enterprises where the intent is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

INTERNAL SERVICE FUND

The internal service fund is used 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.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

A. BASIS OF PRESENTATION - FUND ACCOUNTING - (continued)

FIDUCIARY FUNDS

Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. When assets are held under the terms of a trust agreement, an expendable trust fund is used. The City's trust fund is classified as expendable since the City is not obligated to maintain the trust principal. Expendable trust funds are accounted for and reported similar to governmental funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to a specific fund and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

GENERAL FIXED ASSETS ACCOUNT GROUP

The general fixed assets account group is established to account for fixed assets of the City, other than those accounted for in the proprietary funds.

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

The general long-term obligations account group is established to account for all long-term debt of the City, except that which is accounted for in the proprietary funds.

B. BASIS OF ACCOUNTING

The modified accrual basis of accounting is used for reporting purposes by the governmental, expendable trust, and agency funds. Under this method of accounting, the City recognizes revenue when it becomes both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is considered to be 31 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured principal and interest on general long term and special assessment debt, which is recognized when due. Revenues accrued at the end of the year include income taxes withheld by employers, interest on investments, fines and forfeitures, intergovernmental revenues (including motor vehicle license fees, gasoline tax, and local government assistance), and reimbursements due from state funded projects for which corresponding expenditures have been made.

Other revenues, including licenses, permits, certain charges for services, income taxes other than those withheld by employers, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Property taxes measurable as of December 31, 2000 and delinquent property taxes, whose

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

B. BASIS OF ACCOUNTING - (continued)

availability is indeterminate and which are not intended to finance the current year, have also been recorded as deferred revenue.

The accrual basis of accounting is used for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Unbilled service charges receivable are recognized as revenue at year-end.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

C. BUDGETS AND BUDGETARY ACCOUNTING

ANNUAL ESTIMATE

The Mayor, with the assistance of the Finance Director, is required by charter to submit to Council, on or before May 15, a schedule of anticipated revenues for each fund for the succeeding year. Also, the Mayor is required to submit to Council a schedule of anticipated expenditures for each fund for the succeeding year, on or before June 15.

TAX BUDGET

A tax budget of estimated revenue and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except Agency funds, are legally required to be budgeted.

ESTIMATED RESOURCES

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the Official Certificate of Estimated Resources, which states the projected revenue of each fund.

On or about January 1, the Certificate of Estimated Resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if money from a new revenue source is received or if actual receipts exceed current estimates. The amounts set forth in the financial statements represent estimates from the final amended certificate issued for the current year.

APPROPRIATIONS

An appropriation ordinance (the appropriated budget) to control the level of expenditures for all

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

C. BUDGETS AND BUDGETARY ACCOUNTING - (continued)

funds, except Agency funds, must be legally enacted on or about January 1. Appropriations may not exceed estimated resources as established in the amended Certificate of Estimated Resources. Supplemental appropriations may be adopted by Council action. Amounts shown in the financial statements represent the appropriated budgeted amounts and all supplemental appropriations, if any. There were no supplemental appropriation ordinances enacted by Council during 2000.

BUDGETED LEVEL OF EXPENDITURE

The appropriation ordinances adopted by Council are at the fund level, the legal level of control. However, administrative control is maintained through the establishment of detailed line-item budgets. For day-to-day budgetary control, appropriated funds may not exceed the budgeted (i.e., personal services, other operations, and maintenance, etc.) level of each line-item. Expenditures plus encumbrances may not legally exceed appropriations. Transfers of existing appropriations, by the Director of Finance, can be made between budgeted line-items. Authorization of additional appropriations or transfers of appropriations between funds, require an ordinance enacted by Council.

ENCUMBRANCES

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds and disclosed in the notes to the financial statements for proprietary funds.

LAPSING OF APPROPRIATIONS

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried over for the subsequent year's expenditures and is not reappropriated.

BUDGETARY BASIS OF ACCOUNTING

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

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

C. BUDGETS AND BUDGETARY ACCOUNTING - (continued)

budget basis and the GAAP basis are:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as expenditures (budget basis) as opposed to a reservation of fund balance for governmental funds or note disclosure for proprietary funds (GAAP basis).
- (d) In proprietary funds, the construction or acquisition of capital assets is reflected on the operating statement (budget basis) as opposed to being a balance sheet transaction (GAAP basis).

D. INVENTORY OF SUPPLIES

Inventory is valued at cost on a first-in, first-out basis for governmental funds and lower of cost or market for proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased, and as expenses in proprietary funds when used. The reserve for inventory indicates that a portion of the fund balance is not available for future expenditures.

E. RESTRICTED ASSETS

Restricted assets are monies or other resources whose use is restricted by legal or contractual requirements. Amounts held in trust and legally restricted to use in paying current and future debt are restricted assets. The City had no restricted assets at December 31, 2000.

F. FIXED ASSETS AND DEPRECIATION

GENERAL FIXED ASSETS

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds and are valued at historical cost. Donated fixed assets are valued at estimated fair market value at the time received. Depreciation is calculated using the straight-line method over the assets estimated useful life. The assets are depreciated over the following estimated useful lives:

	<u>YEARS</u>
Buildings and improvements	20 - 50
Machinery and equipment	10 - 15
Furniture and fixtures	5 - 10
Vehicles	3 - 5

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

F. FIXED ASSETS AND DEPRECIATION - (continued)

Public domain (infrastructure) consisting of certain improvements other than buildings including roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are not capitalized and are not reported.

PROPRIETARY FUNDS

Fixed assets associated with water and sewer enterprise fund activities are accounted for in these funds. These fixed assets are valued at historical cost. Water and sewer lines are valued at actual cost since January 1, 1986 and at estimated historical cost as determined by the Engineering News Record construction cost indexes prior to that time. Donated fixed assets are valued at estimated fair market value at the time received. Depreciation is calculated using the straight-line method over the assets estimated useful life. The assets of the enterprise funds are depreciated over the following estimated useful lives:

	<u>YEARS</u>
Infrastructures	40
Buildings and improvements	20 - 50
Equipment	3 - 15

G. CAPITALIZATION OF INTEREST

The City's policy is to delay capitalizing net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2000, interest costs incurred on construction projects in proprietary funds were not material.

H. CONTRIBUTED CAPITAL

Contributed capital represents donations by developers, contributions made by the City, and assets whose construction was financed by special assessments and the Ohio Public Works Commission Infrastructure Funds. These assets are recorded at their fair market value on the date contributed and are not subject to repayment. Depreciation of these fixed assets which were acquired through grants, entitlements or shared revenue is closed to contributed capital.

All tap-in fees in the enterprise funds are equal to the cost of connection to the physical system and are recorded as revenue.

I. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

For purposes of the Combined Statement of Cash Flows and the Combined Balance Sheet, all highly liquid investments held by trustees with a maturity of three months or less when purchased, are considered to be cash equivalents. In addition, funds held in segregated accounts are considered to be cash equivalents since they are available on demand.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

J. RESERVES OF FUND EQUITY

Reserves of fund equity in governmental funds indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for encumbrances, inventory, and prepaid items.

K. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services. The accompanying general purpose financial statements reflect such transactions as operating transfers. Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed. Quasi-external transactions are charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

Amounts to be distributed to other funds from the income tax collection special revenue fund are reflected in the due from/due to account classifications.

L. INTERGOVERNMENTAL REVENUES

In governmental funds, federal grants awarded on a non-reimbursement basis and federal entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related liabilities are incurred.

M. COMPENSATED ABSENCES

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

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

Sick leave is earned for all full time employees at the rate of 10 hours per month with the exception of full time employees of emergency medical services who receive 13.3 hours per month. Sick leave benefits are accrued as a liability using the vested method. Employees, at time of retirement, are paid for 50% of their accumulated sick leave.

For governmental funds, the City provides a liability for unpaid accumulated sick leave and vacation time for eligible employees in the period the employees become eligible to receive payment. The current portion, if any, of unpaid compensated absences is the amount to be paid using available

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

M. COMPENSATED ABSENCES - (continued)

expendable resources, and is reported as an accrued liability in the fund from which the individuals are paid. The balance of the liability is reported in the General Long-Term Obligations Account Group. The total liability at December 31, 2000 is \$1,016,713.

In proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability. The liability for compensated absences in the proprietary funds at December 31, 2000 was \$352,307 reported as part of accrued wages and benefits.

N. INSURANCE FUND

The City has an insurance internal service fund for use of higher deductibles in the areas of buildings and contents, auto comprehensive and collision. The City also covers all costs associated with the City's insurance programs for hospitalization, major medical insurance, dental and prescription drugs. Our present self-insured exposure is for the first \$30,000 per employee. Incurred but not reported claims of \$84,266 have been accrued as a liability based on an estimate provided by the third party administrator.

O. TOTAL COLUMNS ON THE GENERAL PURPOSE FINANCIAL STATEMENTS

Total columns on the General Purpose Financial Statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - NON-COMPLIANCE

Contrary to Ohio Revised Code Section 5705.39, appropriations exceeded estimated resources by \$605,489 in the Capital Projects Fund.

NOTE 3 - DEPOSITS AND INVESTMENTS

A. POLICIES AND PRACTICES

For investment purposes, with the exception of the Mayor's Court Agency Fund and cash and cash equivalents in segregated accounts, the City pools all individual fund cash balances in a bank account and other short-term cash equivalents. These balances are stated at fair value.

The charter of the City indicates that the Director of Finance has responsibility for selecting depositories and investing idle funds. The Director of Finance has the authority to choose from the following types of deposits and investments: demand deposit accounts, the State Treasurer's investment pool, Certificates of Deposit, United States Treasury Bills, or obligations of other United States agencies for which the principal and interest is guaranteed by the United States Government. Investment instruments cannot have a term greater than five (5) years.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

A. POLICIES AND PRACTICES - (continued)

Protection of City cash and investments is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institutions holding the assets. By the City investment ordinance, financial institutions may establish a collateral pool to cover all public deposits or maintain qualified pledged securities which are held at a Federal Reserve Bank in the name of the respective depository bank. The face value of the pooled collateral must equal at least 105% of public funds deposited, while pledged collateral must equal at least 100% of the deposit less the amount insured by the Federal Deposit Insurance Corporation. At least quarterly, the City determines that the collateral has a market value adequate to cover the deposits. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Interest allocation is determined by the Ohio Constitution, state statutes, and local ordinances adopted under City Charter. Under these provisions, City funds required to receive interest allocations are: 1) those which receive proceeds from the sale of notes and/or bonds, and 2) Federal and State grant funds requiring distribution. All remaining interest is allocated to the general fund.

