

JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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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, 1999, and have issued our report thereon dated April 30, 2000. 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.

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 an immaterial instance of noncompliance that we have reported to management of the City in a separate letter dated April 30, 2000.

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 April 30, 2000.

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

April 30, 2000

Comprehensive Annual

Financial Report

North Canton

Ohio

for the Year Ending

December 31, 1999

CITY OF NORTH CANTON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1999

Prepared By
Department of Finance
V. Margaret Loretto, CPA
Director

INTRODUCTORY SECTION

CITY OF NORTH CANTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1999

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City of NORTH CANTON, OHIO

145 NORTH MAIN STREET
NORTH CANTON, OHIO 44720-2587

April 30, 2000

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, 1999 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 organization chart for the City, an organization 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 ten 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 Police and Firemen's Disability and 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 1999, the City has 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.

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 6 to 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 \$958,683 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 7. During 1999, all accounting principles were applied consistently with those of 1998.

ECONOMIC CONDITION AND OUTLOOK

SUMMARY OF LOCAL ECONOMY

The City continues to prosper financially in 1999. The General Fund balance is sufficient to cover the City's needs. All governmental fund types and expendable trust fund revenues for 1999 were 6.12% more than in 1998. Income tax revenues were 7.55% less than in 1998.

North Canton is a leader among Stark County's four major cities. Based on the 1990 census figures, 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 6.20% to the present rate of 4.50%.

A combination of ten ongoing and new business construction projects totaling \$12,165,000 are 46% 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 21.41% of the City's tax base for taxes paid as they relate to the City's overall general governmental revenue. The Hoover Company had a profitable year in 1999.

FUTURE ECONOMIC OUTLOOK

A local organization, called TAP (Talk About Potential), is made up of representatives from private business, schools, local government, and charitable foundations. Their purpose is to bring together all community resources to promote and coordinate improvements and establish an agenda to achieve a positive direction for the ongoing growth and quality of life in the City. TAP has organized an economic development study group to promote development and annexation in the North Canton area.

TAP has been lobbying state, county, and city governments for the State of Ohio to add an additional off ramp on Route 77 at Shuffel Road and to widen Route 77 from the North Canton area to Akron City. TAP is also involved in trying to relocate the Post Office from the north side of town to the center of the City and have a community sign installed in the center of the City.

A local insurance agency relocated its business with a \$305,000 building to the north side of the City.

The relocation of an area law firm to the City is slated for 2000. A 1923 building has been purchased for \$440,000, and \$750,000 rehabilitation is scheduled to bring it back to its original design. The project is 75% complete at year end. We expect to have 40 additional jobs moving into the City.

A bridal and formal wear business is constructing a \$325,000 building which is slated to open in the fall of 2000. It is anticipated that twenty new jobs will be coming to the City.

A Giant Eagle chain grocery store has contracted to have a 68,000 square foot store built. It is expected to open for business in the summer of 2000. The project was 90% complete at year end. An additional 29,000 square foot complex for other retail stores will be attached as a strip shopping center.

Construction has started on the Hoover Company Land Development area. Scheduled for development are 75 acres of single-family residential, 10 acres of office buildings, and 22 acres for a retail center.

Sixty-nine (69) acres of property, donated to the City in 1996, are scheduled to be developed with seven ball fields for the Little League and the remaining land developed as a nature walking trail scheduled to be complete by May 1, 2000 when league play commences.

A residential development (Monticello Subdivision) of 253 home sites on 151 acres of undeveloped land is ready for construction. Fifty-five homes are complete or under construction at year end.

First Friends Church has purchased a 40-acre tract of land for a future complex development. Realty One has a 200-acre area adjacent to the Church that currently is installing infrastructures for a residential development. Construction phase is expected to commence sometime in 2000.

A local construction firm is constructing a 10,000 square foot office building for professional

offices. The building is estimated to be valued at \$800,000 and is 50% complete at year end.

New Berlin Commons, a professional business complex, has undertaken a \$400,000 exterior facade project, which is due to start in the spring of 2000.

A \$380,000 office building for five businesses is 60% complete at year end.

Two churches are undertaking expansions and interior alterations. The Chapel has an expansion of \$2,500,000 which is 35% complete, and the Zion Church as an expansion and interior alterations that is 80% complete at year end.

Planning stages are ongoing for a future office park complex on a 12-acre site located on Main Street. Site work has begun and construction is scheduled to begin in 2000. Also, a six acre area is to be developed as a park with a pond and walking path, which is to be donated to the City.

On a ten acre City property, a Little League complex with eight ballfields was completed and commenced use April 1, 1999.

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 are as follows:

<u>ITEM</u>	<u>AMOUNT ANTICIPATED</u>	<u>PERCENT COMPLETE YEAR END</u>
Security of Persons and Property:		
Purchase Six Cruisers	\$ 150,000	100 %
Purchase Fire Pumper Truck Alerters	3,800	100
Purchase Computers	5,071	100
Purchase Radios	5,930	100
Purchase Ambulance	145,876	100
Leisure Time Activities:		
Purchase Pick-Up Truck	17,496	100
Purchase Playground Structure	9,191	100
Purchase Tractor	13,565	100
Replace Tables at Rental Centers	1,800	100
General Government:		
Purchase Computers, Furniture, and Equipment	28,555	100
Purchase Land and Building	406,779	100
Rehabilitation of Streets, Curbs, Gutters, Sidewalks	2,544,188	100

Transportation:		
Purchase Chipper	21,600	100
Purchase Dozer	54,700	100
Water Department:		
Construct and Replace Waterlines	464,428	100
Install Booster Station	350,000	100
Purchase Equipment and Furniture	14,600	100
Drill Addition Well	300,000	90
Sewer Department:		
Construct and Replace Sanitary Sewerlines	263,590	100
Construct and Replace Storm Sewerlines	146,050	100

FUTURE PROJECTS

ITEM

ESTIMATED COST

Security of Persons and Property:	
Fire Station Expansion	\$ 200,000
Purchase Ambulance	150,000
Purchase Radio Base Station	29,000
Purchase Paper Shredder	5,400
Leisure Time Activities:	
Miscellaneous Recreational Repairs	10,000
Develop Nature Park	150,000
Play Structures	8,000
Tennis Courts and Walking Path	35,000
Purchase Pick-Up Truck	23,000
Purchase Mower	32,000
General Government:	
Purchase Computers, Furniture, and Equipment	25,000
Land Acquisition	200,000
Purchase Hanging Files	8,000
Repair City Hall Porch	100,000
Transportation:	
Applegrove Road Program	580,000
Street Program (Rehabilitation of Streets, Curbs, Gutters, and Sidewalks)	1,340,000
Annual Road Program	275,000
Rebuild Main Street - Phase IV	1,000,000
Purchase Dump Truck	55,000
Purchase 4-Wheel Drive Pickup Truck	26,000
Purchase Van	20,000
Water Department:	
Purchase Fork Lift	26,000
Construct and Replace Waterlines	490,200
Construct Storage/Pressure Facilities	1,200,000
Clean Sludge Handling	500,000
Study for Plant Expansion	600,000
Plant Expansion	7,000,000
Metalize South Water Tower	90,000
Purchase Carbon Dioxide Storage System	63,500
Replace Roof on Treatment Plant	100,000
Additional Well	300,000

Sewer Department:

Construct and Replace Sanitary Sewer Lines	296,000
Construct and Replace Storm Sewer Lines	475,000
Purchase 4" Trash Pump	12,000
Purchase 4-Wheel Drive Pickup Truck	30,000

DEPARTMENTAL SERVICES AND ACCOMPLISHMENTS

The City has completed the first, second, and third phases of its Main Street Project. In 1999, we started Main Street Phase IV with the design phase and relocation of utility lines. The .25 mile area extends north of the center core section of the City. New curbs and gutters, a streetscape program, removal or relocation of electric and telephone wires are features of the project. Infrastructures are water lines and sanitary sewer lines along with storm water inlets moved out of the wheel path into new concrete curbs and gutters. New sidewalks are a combination of concrete and brick throughout the project. Decorative traffic signals along with matching decorative street lights create an aesthetically pleasing aspect of the project. The entire Main Street renovation will measure 3.2 miles in length and will be constructed over seven or eight years.

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 60% complete at year end.

The Water Department developed and drilled an additional well which is waiting EPA approval to commence usage.

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, 1999. 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 expendable trust fund totaled \$12,029,463, an increase of \$694,279 (6.12%) more than 1998. The amount of revenues and increases and decreases over last year are shown on the following tabulations:

<u>REVENUE SOURCES</u>	<u>1999 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE) OVER 1998</u>	<u>PERCENT OF INCREASE (DECREASE)</u>
City Income Tax	\$6,357,858	52.86%	\$ (519,436)	(7.55)%
Property Taxes	1,042,921	8.67	16,111	1.57
Charges for Services	298,693	2.48	(101,942)	(25.45)
Licenses and Permits	157,475	1.31	51,649	48.81
Fines and Forfeitures	30,110	0.25	(24,920)	(45.28)
Intergovernmental	3,099,228	25.76	1,242,813	66.95
Special Assessments	16,689	0.14	(4,326)	(20.59)
Ambulance Fee	66,315	0.55	55,168	494.91
Contributions/Grants	241,294	2.01	241,294	0.00
Investment Income	707,892	5.88	(116,558)	(14.14)
Other	10,988	0.09	(145,574)	(92.98)
TOTAL REVENUE	<u>\$12,029,463</u>	<u>100.00%</u>	<u>\$ 694,279</u>	6.12%

The major increase of \$1,242,813 was directly traced to estate tax due to an individual passing away last year. The \$241,294 increase of 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. The \$55,168 ambulance fee's increase was due to the fact that 1999 was the first full year that the charge was in effect. The only other significant increase of \$51,649 for Licenses and Permits relates to the strong construction industry which was also evident in our City.

The major decrease of \$519,436 in income tax revenue is traced to the payments from businesses which were partially offset by the increases we had from our employer's withholding and individual's tax receipts. The decrease of \$145,574 in other was due to the fact that in 1998 the City received a large refund from the State of Ohio because Workmen's Compensation Fund had excess funds from previous years. The final significant \$116,558 decrease in Investment Income was due to reduced interest rates during 1999.

<u>EXPENDITURES</u>	<u>1999 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE) OVER 1998</u>	<u>PERCENT OF INCREASE (DECREASE)</u>
Current:				
General Government	\$1,461,342	13.87%	\$ (78,748)	(5.11)%
Security of Persons and Property	2,565,366	24.32	133,956	5.51
Public Health and Welfare	833,863	7.91	63,220	8.20
Transportation	765,327	7.26	73,756	10.66
Community Environment	237,267	2.25	(6,602)	(2.71)
Basic Utility Services	21,020	0.20	7,870	59.85
Leisure Time Activities	719,554	6.82	43,502	6.43
Capital Outlay	3,923,594	37.22	755,703	23.86
Debt Service:				
Principal Retirement	15,000	0.14	0	0.00
Interest Charges	1,013	0.01	(1,532)	(60.20)
TOTAL EXPENDITURES	<u>\$10,543,346</u>	<u>100.00%</u>	<u>\$ 991,125</u>	10.38%

The major increase of \$755,703 in Capital Outlay was primarily due to additional street projects during 1999. The expenditure increases of \$133,956 for Security of Persons and Property, \$73,756 for Transportation, \$63,220 for Public Health and Property, and \$43,502 for Leisure Time Activities are traced to an increase in the cost of labor.

The three decreases in expenditures are small and immaterial

FUND BALANCE STATUS

The fund balance in the General Fund has a healthy carry-over to start the new year, and the Capital Improvement Fund balance is designated for the Main Street project. Adequate balances are available in all other governmental funds to meet their necessary requirements.

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 \$1,034,427. A 25% rate increase is scheduled for March 1,2000. The increase is expected to be sufficient to allow for an amount to cover 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 contract basis. Rates are based on 100% of water charges for business and residential users pay a flat fee. Bills are sent and collected monthly. The sewer fund showed an operating profit of \$177,581.

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 \$3,978, 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 \$39,747. The fund equity balance is healthy. 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

Special assessment bonds are retired from the assessments applied against specific benefitted property owners. The City carries a current bond rating from Moody's of A-1 for water revenue bonds and A for all other issues.

An outstanding debt summary is as follows:

	Balance December 31, 1998	Issued	Retired	Balance December 31, 1999
Special Assessment Bonds	\$ 15,000	\$ 0	\$ 15,000	\$ 0
TOTAL BONDED DEBT	<u>\$ 15,000</u>	<u>\$ 0</u>	<u>\$ 15,000</u>	0
Sick Leave and Vacation Pay Liability				<u>958,683</u>
TOTAL LONG-TERM OBLIGATIONS				<u>\$ 958,683</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, 1999 is as follows:

Overall Debt Margin	\$29,234,844
Unvoted Debt Margin	\$15,313,489

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 1999 totaled \$707,892.

All deposits and investments are covered by pooled collateral with a face value equal to at least 110% 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	\$19,660,433	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	1,000,000	personal service	0
All Vehicles	1,000,000	liability/comprehensive	500

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, 1999 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, 1998. 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 eleven consecutive years (fiscal years ended 1988 - 1998). 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 twelfth 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,



V. Margaret Loretto
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, 1998

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.