B. DEPOSITS

At year end, the carrying amount of the City's deposits was \$5,797,296, and the bank balance was \$5,461,014. Of the bank balance, \$247,949 was covered by the federal depository insurance. The remaining \$5,213,065 was uncollateralized and uninsured. Although the pledging bank has an investment and securities pool used to collateralize all public deposits which are held in the financial institution's name, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

C. INVESTMENTS

GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements", requires that local governments disclose the carrying amounts and market value of investments, classified by custodial credit risk. Three categories of custodial credit risk have been established based on who is holding the investment, in whose name the investment is held and whether or not the investment is insured or registered. These categories are as follows:

Category 1 - Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 - Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department but not in the City's name.)

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

C. INVESTMENTS - (continued)

	CATEGORY			FAIR VALUE
	1	2	3	
<u>Categorized Investments</u>				
Repurchase Agreements	\$ 0	\$ 0	\$ 520,000	\$ 520,000
U.S. Government Securities	<u>2,073,517</u>	<u>0</u>	<u>0</u>	<u>2,073,517</u>
Total Categorized	<u>\$ 2,073,517</u>	<u>\$ 0</u>	<u>\$ 520,000</u>	<u>2,593,517</u>
<u>Noncategorized Investments</u>				
STAR Ohio				<u>9,770,000</u>
Total Investments				<u>\$ 12,363,517</u>

The investment in the State Treasury Asset Reserve (STAR Ohio) pool is not categorized because it does not represent securities which exist in physical or book entry form. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2000.

Investments are carried at their fair value as required by GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". The aggregate cost of investments is \$2,010,245 and they had an unrealized gain of \$63,272 for a total fair value of \$2,073,517. These securities generated interest income of \$67,635 during the current year.

Investment income from all sources is as follows:

Interest	\$ 956,080
Unrealized gain (net increase in the fair value of investments)	<u>63,272</u>
Total investment income	<u>\$1,019,352</u>

Interest revenue credited to the general fund during fiscal year 2000 amounted to \$1,019,352, which includes \$959,015 assigned from other City funds.

NOTE 4 - INCOME TAX

The City levies and collects an income tax of 1.5% on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated taxes at least quarterly and file an annual reconciliation return.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 4 - INCOME TAX - (continued)

Ohio law requires all City income tax rates above 1% to be voted by the residents of the City. Additional increases in the income tax rate would require voter approval. The income tax, by ordinance, is allocated, after expenditures for collections, at 50% to the General Fund and 50% to the Capital Improvement Fund.

NOTE 5 - PROPERTY TAX

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Real property and public utility taxes collected during 2000 were levied after October 1 on the assessed value listed as of January 1, 1999, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2000. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes, after a deduction of \$10,000 is made for an exemption authorized by state law, at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30; with the remainder payable by September 20.

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. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes.

The County Treasurer collects property taxes for all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2000 was \$5.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

<u>CATEGORY</u>	<u>ASSESSED VALUE</u> <u>(IN THOUSANDS)</u>
Real Estate	\$242,773
Public Utility Personal	12,079
Tangible Personal	<u>28,524</u>
Total	<u>\$283,376</u>

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 6 - RECEIVABLES

Receivables at December 31, 2000 consisted of taxes, accounts, note receivable, interest on investments, and intergovernmental receivables arising from entitlements or shared revenues. All receivables are considered fully collectible.

A. NOTE RECEIVABLE

The City holds a promissory note from the law firm of Baker, Dublikar, Beck, Wiley & Mathews for \$74,650 for the sale of a parcel of land with a building, which has a 0% interest rate. The note is secured by a mortgage of the land and building valued at over \$1,000,000 with a first mortgage of \$750,000 and is due on the first day of business January 2002.

B. INTERGOVERNMENTAL RECEIVABLES

A summary of the principal items of intergovernmental receivables follows:

<u>FUND TYPE/FUND</u>	<u>AMOUNTS</u>
<u>GENERAL FUND</u>	
Estate Tax	\$1,218,771
Local Government State Support	46,164
Homestead and Rollback Exemption	<u>81,000</u>
Total - General Fund	<u>1,345,935</u>
<u>SPECIAL REVENUE FUNDS</u>	
Vehicle Registration Tax	2,932
Gasoline Tax	35,733
DUI Court Collections	147
Homestead and Rollback Exemption	<u>43,700</u>
Total - Special Revenue Funds	<u>82,512</u>
<u>CAPITAL PROJECTS FUNDS</u>	
Ohio Public Works Commission	<u>75,735</u>
Total - All Funds	<u>\$1,504,182</u>

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 7 - FIXED ASSETS

A. GENERAL FIXED ASSETS

Changes in general fixed assets during 2000 are as follows:

	BALANCES 1-1-00	ADDITIONS	REDUCTIONS	BALANCES 12-31-00
Land	\$2,468,612	\$ 0	\$ 0	\$ 2,468,612
Buildings & Improvements	4,569,525	21,965	0	4,591,490
Equipment	<u>4,548,179</u>	<u>289,762</u>	<u>(108,054)</u>	<u>4,729,887</u>
Total	11,586,316	311,727	(108,054)	11,789,989
Accumulated Depreciation	<u>(5,551,686)</u>	<u>(457,816)</u>	<u>(99,040)</u>	<u>(5,910,462)</u>
Net	<u>\$6,034,630</u>	<u>\$ (146,089)</u>	<u>\$ (9,014)</u>	<u>\$ 5,879,527</u>

B. PROPRIETARY FUND FIXED ASSETS

All fixed assets relate to water and sewer enterprise funds:

	BALANCES 12-31-00
Land	\$ 602,367
Buildings & Improvements	4,939,742
Equipment	1,217,788
Construction in Process	1,073,883
Infrastructures	<u>22,049,219</u>
Total	29,882,999
Accumulated Depreciation	<u>(12,753,049)</u>
Net	<u>\$17,129,950</u>

NOTE 8 - PREPAID ITEMS

In March 2001, the City negotiated a settlement with Stark County for the City's overpayment of sewage connection fees for 1,315 units in an area of the City known as Willoway. The total amount of the settlement resulted in a credit of \$722,056, of which \$704,299 is related to 2000 and prior. This credit will be used over an approximate 18-month period as monthly sewer invoices are received from the County.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 9 - BUDGET BASIS OF ACCOUNTING

Adjustments necessary to convert the results of operations and fund balances at December 31, 2000 on the GAAP basis to the budget basis are as follows:

**EXCESS OF REVENUES AND OTHER FINANCING SOURCES
OVER (UNDER) EXPENDITURES AND
OTHER FINANCING USES
GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND**

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>EXPENDABLE TRUST</u>
GAAP basis:	\$ 2,110,655	\$ 310,056	\$ 1,367,222	\$ 3,235
Increase (decrease) due to:				
Transfers-in	(600,000)	0	(600,000)	0
Revenue accruals	(251,107)	(49,720)	(75,735)	1,993
Transfers-out	0	1,200,000	0	0
Expenditure accruals	18,970	(218,077)	73,201	0
Encumbrances	(163,827)	(175,381)	(1,362,171)	0
Budget basis:	<u>\$ 1,114,691</u>	<u>\$1,066,878</u>	<u>\$ (597,483)</u>	<u>\$ 5,228</u>

**NET LOSS/EXCESS OF
REVENUES OVER (UNDER) EXPENSES AND
OTHER FINANCING SOURCES
PROPRIETARY FUND TYPES**

	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
GAAP basis:	\$ 364,108	\$ (140,439)
Increase (decrease) due to:		
Revenue accruals	605,309	0
Expense accruals	(649,108)	4,671
Encumbrances	(594,039)	(3,400)
Capital Outlay	(1,750,411)	0
Depreciation	760,116	0
Budget basis:	<u>\$ (1,264,025)</u>	<u>\$ (139,168)</u>

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 10 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Included in the services provided by the City are Water Revenue, Sewer Revenue and Garbage Service Funds financed primarily by user charges. The key financial information for the year ended December 31, 2000 for these non-similar enterprise activities is as follows:

	<u>WATER REVENUE</u>	<u>SEWER REVENUE</u>	<u>GARBAGE SERVICE</u>	<u>TOTALS</u>
Operating Revenues:				
Total Operating Revenues	\$ 3,105,973	\$ 1,596,125	\$ 523,324	\$ 5,225,422
Operating Expenses:				
Depreciation	542,862	217,254	0	760,116
Other	<u>2,790,917</u>	<u>733,409</u>	<u>513,939</u>	<u>4,038,265</u>
Total Operating Expenses	<u>3,333,779</u>	<u>950,663</u>	<u>513,939</u>	<u>4,798,381</u>
Operating Income (Loss)	<u>\$ (227,806)</u>	<u>\$ 645,462</u>	<u>\$ 9,385</u>	<u>\$ 427,041</u>
Net Income (Loss)	\$ (290,739)	\$ 645,462	\$ 9,385	\$ 364,108
Total Assets	14,062,243	6,137,521	207,114	20,406,878
Total Liabilities	1,509,201	99,967	34,843	1,644,011
Working Capital	956,194	1,430,387	172,271	2,558,852
Current Contributed Capital by Developers	196,933	170,750	0	367,683
Long-Term Obligations	925,935	0	0	925,935
Total Fund Equity	12,553,042	6,037,554	172,271	18,762,867
Infrastructures:				
Beginning of Year	\$ 12,925,753	\$ 8,536,774	\$ 0	\$ 21,462,527
Additions	348,269	260,246	0	608,515
Deletions	<u>(14,345)</u>	<u>(7,479)</u>	<u>0</u>	<u>(21,824)</u>
Total End of Year	13,259,677	8,789,541	0	22,049,218
Accumulated Depreciation	<u>(4,550,952)</u>	<u>(4,388,572)</u>	<u>0</u>	<u>(8,939,524)</u>
Net Total End of Year	<u>\$ 8,708,725</u>	<u>\$ 4,400,969</u>	<u>\$ 0</u>	<u>\$ 13,109,694</u>