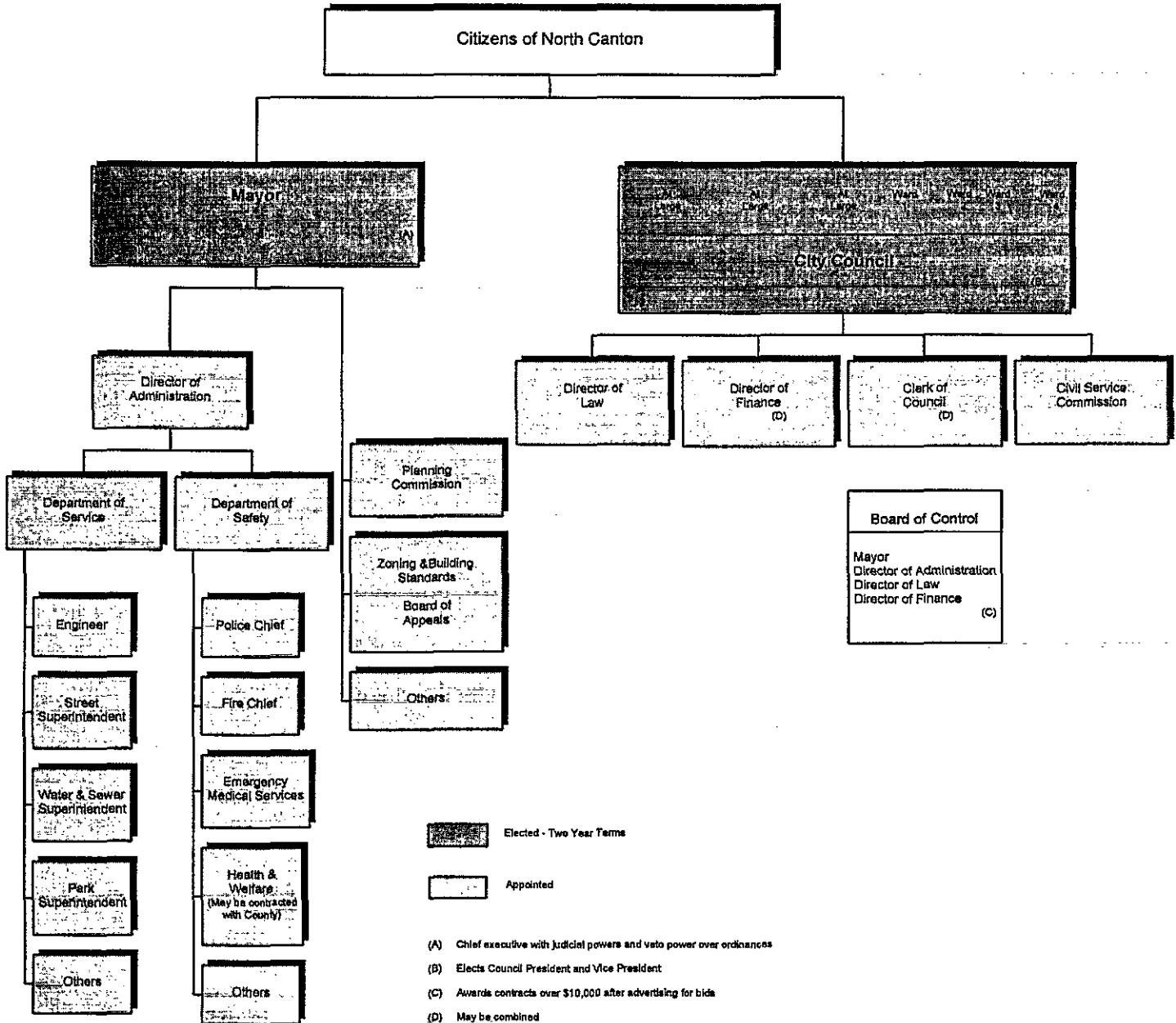


Cary Brueck
President
Jeffrey L. Esler
Executive Director

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, 1999

JON F. SNYDER, PRESIDENT
WARD 4

KATHLEEN MAGEL, AT-LARGE

THOMAS RICE, AT-LARGE

CHRISTOPHER J. THOMAS, AT-LARGE

DOUGLAS V. FOLTZ, WARD 1

GREGORY SARBACH, WARD 2

RICK McLAUGHLIN, WARD 3

APPOINTED CITY OFFICIALS

DIRECTOR OF FINANCE

V. MARGARET LORETTO

DIRECTOR OF ADMINISTRATION

JOHN M. BOYAJIAN

DIRECTOR OF LAW

WILLIAM R. HINES

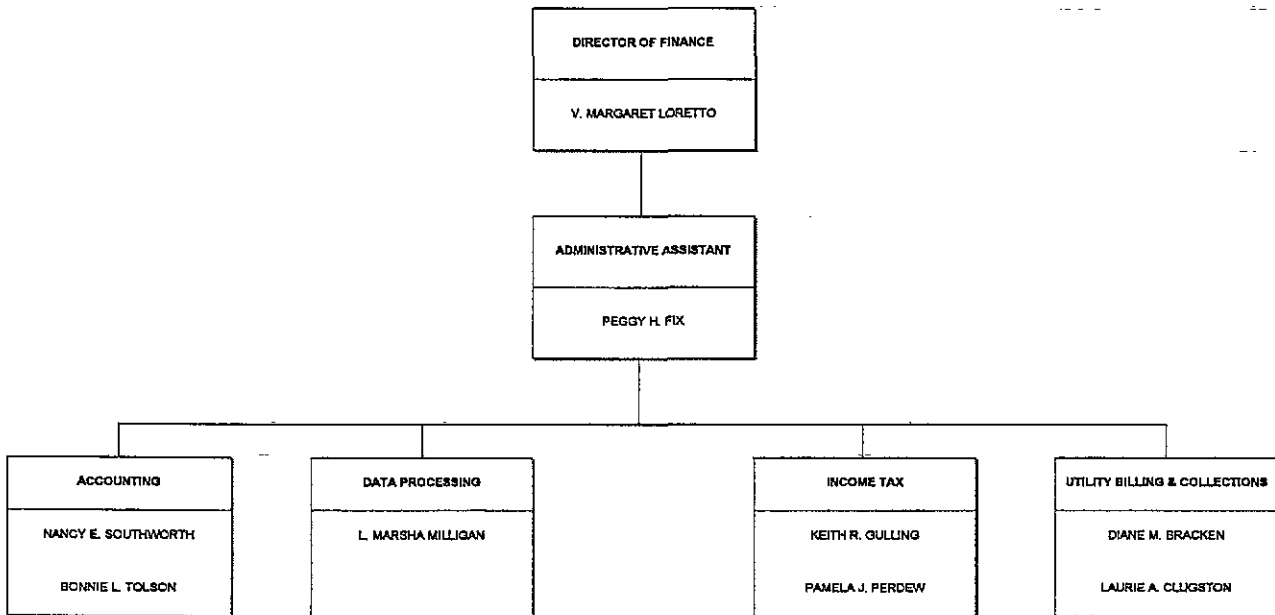
CLERK OF COUNCIL

MARY LOUISE BITTLE

The City of North Canton, Ohio

Department of Finance

Organizational Chart



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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, 1999, 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, 1999, 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 April 30, 2000, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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. 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.

City of North Canton
Stark County
Report of Independent Accountants
Page 2

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", written over a horizontal line.

Jim Petro
Auditor of State

April 30, 2000

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, 1999