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 10 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS - (continued)

	WATER REVENUE	SEWER REVENUE	GARBAGE SERVICE	TOTALS
Fixed Assets:				
Beginning of Year	\$ 19,148,178	\$ 8,672,347	\$ 0	\$27,820,525
Additions	1,717,961	400,133	0	2,118,094
Deletions	<u>(48,143)</u>	<u>(7,477)</u>	<u>0</u>	<u>(55,620)</u>
Total End of Year	20,817,996	9,065,003	0	29,882,999
Accumulated Depreciation	<u>(8,295,213)</u>	<u>(4,457,836)</u>	<u>0</u>	<u>(12,753,049)</u>
Net Total End of Year	<u>\$ 12,522,783</u>	<u>\$ 4,607,167</u>	<u>\$ 0</u>	<u>\$17,129,950</u>

NOTE 11 - DUE TO/FROM OTHER FUNDS

As of December 31, 2000, interfund receivables and payables that represent amounts to be distributed to other funds from the income tax collection special revenue fund are as follows:

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
<u>GENERAL FUND</u>	\$5,150,000	\$ 0
<u>SPECIAL REVENUE FUND</u>		
City Income Tax	0	10,300,000
<u>CAPITAL PROJECTS FUND</u>		
Capital Improvements	<u>5,150,000</u>	<u>0</u>
Total	<u>\$10,300,000</u>	<u>\$10,300,000</u>

NOTE 12 - INTERFUND OPERATING TRANSFERS

A summary of interfund transfers by fund type is as follows:

TRANSFER TO	GENERAL	TRANSFER FROM SPECIAL REVENUE	TOTAL
General	\$ 0	\$ 3,300,000	\$ 3,300,000
Special Revenue	1,290,000	0	1,290,000
Capital Projects	<u>0</u>	<u>3,300,000</u>	<u>3,300,000</u>
TOTAL	<u>\$ 1,290,000</u>	<u>\$ 6,800,000</u>	<u>\$ 7,890,000</u>

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 13 - OUTSTANDING DEBT

The City's long-term obligations for the year ended December 31, 2000 are as follows:

	BALANCE 01-01-00	ISSUED	BALANCE 12-31-00
<u>A. ENTERPRISE FUND DEBT:</u>			
6.41% Ohio Water Development Authority Loan	\$ 0	\$ 728,324	\$ 728,324
TOTAL ENTERPRISE FUND DEBT	0	728,324	728,324
<u>B. OTHER LONG-TERM OBLIGATIONS</u>			
Accrued Sick and Vacation	958,683	58,030	1,016,713
TOTAL LONG-TERM OBLIGATIONS	\$ 958,683	\$ 786,354	\$ 1,745,037

In February 2000, the City entered into a \$1.0 million loan agreement with the Ohio Water Development Authority (OWDA) for the purpose of financing the construction of an underground water storage system. As of December 31, 2000, the City had received \$728,324 in reimbursements from the OWDA. The remaining amount of \$271,676 will be received in 2001. The 6.41% loan is to be repaid over a ten-year period, with the first principal and interest payment due January 1, 2001. Annual principal and interest requirements for this obligation are as follows:

	PRINCIPAL	INTEREST	TOTAL
2001	\$ 74,065	\$ 62,933	\$ 136,998
2002	78,887	58,111	136,998
2003	84,025	52,973	136,998
2004	89,497	47,501	136,998
2005	95,326	41,672	136,998
Thereafter	578,200	106,745	684,945
	\$1,000,000	\$ 369,935	\$ 1,369,935

NOTE 14 - SIGNIFICANT TAXPAYER

The Hoover Company withheld and paid income taxes and paid property taxes totaling 22.05% of the City's general governmental revenues for the current year.

NOTE 15 - DEFINED BENEFIT PENSION PLANS

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

All employees of the City, except full-time uniformed police officers, participate in the Public Employees Retirement System of Ohio (the "PERS of Ohio"), a cost-sharing multiple-employer defined benefit pension plan. PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS(7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees, other than law enforcement personnel, are required to contribute 8.5% of their covered payroll to PERS. The employer contribution rate was rolled back for the year 2000. For local government units, the rate was 10.84% of covered payroll. The decision to roll back rates was based on a December 31, 1998 actuarial study which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both state and local government units and 6% for law enforcement units. The City's contributions to the PERS of Ohio for the years ended December 31, 2000, 1999, and 1998 were \$444,525, \$526,537, and \$490,930, respectively. Required employer contributions are equal to 100% of the dollar amount billed the City.

Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. For local government units, the employer contribution rate was 10.84% of covered payroll; 4.3% was the portion that was used to fund health care for the year 2000. PERS reallocated employer contributions from 4.2% to 4.3% at the beginning of 2000 to improve health care financing. During 2000 and 1999, \$176,334 and \$163,207, respectively, of the City's total contribution to PERS was used for postretirement benefits.

OPEB's are advance funded on an actuarially determined basis. An entry age normal actuarial cost method of evaluation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. Significant actuarial assumptions include a rate of return on investments of 7.75%; active employee payroll increases of 4.75%, compounded annually, as the base portion, and annual pay increases over and above the 4.75% base increase of between 0.54% and 5.1%.

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

Expenditures for OPEB during 1999 were \$524 million statewide. As of December 31, 1999, the

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM - (continued)

unaudited estimated net assets available for future OPEB payments were \$10.8 billion. The number of active contributing participants was 401,339. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12.5 billion and \$1.7 billion, respectively.

B. OHIO POLICE AND FIRE PENSION FUND (OP&F)

The City contributes to the 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. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers. The City's contributions to OP&F for the years ended December 31, 2000, 1999, and 1998 were \$239,931, \$224,512, and \$224,371 respectively, equal to the required contributions for each year.

The OP&F provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll. The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.25% and 7.0% of covered payroll in 2000 and 1999, respectively. The allocation is 7.50% in 2001. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's total contribution used to fund post-employment health care benefits was \$89,254 for police. Funding and accounting were on a pay-as-you-go basis. As of December 31, 1999, the number of participants eligible to receive health care benefits statewide was 12,467 for police. The OP&F does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 1999 (the latest information available) were \$95 million statewide, which was net of member contributions of \$5.5 million.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 16 - OTHER POSTEMPLOYMENT BENEFITS

LIFE INSURANCE

North Canton provides a \$3,000 life insurance benefit for retired employees. Substantially all of the City's full-time employees may become eligible for this benefit if they reach normal retirement age or become eligible for total disability benefits while working for the City. The cost of retirees' life insurance benefits is recognized as an expenditure when the insurance premiums are paid. For 2000, the cost totaled \$374.

NOTE 17 - CONSTRUCTION AND OTHER COMMITMENTS

During 2000, the City contracted with Natgun Corporation for the construction of a 1.0 million gallon underground water storage tank at a cost of \$1,046,707. As of December 31, 2000, electrical work and testing still had to be completed. The tank is expected to go into service in June of 2001.

In conjunction with the above project, in November 2000, the City entered into a contract for the replacement of water and sanitary sewer lines on South Main Street. Construction on this project did not begin in 2000.

The City also entered into contracts in 2000 for three other road projects that were at various stages of completion as of December 31, 2000. These projects include road resurfacing, curbs, gutters, water and sanitary sewer lines.

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 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 2000. Complete financial statements can be obtained from the Stark Council of Governments, Canton, Ohio.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS - (continued)

accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City contributed \$66,856 to the Health District in 2000. Complete financial statements can be obtained from the Stark County Combined General Health District, Canton, Ohio.

NOTE 19 - 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 2000, the City contracted with Coregis Insurance Company for general liability, automobile, crime, equipment, fire, errors and omissions and police and professional liability. Coregis Insurance Company also covers buildings and contents and 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 Coregis Insurance Company with a general aggregate of \$5,000,000. Ohio Farmers insures performance bonds for all necessary officials and employees.

Public officials have a deductible of \$5,000, 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 six years.

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

The City provides life insurance and accidental death and dismemberment insurance to its employees through American Stop Loss Insurance Company.

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 \$300 family deductible. A third party administrator, American Benefits Management, located in North Canton, Ohio, reviews all claims which are then paid by the City.

The City purchases stop-loss coverage of \$30,000 per employee. The City pays into the self-insurance internal service fund \$510 family coverage or \$195 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 \$84,266 reported in the Internal Service fund at December 31, 2000 is estimated by a third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in the fund's claims liability amounts in 1999 and 2000 are:

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 19 - RISK MANAGEMENT - (continued)

	<u>UNPAID CLAIMS AT BEGINNING OF YEAR</u>	<u>INCURRED CLAIMS</u>	<u>CLAIM PAYMENTS</u>	<u>UNPAID CLAIMS END OF YEAR</u>
1999	\$33,764	\$654,479	\$608,648	\$79,595
2000	79,595	721,090	716,419	84,266

NOTE 20 - CONDUIT DEBT

From time to time, the City has issued Industrial Revenue Bonds to provide financial 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 bonds, 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, 2000, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$16.18 million.

NOTE 21 - SUBSEQUENT EVENTS

In March 2001, the City issued \$1.3 million in one-year Water System Improvement Notes at a rate of 3.6% for the purpose of financing the installation of a 24" raw waterline within the City.

**FINANCIAL STATEMENTS
AND SCHEDULES
OF
INDIVIDUAL FUNDS
AND
ACCOUNT GROUPS**

General Fund

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

The Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balance, and Statement of Revenues, Expenditures and Changes in Fund Balance (Budget Basis) are displayed in the General Purpose Financial Statements (GPFS) since individual fund comparatives are not presented and the legal level of budgetary control is not greater than that displayed in GPFS.

Special Revenue Funds

To account for revenues derived from specific sources whose use is limited by state or federal law.

City Income Tax - to accumulate income tax levied by the City at the rate of one and one-half percent which is then distributed, after operational charges, to various funds.

Fire Operating Levy - to accumulate property taxes levied for the partial operation of the fire department.

Emergency Medical Service Levy - to accumulate property taxes levied for the partial operation of the emergency medical service department.

Computer - to accumulate fees charged to any case processed through Mayor's Court for computer services needed for the operation of the court system.

Enforcement and Education - to insure that revenue received from fines levied when arrests are made for driving under the influence of alcohol is spent on education of officers and members of the community.

Street Construction Maintenance and Repair - required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees designated for the maintenance of the streets within the City.

Storm Sewer Levy - to accumulate property taxes levied to maintain, improve or construct storm sewers within the City.

Street Levy - to accumulate property taxes levied to subsidize improvement of streets within the City.

Municipal Road - to account for that portion of permissive motor vehicle license tax levied by the County that is allocated to the City to be used for street repair.

**City of North Canton, Ohio
Combining Balance Sheet
All Special Revenue Funds
December 31, 2000**

	City Income Tax	Fire Operating Levy	Emergency Medical Service Levy	Computer
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$10,443,344	\$224,158	\$115,500	\$9,309
Receivables:				
Taxes	1,145,324	104,146	190,029	0
Accounts	0	0	57,810	0
Intergovernmental Receivables	0	9,800	17,500	0
Supply Inventory	0	385	1,450	0
Prepaid Items	0	693	1,470	0
Total Assets	<u>\$11,588,668</u>	<u>\$339,182</u>	<u>\$383,759</u>	<u>\$9,309</u>
<u>Liabilities</u>				
Accounts Payable	\$2,978	\$524	\$2,328	\$0
Accrued Wages and Benefits	10,234	11,760	48,774	0
Due to Other Funds	10,300,000	0	0	0
Deferred Revenue	331,356	113,946	207,529	0
Total Liabilities	10,644,568	126,230	258,631	0
<u>Fund Equity</u>				
Reserved:				
Encumbrances	0	708	0	0
Inventory	0	385	1,450	0
Prepaid Items	0	693	1,470	0
Unreserved	944,100	211,166	122,208	9,309
Total Fund Equity	<u>944,100</u>	<u>212,952</u>	<u>125,128</u>	<u>9,309</u>
Total Liabilities and Fund Equity	<u>\$11,588,668</u>	<u>\$339,182</u>	<u>\$383,759</u>	<u>\$9,309</u>

<u>Enforce- ment and Education</u>	<u>Street Construction Maintenance and Repair</u>	<u>Storm Sewer Levy</u>	<u>Street Levy</u>	<u>Municipal Road</u>	<u>Total</u>
\$18,393	\$96,662	\$110,175	\$118,732	\$0	\$11,136,273
0	0	111,631	111,631	0	1,662,761
0	0	0	0	0	57,810
147	38,665	8,200	8,200	0	82,512
0	46,304	0	0	0	48,139
0	1,890	630	0	0	4,683
<u>\$18,540</u>	<u>\$183,521</u>	<u>\$230,636</u>	<u>\$238,563</u>	<u>\$0</u>	<u>\$12,992,178</u>
\$0	\$41,825	\$129	\$0	\$0	\$47,784
0	30,899	0	0	0	101,667
0	0	0	0	0	10,300,000
0	0	119,831	119,831	0	892,493
0	72,724	119,960	119,831	0	11,341,944
0	1,611	83,062	90,000	0	175,381
0	46,304	0	0	0	48,139
0	1,890	630	0	0	4,683
18,540	60,992	26,984	28,732	0	1,422,031
<u>18,540</u>	<u>110,797</u>	<u>110,676</u>	<u>118,732</u>	<u>0</u>	<u>1,650,234</u>
<u>\$18,540</u>	<u>\$183,521</u>	<u>\$230,636</u>	<u>\$238,563</u>	<u>\$0</u>	<u>\$12,992,178</u>

City of North Canton, Ohio
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Special Revenue Funds
For the Year Ended December 31, 2000

	City Income Tax	Fire Operating Levy	Emergency Medical Service Levy	Computer
Revenues:				
City Income Tax	\$6,911,615	\$0	\$0	\$0
Property and Other Taxes	0	87,289	159,767	0
Licenses and Permits	0	275	0	0
Fines and Forfeitures	0	0	0	8,430
Intergovernmental	0	9,466	16,891	0
Ambulance Fee	0	0	99,299	0
Other	0	1,673	617	0
Total Revenue	6,911,615	98,703	276,574	8,430
Expenditures:				
Current:				
General Government	199,251	0	0	3,307
Security of Persons and Property	0	314,298	0	0
Public Health and Welfare	0	0	799,058	0
Transportation	0	0	0	0
Basic Utility Services	0	0	0	0
Capital Outlay	5,201	23,343	7,240	1,820
Total Expenditures	204,452	337,641	806,298	5,127
Excess of Revenues Over (Under) Expenditures	6,707,163	(238,938)	(529,724)	3,303
Other Financing Sources (Uses):				
Operating Transfers - In	0	290,000	550,000	0
Operating Transfers - Out	(6,600,000)	0	0	0
Total Other Financing Sources (Uses)	(6,600,000)	290,000	550,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	107,163	51,062	20,276	3,303
Fund Balances at Beginning of Year	836,937	161,890	104,428	6,006
Increase in Reserve for Inventory	0	0	424	0
Fund Balances at End of Year	\$944,100	\$212,952	\$125,128	\$9,309

<u>Enforce- ment and Education</u>	<u>Street Construction Maintenance and Repair</u>	<u>Storm Sewer Levy</u>	<u>Street Levy</u>	<u>Municipal Road</u>	<u>Total</u>
\$0	\$0	\$0	\$0	\$0	\$6,911,615
0	0	96,041	96,041	0	439,138
0	0	0	0	0	275
0	0	0	0	0	8,430
2,072	565,944	7,845	7,845	0	610,063
0	0	0	0	0	99,299
0	1,529	0	0	0	3,819
<u>2,072</u>	<u>567,473</u>	<u>103,886</u>	<u>103,886</u>	<u>0</u>	<u>8,072,639</u>
0	0	0	0	0	202,558
3,308	0	0	0	0	317,606
0	0	0	0	0	799,058
0	936,423	0	0	0	936,423
0	0	35,271	0	0	35,271
2,062	86,306	35,695	0	0	161,667
<u>5,370</u>	<u>1,022,729</u>	<u>70,966</u>	<u>0</u>	<u>0</u>	<u>2,452,583</u>
(3,298)	(455,256)	32,920	103,886	0	5,620,056
0	450,000	0	0	0	1,290,000
0	0	0	0	0	(6,600,000)
<u>0</u>	<u>450,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,310,000)</u>
(3,298)	(5,256)	32,920	103,886	0	310,056
21,838	107,897	77,756	14,846	0	1,331,598
0	8,156	0	0	0	8,580
<u>\$18,540</u>	<u>\$110,797</u>	<u>\$110,676</u>	<u>\$118,732</u>	<u>\$0</u>	<u>\$1,650,234</u>

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
City Income Tax
For the Year Ended December 31, 2000

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
City Income Tax	\$5,590,000	\$6,621,589	\$1,031,589
Total Revenue	5,590,000	6,621,589	1,031,589
Expenditures:			
Current:			
General Government	213,248	196,305	16,943
Capital Outlay	5,201	5,201	0
Total Expenditures	218,449	201,506	16,943
Excess of Revenues Over Expenditures	5,371,551	6,420,083	1,048,532
Other Financing (Uses):			
Operating Transfers - Out	(5,400,000)	(5,400,000)	0
Total Other Financing (Uses)	(5,400,000)	(5,400,000)	0
Excess of Revenues Over (Under) Expenditures and Other Uses	(28,449)	1,020,083	1,048,532
Fund Balances at Beginning of Year	9,421,013	9,421,013	0
Prior Year Encumbrances Appropriated	2,249	2,249	0
Fund Balances at End of Year	<u>\$9,394,813</u>	<u>\$10,443,345</u>	<u>\$1,048,532</u>

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Fire Operating Levy
For the Year Ended December 31, 2000

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$88,907	\$87,288	(\$1,619)
Intergovernmental	9,000	9,466	466
Licenses and Permits	0	275	275
Other	0	1,673	1,673
Total Revenue	97,907	98,702	795
Expenditures:			
Current:			
Security of Persons and Property	417,800	311,930	105,870
Capital Outlay	25,000	23,343	1,657
Total Expenditures	442,800	335,273	107,527
Excess of Revenues Over (Under) Expenditures	(344,893)	(236,571)	108,322
Other Financing Sources:			
Operating Transfers - In	290,000	290,000	0
Total Other Sources	290,000	290,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(54,893)	53,429	108,322
Fund Balances at Beginning of Year	170,021	170,021	0
Fund Balances at End of Year	<u>\$115,128</u>	<u>\$223,450</u>	<u>\$108,322</u>

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Emergency Medical Service Levy
For the Year Ended December 31, 2000

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	163,069	159,767	(3,302)
Intergovernmental	16,000	16,891	891
Ambulance Fee	40,000	65,443	25,443
Other	0	617	617
Total Revenue	219,069	242,718	23,649
Expenditures:			
Current:			
Public Health and Welfare	842,551	795,321	47,230
Capital Outlay	9,300	7,240	2,060
Total Expenditures	851,851	802,561	49,290
Excess of Revenues Over (Under) Expenditures	(632,782)	(559,843)	72,939
Other Financing Sources:			
Operating Transfers - In	550,000	550,000	0
Total Other Sources	550,000	550,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(82,782)	(9,843)	72,939
Fund Balances at Beginning of Year	121,392	121,392	0
Prior Year Encumbrances Appropriated	3,951	3,951	0
Fund Balances at End of Year	\$42,561	\$115,500	\$72,939

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Computer
For the Year Ended December 31, 2000

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Fines and Forfeitures	<u>\$5,000</u>	<u>\$8,430</u>	<u>\$3,430</u>
Total Revenue	5,000	8,430	3,430
Expenditures:			
Current:			
Security of Persons and Property	9,000	3,307	5,693
Capital Outlay	<u>2,000</u>	<u>1,820</u>	<u>180</u>
Total Expenditures	<u>11,000</u>	<u>5,127</u>	<u>5,873</u>
Excess of Revenues Over (Under) Expenditures	(6,000)	3,303	9,303
Fund Balances at Beginning of Year	<u>6,006</u>	<u>6,006</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$6</u></u>	<u><u>\$9,309</u></u>	<u><u>\$9,303</u></u>

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Enforcement and Education
For the Year Ended December 31, 2000

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	<u>\$4,000</u>	<u>\$2,141</u>	<u>(\$1,859)</u>
Total Revenue	4,000	2,141	(1,859)
Expenditures:			
Current:			
Security of Persons and Property	22,000	3,308	18,692
Equipment	<u>2,800</u>	<u>2,062</u>	<u>738</u>
Total Expenditures	<u>24,800</u>	<u>5,370</u>	<u>19,430</u>
Excess of Revenues Over (Under) Expenditures	(20,800)	(3,229)	17,571
Fund Balances at Beginning of Year	<u>21,622</u>	<u>21,622</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$822</u></u>	<u><u>\$18,393</u></u>	<u><u>\$17,571</u></u>

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Street Construction Maintenance and Repair
For the Year Ended December 31, 2000

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$550,000	\$570,576	\$20,576
Other	0	1,529	1,529
Total Revenue	550,000	572,105	22,105
Expenditures:			
Current:			
Transportation	927,209	896,369	30,840
Capital Outlay	86,811	86,306	505
Total Expenditures	1,014,020	982,675	31,345
Excess of Revenues Over (Under) Expenditures	(464,020)	(410,570)	53,450
Other Financing Sources:			
Operating Transfers - In	450,000	450,000	0
Total Other Sources	450,000	450,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(14,020)	39,430	53,450
Fund Balances at Beginning of Year	41,153	41,153	0
Prior Year Encumbrances Appropriated	14,470	14,470	0
Fund Balances at End of Year	<u>\$41,603</u>	<u>\$95,053</u>	<u>\$53,450</u>

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Storm Sewer Levy
For the Year Ended December 31, 2000

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$100,000	\$96,041	(\$3,959)
Intergovernmental	7,048	7,845	797
Total Revenue	107,048	103,886	(3,162)
Expenditures:			
Current:			
Basic Utility Services	37,109	35,685	1,424
Capital Outlay	146,753	118,380	28,373
Total Expenditures	183,862	154,065	29,797
Excess of Revenues Over (Under) Expenditures	(76,814)	(50,179)	26,635
Fund Balances at Beginning of Year	5,432	5,432	0
Prior Year Encumbrances Appropriated	71,862	71,862	0
Fund Balances at End of Year	<u>\$480</u>	<u>\$27,115</u>	<u>\$26,635</u>

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Street Levy
For the Year Ended December 31, 2000

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$100,000	\$96,041	(\$3,959)
Intergovernmental	7,048	7,845	797
Total Revenue	107,048	103,886	(3,162)
Expenditures:			
Current:			
Transportation	23,000	0	23,000
Capital Outlay	90,000	90,000	0
Total Expenditures	113,000	90,000	23,000
Excess of Revenues Over (Under) Expenditures	(5,952)	13,886	19,838
Fund Balances at Beginning of Year	14,847	14,847	0
Fund Balances at End of Year	<u>\$8,895</u>	<u>\$28,733</u>	<u>\$19,838</u>

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Municipal Road
For the Year Ended December 31, 2000

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	<u>\$100,000</u>	<u>\$0</u>	<u>(\$100,000)</u>
Total Revenue	100,000	0	(100,000)
Expenditures:			
Capital Outlay	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total Expenditures	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Excess of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Debt Service Fund

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balance, and Statement of Revenues, Expenditures and Changes in Fund Balance (Budget Basis) are displayed in the General Purpose Financial Statements (GPFS) since individual fund comparatives are not presented and the legal level of budgetary control is not greater than that displayed in GPFS.

Capital Projects Fund

To account for the acquisition of equipment and the construction or rehabilitation of major capital facilities other than those financed by proprietary funds.

The City's Capital Improvement Fund is used to account for various capital projects financed by City income tax revenue.

The Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balance, and Statement of Revenues, Expenditures and Changes in Fund Balance (Budget Basis) are displayed in the General Purpose Financial Statements (GPFS) since individual fund comparatives are not presented and the legal level of budgetary control is not greater than that displayed in GPFS.

Enterprise Funds

To account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Water Revenue - to account for the treatment and provision of water to the residents and commercial users of the City and certain residents of the County.

Sewer Revenue - to account for sanitary sewer services provided to the residential and commercial users of the City.

Garbage Service - to account for garbage service provided by a successful bidder for the residential users of the City.

City of North Canton, Ohio
Combining Balance Sheet
All Enterprise Funds
December 31, 2000

	Water Revenue	Sewer Revenue	Garbage Service	Total
<u>Assets</u>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$743,216	\$689,123	\$202,270	\$1,634,609
Receivables:				
Accounts	467,761	135,987	4,844	608,592
Supply Inventory	52,711	0	0	52,711
Prepaid Items	4,096	705,244	0	709,340
Total Current Assets	1,267,784	1,530,354	207,114	3,005,252
Fixed Assets, (Net of Accumulated Depreciation)	12,522,783	4,607,167	0	17,129,950
Total Assets	<u>\$13,790,567</u>	<u>\$6,137,521</u>	<u>\$207,114</u>	<u>\$20,135,202</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$23,710	\$39,569	\$34,177	\$97,456
Contracts Payable	35,091	0	0	35,091
Accrued Wages and Benefits	387,467	60,398	666	448,531
Loan Interest Payable	62,933	0	0	62,933
OWDA Loan Payable	74,065	0	0	74,065
Total Current Liabilities	583,266	99,967	34,843	718,076
<u>Long-Term Liabilities</u>				
OWDA Loan Payable, (Net of Current Portion)	654,259	0	0	0
Total Liabilities	1,237,525	99,967	34,843	718,076
<u>Fund Equity</u>				
Contributed Capital	2,546,983	2,576,949	0	5,123,932
Retained Earnings:				
Unreserved	10,006,059	3,460,605	172,271	13,638,935
Total Retained Earnings	10,006,059	3,460,605	172,271	13,638,935
Total Fund Equity	12,553,042	6,037,554	172,271	18,762,867
Total Liabilities and Fund Equity	<u>\$13,790,567</u>	<u>\$6,137,521</u>	<u>\$207,114</u>	<u>\$19,480,943</u>

City of North Canton, Ohio
Combining Statement of Revenues,
Expenses and Changes in Retained Earnings
All Enterprise Funds
For the Year Ended December 31, 2000

	Water Revenue	Sewer Revenue	Garbage Service	Total
Operating Revenues:				
Customer Charges	\$2,932,149	\$1,517,662	\$523,324	\$4,973,135
Tap-In Fees	93,116	75,907	0	169,023
Other Operating Revenue	80,708	2,556	0	83,264
Total Operating Revenues	3,105,973	1,596,125	523,324	5,225,422
Operating Expenses:				
Personal Services	1,266,395	245,039	38,849	1,550,283
Contractual Services	1,026,266	471,988	467,697	1,965,951
Materials and Supplies	498,256	16,382	7,393	522,031
Depreciation	542,862	217,254	0	760,116
Total Operating Expenses	3,333,779	950,663	513,939	4,798,381
Operating Income (Loss)	(227,806)	645,462	9,385	427,041
Non-Operating Expenses:				
Interest Expense	62,933	0	0	62,933
Total Non-Operating Expenses	62,933	0	0	62,933
Net Income (Loss)	(290,739)	645,462	9,385	364,108
Depreciation on Fixed Assets				
Acquired by Contributed Capital	66,390	59,569	0	125,959
Retained Earnings at Beginning of Year	10,230,408	2,755,574	162,886	13,148,868
Retained Earnings at End of Year	10,006,059	3,460,605	172,271	13,638,935
Contributed Capital at Beginning of Year	2,416,440	2,465,768	0	4,882,208
Current Year Contributions:				
by Developers	196,933	170,750	0	367,683
Depreciation on Fixed Assets				
Acquired by Contributed Capital	(66,390)	(59,569)	0	(125,959)
Contributed Capital at End of Year	2,546,983	2,576,949	0	5,123,932
Total Fund Equity at End of Year	\$12,553,042	\$6,037,554	\$172,271	\$18,762,867

City of North Canton, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Year Ended December 31, 2000

	<u>Water Revenue</u>	<u>Sewer Revenue</u>	<u>Garbage Service</u>	<u>Total</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>				
Operating Activities:				
Cash Received From Customers	\$2,990,288	\$1,591,733	\$520,386	\$5,102,407
Cash Payments for Goods and Services	(1,560,421)	(1,191,226)	(476,844)	(3,228,491)
Cash Payments for Wages and Benefits	<u>(1,249,445)</u>	<u>(234,058)</u>	<u>(38,311)</u>	<u>(1,521,814)</u>
Net Cash Provided by Operating Activities	180,422	166,449	5,231	352,102
Capital and Related Financing Activities:				
Proceeds From OWDA Loan	728,324	0	0	728,324
Payments for Capital Acquisitions	<u>(1,521,028)</u>	<u>(229,383)</u>	<u>0</u>	<u>(1,750,411)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(792,704)</u>	<u>(229,383)</u>	<u>0</u>	<u>(1,022,087)</u>
Increase (Decrease) in Cash and Cash Equivalents	(612,282)	(62,934)	5,231	(669,985)
Cash and Cash Equivalents at Beginning of Year	<u>1,355,498</u>	<u>752,057</u>	<u>197,039</u>	<u>2,304,594</u>
Cash and Cash Equivalents at End of Year	<u><u>\$743,216</u></u>	<u><u>\$689,123</u></u>	<u><u>\$202,270</u></u>	<u><u>\$1,634,609</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>				
Operating Income (Loss)	(\$227,806)	\$645,462	\$9,385	\$427,041
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	542,862	217,254	0	760,116
Changes in Operating Assets and Liabilities:				
Decrease Accounts Receivable	(115,687)	(4,392)	(2,937)	(123,016)
Decrease Supply Inventory	(13,496)	0	0	(13,496)
Decrease Prepaid Items	(1,098)	(704,552)	0	(705,650)
Increase (Decrease) Accounts Payable	(56,393)	1,696	(1,757)	(56,454)
Increase Contracts Payable	35,091	0	0	35,091
Increase Accrued Wages and Benefits	<u>16,949</u>	<u>10,981</u>	<u>540</u>	<u>28,470</u>
Net Cash Provided by Operating Activities	<u><u>\$180,422</u></u>	<u><u>\$166,449</u></u>	<u><u>\$5,231</u></u>	<u><u>\$352,102</u></u>

In addition to the above, the Enterprise Funds had the following non-cash financing transactions:
Developers contributed \$367,683 of water and sewer lines.

City of North Canton, Ohio
Schedule of Revenues, Expenses, and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Water Revenue
For the Year Ended December 31, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Customer Charges	\$2,821,914	\$2,817,595	(\$4,319)
Tap-In Fees	98,000	93,116	(4,884)
Other Operating Revenue	0	79,577	79,577
Total Revenue	2,919,914	2,990,288	70,374
Expenses:			
Current:			
Personal Services	1,300,580	1,246,471	54,109
Contractual Services	588,614	540,472	48,142
Claims and Judgments	500	0	500
Materials and Supplies	512,976	422,320	90,656
Other Operating Expenses	3,600	1,415	2,185
Capital Outlay	2,709,730	2,648,877	60,853
Total Expenses	5,116,000	4,859,555	256,445
Excess of Revenues Over (Under) Expenses	(2,196,086)	(1,869,267)	326,819
Other Financing Sources:			
OWDA Loan Proceeds	1,000,000	728,324	(271,676)
Total Other Sources	1,000,000	728,324	(271,676)
Excess of Revenues Over (Under) Expenses and Other Financing Source	(1,196,086)	(1,140,943)	55,143
Fund Equity at Beginning of Year	1,233,759	1,233,759	0
Prior Year Encumbrances Appropriated	121,739	121,739	0
Fund Equity at End of Year	\$159,412	\$214,555	\$55,143

City of North Canton, Ohio
Schedule of Revenues, Expenses, and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Sewer Revenue
For the Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Customer Charges	\$1,300,000	\$1,513,270	\$213,270
Tap-In Fees	100,000	75,907	(24,093)
Other Operating Revenue	<u>0</u>	<u>2,556</u>	<u>2,556</u>
Total Revenue	1,400,000	1,591,733	191,733
Expenses:			
Current:			
Personal Services	250,445	232,337	18,108
Contractual Services	1,391,140	1,164,493	226,647
Claims and Judgments	500	0	500
Materials and Supplies	20,300	16,441	3,859
Other Operating Expenses	1,500	769	731
Capital Outlay	<u>435,178</u>	<u>306,005</u>	<u>129,173</u>
Total Expenses	<u>2,099,063</u>	<u>1,720,045</u>	<u>379,018</u>
Excess of Revenues Over (Under) Expenses	(699,063)	(128,312)	570,751
Fund Equity at Beginning of Year	730,231	730,231	0
Prior Year Encumbrances Appropriated	<u>21,826</u>	<u>21,826</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$52,994</u></u>	<u><u>\$623,745</u></u>	<u><u>\$570,751</u></u>

City of North Canton, Ohio
Schedule of Revenues, Expenses, and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Garbage Service
For the Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Customer Charges	<u>\$500,000</u>	<u>\$520,386</u>	<u>\$20,386</u>
Total Revenue	500,000	520,386	20,386
Expenses:			
Current:			
Personal Services	38,139	37,632	507
Contractual Services	532,161	469,848	62,313
Materials and Supplies	8,000	7,393	607
Other Operating Expenses	<u>500</u>	<u>283</u>	<u>217</u>
Total Expenses	<u>578,800</u>	<u>515,156</u>	<u>63,644</u>
Excess of Revenues Over (Under) Expenses	(78,800)	5,230	84,030
Fund Equity at Beginning of Year	<u>197,040</u>	<u>197,040</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$118,240</u></u>	<u><u>\$202,270</u></u>	<u><u>\$84,030</u></u>

Internal Service Fund

To account for financing goods or services provided by one department to other departments of the City.

Insurance - to accumulate costs for payments of health care and various deductibles which are charged back to the departments which benefit from this service.

The Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balance, and Statement of Revenues, Expenditures and Changes in Fund Balance (Budget Basis) are displayed in the General Purpose Financial Statements (GPFS) since individual fund comparatives are not presented and the legal level of budgetary control is not greater than that displayed in GPFS.

Trust and Agency Funds

To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governmental units.

Trust Fund:

General - to account for donations to the City from organizations and individuals who wish to specify how the donation is to be used.

Agency Funds:

Mayor's Court - to account for the accumulation and distribution of fines and forfeitures.

Required Deposits - to account for the amounts of construction projects' retainage held in escrow until projects are completed and accepted by the City.

**City of North Canton, Ohio
Combining Balance Sheet
Expendable Trust and Agency Funds
December 31, 2000**

	<u>Expendable Trust</u>	<u>Agency Funds</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$18,416	\$0	\$18,416
Cash and Cash Equivalents in Segregated Accounts	0	71,882	71,882
Total Assets	<u>\$18,416</u>	<u>\$71,882</u>	<u>\$90,298</u>
<u>Liabilities</u>			
Accounts Payable	\$141	\$0	\$141
Deposits Held and Due to Others	2,332	71,882	74,214
Total Liabilities	2,473	71,882	74,355
<u>Fund Equity</u>			
Fund Balance:			
Unreserved	15,943	0	15,943
Total Fund Equity	15,943	0	15,943
Total Liabilities and Fund Equity	<u>\$18,416</u>	<u>\$71,882</u>	<u>\$90,298</u>

City of North Canton, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2000

	Balance 01/01/00	Additions	Reductions	Balance 12/31/00
Mayor's Court				
<u>Assets</u>				
Cash and Investments in Segregated Accounts	\$360	\$108,723	\$108,842	\$241
Total Assets	<u>\$360</u>	<u>\$108,723</u>	<u>\$108,842</u>	<u>\$241</u>
<u>Liabilities</u>				
Deposits Held and Due Others	\$360	\$108,723	\$108,842	\$241
Total Liabilities	<u>\$360</u>	<u>\$108,723</u>	<u>\$108,842</u>	<u>\$241</u>
Required Deposits				
<u>Assets</u>				
Cash and Investments in Segregated Accounts	\$19,973	\$113,044	\$61,376	\$71,641
Total Assets	<u>\$19,973</u>	<u>\$113,044</u>	<u>\$61,376</u>	<u>\$71,641</u>
<u>Liabilities</u>				
Deposits Held and Due Others	\$19,973	\$113,044	\$61,376	\$71,641
Total Liabilities	<u>\$19,973</u>	<u>\$113,044</u>	<u>\$61,376</u>	<u>\$71,641</u>
Total - All Agency Funds				
<u>Assets</u>				
Cash and Investments in Segregated Accounts	\$20,333	\$221,767	\$170,218	\$71,882
Total Assets	<u>\$20,333</u>	<u>\$221,767</u>	<u>\$170,218</u>	<u>\$71,882</u>
<u>Liabilities</u>				
Deposits Held and Due Others	\$20,333	\$221,767	\$170,218	\$71,882
Total Liabilities	<u>\$20,333</u>	<u>\$221,767</u>	<u>\$170,218</u>	<u>\$71,882</u>

General Fixed Assets Account Group

To make a clear distinction between capital assets related to specific funds and those of general government, the following account group is used.

General Fixed Assets Account Group - to account for capital assets other than those accounted for in the proprietary funds.

City of North Canton, Ohio
Schedule of General Fixed Assets by Source
December 31, 2000

General Fixed Assets:

Land	\$2,468,612
Buildings	4,591,490
Equipment	<u>4,729,887</u>
Total General Fixed Assets	11,789,989
Less Accumulated Depreciation	<u>(5,910,462)</u>
Net General Fixed Assets	<u><u>\$5,879,527</u></u>

Investment in General Fixed Assets From:

General Fund	\$2,817,363
Special Revenue Funds	2,315,126
Capital Improvement Fund	4,840,455
Grants and Gifts	<u>1,817,045</u>
Total General Fixed Assets	11,789,989
Less Accumulated Depreciation	<u>(5,910,462)</u>
Net Investment in General Fixed Assets	<u><u>\$5,879,527</u></u>

City of North Canton, Ohio
Schedule of Changes in General Fixed Assets by Function and Department
For the Year Ended December 31, 2000

	Balance December 31, 1999	Additions	Deletions	Balance December 31, 2000
City Wide:				
Land	\$2,468,612	\$0	\$0	\$2,468,612
Buildings and Improvement	4,569,525	21,965	0	4,591,490
Total City Wide	7,038,137	21,965	0	7,060,102
Public Safety:				
Police Department	704,449	79,983	1,639	782,793
Fire Department	1,521,100	18,848	0	1,539,948
Emergency Medical Service	539,469	7,031	1,536	544,964
Total Public Safety	2,765,018	105,862	3,175	2,867,705
Leisure Time Activities:				
Parks	282,226	54,527	66,079	270,674
Recreation	55,173	413	300	55,286
Swimming Pool	157,397	2,600	0	159,997
Civic Center	8,630	2,345	260	10,715
Total Leisure Time Activities	503,426	59,885	66,639	496,672
Public Works:				
Street Department	538,420	85,987	25,139	599,268
Storm Sewer Department	143,572	0	9,525	134,047
Total Public Works	681,992	85,987	34,664	733,315
General Government:				
Mayor	20,222	2,330	0	22,552
Administration Department	48,459	0	0	48,459
Finance Department	84,065	4,495	3,576	84,984
Data Processing	106,151	0	0	106,151
Law Department	1,325	0	0	1,325
Council	40,030	0	0	40,030
Income Tax	15,074	2,990	0	18,064
City Hall Maintenance	52,645	0	0	52,645
Permits and Inspection	37,131	3,050	0	40,181
Engineering Department	133,876	25,163	0	159,039
Other General Government	58,765	0	0	58,765
Total General Government	597,743	38,028	3,576	632,195
Total General Fixed Assets	11,586,316	311,727	108,054	11,789,989
Accumulated Depreciation	(5,551,686)	(457,816)	(99,040)	(5,910,462)
Net General Fixed Assets	\$6,034,630	(\$146,089)	\$9,014	\$5,879,527

City of North Canton, Ohio
Schedule of General Fixed Assets by Function and Department
December 31, 2000

	Total	Land	Building	Equipment
City Wide:				
Land	\$2,468,612	\$2,468,612	\$0	\$0
Buildings and Improvement	4,591,490	0	4,591,490	0
Total City Wide	7,060,102	2,468,612	4,591,490	0
Public Safety:				
Police Department	782,793	0	0	782,793
Fire Department	1,539,948	0	0	1,539,948
Emergency Medical Service	544,964	0	0	544,964
Total Public Safety	2,867,705	0	0	2,867,705
Leisure Time Activities:				
Parks	270,674	0	0	270,674
Recreation	55,286	0	0	55,286
Swimming Pool	159,997	0	0	159,997
Civic Center	10,715	0	0	10,715
Total Leisure Time Activities	496,672	0	0	496,672
Public Works:				
Street Department	599,268	0	0	599,268
Storm Sewer Department	134,047	0	0	134,047
Total Public Works	733,315	0	0	733,315
General Government:				
Mayor	22,552	0	0	22,552
Administration Department	48,459	0	0	48,459
Finance Department	84,984	0	0	84,984
Data Processing	106,151	0	0	106,151
Law Department	1,325	0	0	1,325
Council	40,030	0	0	40,030
Income Tax	18,064	0	0	18,064
City Hall Maintenance	52,645	0	0	52,645
Permits and Inspection	40,181	0	0	40,181
Engineering Department	159,039	0	0	159,039
Other General Government	58,765	0	0	58,765
Total General Government	632,195	0	0	632,195
Total General Fixed Assets	11,789,989	2,468,612	4,591,490	4,729,887
Accumulated Depreciation	(5,910,462)	0	(2,646,362)	(3,264,100)
Total	\$5,879,527	\$2,468,612	\$1,945,128	\$1,465,787

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STATISTICAL SECTION

**City of North Canton, Ohio
General Governmental Expenditures by Function (1)
Last Ten Years**

Table 1

Year	General Government	Security of Persons and Property	Public Health and Welfare	Trans- portation	Community Environ- ment	Basic Utility Services	Leisure Time Activities	Capital Outlay	Debt Service (2)	Total
1991	\$942,008	\$1,539,320	\$439,603	\$395,521	\$158,127	\$159,132	\$364,508	\$1,029,002	\$79,884	\$5,107,105
1992	1,140,533	1,615,544	498,705	437,637	170,494	40,298	416,765	1,267,664	76,196	5,663,836
1993	1,218,920	1,688,448	525,160	590,067	193,289	23,272	544,879	2,168,421	67,509	7,019,965
1994	1,341,632	1,761,500	565,077	592,019	207,310	7,373	530,971	5,223,614	47,065	10,276,561
1995	1,338,027	1,866,027	586,879	658,559	210,060	16,721	585,295	3,492,090	24,550	8,778,208
1996	1,378,480	1,980,589	644,628	620,162	199,357	23,433	609,101	2,923,779	22,260	8,401,789
1997	1,401,131	2,084,016	679,551	696,623	200,379	7,291	607,922	2,988,106	18,288	8,683,307
1998	1,540,090	2,431,410	770,643	691,571	243,869	13,150	676,052	3,167,891	17,545	9,552,221
1999	1,461,342	2,565,366	833,863	765,327	237,267	21,020	719,554	3,923,594	16,013	10,543,346
2000	1,601,772	2,468,042	865,914	936,608	234,491	35,271	718,856	3,007,454	0	9,868,408

Source: City of North Canton, Ohio, Department of Finance

(1) Includes General, Special Revenue, Debt Service, Capital Projects and Expendable Trust Funds.

(2) Includes all debt service other than Enterprise debt service.

**City of North Canton, Ohio
General Governmental Revenues by Source (1)
Last Ten Years**

Table 2

Year	City Income Tax	Property Taxes	Charges for Service	Licenses and Permits	Fines and Forfeitures	Inter- Govern- mental	Special Assess- ments	Invest- ment Income	Other	Total
1991	\$3,962,052	\$811,365	\$171,066	\$77,457	\$56,542	\$1,051,494	\$66,606	\$787,226	\$64,987	\$7,048,795
1992	3,990,578	866,795	142,947	66,648	38,029	1,071,621	67,349	644,314	52,757	6,941,038
1993	3,992,874	909,586	183,135	92,345	42,041	1,594,470	59,577	655,535	15,337	7,544,900
1994	4,678,755	902,383	179,138	82,745	61,566	1,559,343	56,005	646,880	9,544	8,176,359
1995	5,075,814	953,498	241,164	71,156	56,000	1,768,828	30,468	592,556	12,362	8,801,846
1996	5,165,572	975,652	238,431	143,767	45,639	1,869,637	27,198	634,074	11,726	9,111,696
1997	6,251,947	976,990	253,450	111,371	44,907	2,244,674	21,015	706,318	23,004	10,633,676
1998	6,877,294	1,026,810	400,635	105,826	55,030	1,856,415	21,015	824,450	167,709	11,335,184
1999	6,357,858	1,042,921	298,693	157,475	30,110	3,099,228	16,689	707,892	318,597	12,029,463
2000	6,911,615	1,030,719	305,120	140,905	85,999	3,400,347	0	1,019,352	765,519	13,659,576

Source: City of North Canton, Ohio, Department of Finance

(1) Includes General, Special Revenue, Debt Service, Capital Projects and Expendable Trust Funds.

**City of North Canton, Ohio
City Income Tax Collections
Last Ten Years**

Table 3

<u>Year</u>	<u>Amount</u>
1991	\$3,962,052
1992	3,990,578
1993	3,992,874
1994	4,678,755
1995	5,075,814
1996	5,165,572
1997	6,251,947
1998	6,877,294
1999	6,357,858
2000	6,911,615

Source: City of North Canton, Ohio, Department of Finance

**City of North Canton, Ohio
Real Property Tax Levies and Collections
Last Ten Years**

Table 4

Tax Year	Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent Total Tax Collections to Tax Levy	Out-standing Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
1990	1991	\$931,021	\$888,302	95.41 %	\$9,160	\$897,462	96.40 %	\$33,559	3.60 %
1991	1992	994,103	941,993	94.76	9,850	951,843	95.75	42,260	4.25
1992	1993	1,018,730	965,267	94.75	35,964	1,001,231	98.28	17,499	1.72
1993	1994	1,013,722	982,232	96.89	11,729	993,961	98.05	19,761	1.95
1994	1995	1,068,720	1,039,580	97.27	10,959	1,050,539	98.30	18,181	1.70
1995	1996	1,102,115	1,063,795	96.52	22,686	1,086,481	98.58	15,634	1.42
1996	1997	1,097,863	1,069,650	97.43	11,155	1,080,805	98.45	17,058	1.55
1997	1998	1,155,471	1,127,992	97.62	13,862	1,141,854	98.82	13,617	1.18
1998	1999	1,168,384	1,137,191	97.33	14,902	1,152,093	98.61	16,291	1.39
1999	2000	1,194,376	1,137,052	95.20	19,721	1,156,773	96.85	37,603	3.15

Source: Stark County, Ohio, Auditor's Office

**City of North Canton, Ohio
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years - (in Thousands)**

Year	Real Property		Public Utilities		Personal Property		Total		Ratio Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1991	\$175,248	\$500,708	\$15,883	\$15,883	\$20,784	\$76,979	\$211,915	\$593,570	35.70
1992	175,096	500,274	15,883	15,883	21,845	84,019	212,824	600,176	35.46
1993	177,754	507,869	15,872	15,872	24,025	96,100	217,651	619,841	35.11
1994	181,987	519,963	15,912	15,912	24,260	97,040	222,159	632,915	35.10
1995	198,364	566,754	16,140	16,140	27,081	108,324	241,585	691,218	34.95
1996	202,098	577,423	15,108	15,108	29,318	117,272	246,524	709,803	34.73
1997	205,234	586,383	14,365	14,365	29,170	116,680	248,769	717,428	34.68
1998	231,869	662,483	13,823	13,823	28,023	112,092	273,715	788,398	34.72
1999	235,909	674,026	13,799	13,799	28,719	114,876	278,427	802,701	34.69
2000	242,773	693,637	12,079	12,079	28,524	114,096	283,376	819,812	34.57

Source: Stark County, Ohio, Auditor's Office

**City of North Canton, Ohio
Real Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years**

Fiscal Year	General Fund	Fire	Emergency Medical Service	Street	Storm Sewer	City Total	North Canton Schools	North Canton Library	County	Town-ship	Total
1991	\$2.40	\$0.50	\$1.00	\$1.00	\$1.00	\$5.90	\$49.40	\$0.00	\$9.40	\$0.10	\$64.80
1992	2.40	0.50	1.00	1.00	1.00	5.90	57.20	0.00	9.40	0.10	72.60
1993	2.40	0.50	1.00	1.00	1.00	5.90	57.20	0.50	9.40	0.10	73.10
1994	2.40	0.50	1.00	1.00	1.00	5.90	57.20	0.50	9.40	0.10	73.10
1995	2.40	0.50	1.00	1.00	1.00	5.90	61.90	0.50	8.40	0.10	76.80
1996	2.40	0.50	1.00	1.00	1.00	5.90	61.90	0.50	10.30	0.10	78.70
1997	2.40	0.50	1.00	1.00	1.00	5.90	61.90	0.50	9.80	0.10	78.20
1998	2.40	0.50	1.00	1.00	1.00	5.90	61.90	0.50	10.10	0.10	78.50
1999	2.40	0.50	1.00	1.00	1.00	5.90	61.20	0.50	10.10	0.10	77.80
2000	2.40	0.50	1.00	1.00	1.00	5.90	61.20	0.50	10.10	0.10	77.80

Source: Stark County, Ohio, Auditor's Office

City of North Canton, Ohio
Special Assessment Billings and Collections
Last Ten Years

Table 7

<u>Year</u>	<u>Total Assessments Billed</u>	<u>Total Assessments Collected</u>	<u>Ratio of Collections To Amount Due</u>	<u>Total Outstanding Assessments</u>
1991	\$69,280	\$66,606	96.14	\$2,674
1992	72,475	67,349	92.93	5,126
1993	63,342	58,243	91.95	5,099
1994	59,237	56,005	94.54	3,232
1995	31,613	30,468	96.38	1,145
1996	23,291	22,260	95.57	1,031
1997	21,881	21,015	96.04	866
1998	21,476	21,015	97.85	461
1999	16,228	16,689	102.84	0
2000	2,621	2,371	90.46	250

Source: Stark County Ohio, Auditor's Office

City of North Canton, Ohio
Legal Debt Margin
December 31, 2000

Table 8

Total Assessed Value		\$283,376,066
Overall debt limitation - 10.5% of assessed valuation		29,754,487
Gross indebtedness authorized by council	<u>\$0</u>	
Debt within 10.5% limitation		<u>0</u>
Legal debt margin within 10.5% limitation		<u><u>\$29,754,487</u></u>

Unvoted debt limitation - 5.5% of assessed valuation		\$15,585,684
Gross indebtedness authorized by council	<u>\$0</u>	
Debt within 5.5% limitation		<u>0</u>
Legal debt margin within 5.5% limitation		<u><u>\$15,585,684</u></u>

Source: City of North Canton, Ohio, Department of Finance

City of North Canton, Ohio
 Water Enterprise General Obligation Bond Coverage (1)
 Last Ten Years

Table 9

Year	Gross Revenue (2)	Operating Expenses (3)	Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1991	\$2,780,153	\$1,559,886	\$1,220,267	\$290,000	\$125,475	\$415,475	2.94
1992	2,838,604	1,612,012	1,226,592	305,000	108,025	413,025	2.97
1993	2,733,946	1,647,280	1,086,666	315,000	89,750	404,750	2.68
1994	2,761,037	1,897,763	863,274	80,000	11,800	91,800	9.40
1995	2,834,246	1,701,859	1,132,387	104,000	7,100	111,100	10.19
1996	2,353,114	2,048,456	304,658	0	0	0	N.A.
1997	2,569,991	2,303,444	266,547	0	0	0	N.A.
1998	2,616,877	2,418,328	198,549	0	0	0	N.A.
1999	2,451,473	2,958,825	(507,352)	0	0	0	N.A.
2000	3,105,973	2,853,850	252,123	0	0	0	N.A.

Source: City of North Canton, Ohio Department of Finance

(1) Bonded debt includes both revenue and general obligation bonds.

(2) Gross revenue includes investment revenue and non-operating revenue.

(3) Operating expenses includes non-operating expenses and excludes depreciation expense.

**City of North Canton, Ohio
Sewer Enterprise General Obligation Bond Coverage
Last Ten Years**

Table 10

Year	Gross Revenue (1)	Operating Expenses (2)	Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1991	\$1,057,126	\$932,147	\$124,979	\$7,000	\$2,700	\$9,700	12.88
1992	779,168	861,417	(82,249)	7,000	2,350	9,350	(8.80)
1993	842,794	781,773	61,021	8,000	2,000	10,000	6.10
1994	817,384	851,273	(33,889)	8,000	1,600	9,600	(3.53)
1995	1,060,280	1,023,883	36,397	0	0	0	N.A.
1996	1,184,086	1,143,998	40,088	0	0	0	N.A.
1997	1,542,056	1,606,029	(63,973)	0	0	0	N.A.
1998	1,305,079	1,423,339	(118,260)	0	0	0	N.A.
1999	1,697,642	1,366,311	331,331	0	0	0	N.A.
2000	1,596,125	733,409	862,716	0	0	0	N.A.

Source: City of North Canton, Ohio Department of Finance

(1) Operating expenses includes non-operating expenses and excludes depreciation expense.

**City of North Canton, Ohio
 Computation of Overlapping Debt
 December 31, 2000**

Table 11

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of North Canton (1)	Amount Applicable to City of North Canton
Stark County	\$4,446,607	5.01 %	\$222,775
Jackson Local School District	38,343,629	0.51	195,553
North Canton City School District	21,039,795	52.92	11,134,260
Plain Local School District	770,000	3.41	26,257
Plain Township	1,689,000	34.16	576,962
Total			\$12,155,807

Source: Ohio Municipal Advisory Council, Independence, Ohio 44131

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the subdivision.

**City of North Canton, Ohio
Demographic Statistics
Last Ten Years**

Table 12

<u>Year</u>	<u>Population (1)</u>	<u>Median Age (2)</u>	<u>School Enrollment (Public) (3)</u>	<u>Unemploy- ment Rate (4)</u>
1991	15,199	39.3	4,005	6.90
1992	15,376	N. A.	4,052	7.70
1993	15,486	N. A.	4,160	6.80
1994	15,720	N. A.	4,170	5.90
1995	15,735	N. A.	4,254	5.00
1996	15,736	N. A.	4,346	5.40
1997	15,740	N. A.	4,472	4.80
1998	15,750	N. A.	4,630	4.10
1999	15,790	N. A.	4,635	4.50
2000	16,369	42.3	4,714	3.80

- Source:
- (1) 2000 actual count and other years are provided by the United States Census Bureau, Department of Population Estimate Division.
 - (2) Median age available only every ten years from United States Census Bureau.
 - (3) Data provided by North Canton Board of Education, Department of Personnel.
 - (4) Ohio Bureau of Employment Services, annual averages for Stark County area.

**City of North Canton, Ohio
Construction and Bank Deposits
Last Ten Years**

Table 13

Year	Commercial Construction (1)		Residential Construction (1)		Bank Deposits in Thousands (2)
	Number of Permits	Value	Number of Permits	Value	
1991	23	\$4,461,803	415	\$6,962,128	\$783,397 (3)
1992	18	3,342,531	403	5,885,253	797,601
1993	18	7,172,549	422	5,841,724	803,704
1994	24	7,602,784	415	5,713,508	848,654
1995	21	3,517,573	431	5,687,075	1,589,558 (4)
1996	23	22,381,394	415	12,087,768	1,570,223 (4)
1997	31	13,283,305	426	7,172,166	1,623,273 (4)
1998	31	7,182,504	387	15,524,616	843,638
1999	69	15,805,041	420	23,429,735	916,844
2000	101	19,727,804	421	14,704,616	1,021,596

on, Ohio, Permits and Inspection Department.

(2) The amounts provided by Federal Reserve Bank of Cleveland, Ohio are for Stark County.

(3) Starting in year 1991, Bank One's bank deposits are classified as part of Cuyahoga County.

(4) For years 1995 through 1997 Citizens Savings Bank's deposits are combined with Citizens National Bank. Thereafter, bank deposits are classified as part of Summit County.

**City of North Canton, Ohio
Principal Taxpayers
December 31, 2000**

Table 14

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Hoover Company	Manufacturer	\$18,473,720	7.61 %
Maytag Corporation	Manufacturer	8,751,220	3.60
Ohio Bell Telephone	Utility	5,469,600	2.25
Ohio Power Company	Utility	4,660,700	1.92
Versailles Gardens	Apartment Complex	4,251,040	1.75
Albrecht Incorporated	Shopping Center	2,610,260	1.08
Autlman Health Foundation	Hospital	2,047,380	0.84
Waterford at Saint Luke	Assisted Living	1,853,430	0.76
East Ohio Gas Company	Utility	1,828,060	0.75
Berlin Commons Ltd	Shopping Center	1,633,750	0.67
Subtotal		<u>51,579,160</u>	<u>0.00</u>
All Others		<u>191,194,070</u>	<u>100.00</u>
Total		<u><u>\$242,773,230</u></u>	<u><u>100.00 %</u></u>

Source: Stark County, Ohio, Auditor's Office

City of North Canton, Ohio
Miscellaneous Statistics
December 31, 2000

Table 15

Date of Incorporation	January 1, 1962
Form of Government	Mayor-Council
Area:	5.901 Square Miles 3,776,738 Acres
Miles of Streets	83.69
Number of Street Lights	1,127
Number of Traffic Lights	19
Emergency Medical Service:	
Number of Stations	1
Number of Technicians and Officers:	
Full Time	9
Part Time	29
Fire Protection:	
Number of Stations	1
Number of Firemen and Officers:	
Full Time	2
Part Time	29
Police Protection:	
Number of Stations	1
Number of Policemen and Officers:	
Full Time	25
Part Time	1
Employees:	
Full Time	115
Part Time	72
Municipal Water Department:	
Number of Consumers	8,480
Miles of Water Mains	119.64
Average Daily Gallons Sold Per Consumer	291
Sewers:	
Number of Sanitary Sewer Customers	5,881
Miles of Sanitary Sewers	61.28
Miles of Storm Sewers	45.64

continued

City of North Canton, Ohio
Miscellaneous Statistics
December 31, 2000

Table 15

Building Permits Issued:	
Residential	421
Commercial	101
Recreation and Culture:	
Number of Parks	11 (191.35 Acres)
Number of Public Libraries	1
Number of Volumes:	
Book Volumes	104,825
Talking Cassettes	4,805
Music Cassettes and Compact Discs	5,191
Video Cassettes	9,036
Compact Disc ROMS	1,088
Education:	
Attendance Centers	8
Number of Classrooms	277
Number of Administrators	22
Number of Teachers	307
Number of Students	4,714



STATE OF OHIO
OFFICE OF THE AUDITOR

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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 10, 2001**