	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 Fixed Assets	General Long-Term Obligations	Total (Memorandum Only)			
Assets and Other Debits													
Assets													
Cash and Cash Equivalents	\$1,093,861	\$7,778,078	\$0	\$1,213,484	\$2,304,594	\$498,956	\$13,189	\$0	\$0	\$12,902,162			
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	0	0	20,333	0	0	20,333			
Marketable Securities	24,570	2,115,939	0	0	0	0	0	0	0	2,140,509			
Receivables:													
Taxes	1,006,417	1,234,453	0	0	0	0	0	0	0	2,240,870			
Accounts	0	23,953	0	0	485,578	0	0	0	0	509,531			
Note Receivable	74,650	0	0	0	0	0	0	0	0	74,650			
Accrued Interest	5,582	0	0	0	0	0	0	0	0	5,582			
Due from Other Funds	4,550,000	0	0	4,550,000	0	0	0	0	0	9,100,000			
Intergovernmental Receivables	1,135,658	82,607	0	0	0	0	0	0	0	1,218,265			
Supply Inventory	15,686	39,560	0	0	39,215	0	0	0	0	94,461			
Prepaid Items	8,174	6,110	0	0	3,690	0	0	0	0	17,974			
Fixed Assets, (Net of Accumulated Depreciation)	0	0	0	0	15,771,970	0	0	6,034,630	0	21,806,600			
Other Debits													
Amount to be Provided from General Government Resources	0	0	0	0	0	0	0	0	958,683	958,683			
Total Assets and Other Debits	\$7,914,598	\$11,280,700	\$0	\$5,763,484	\$18,605,047	\$498,956	\$33,522	\$6,034,630	\$958,683	\$51,089,620			

continued

City of North Canton, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups - Continued
 December 31, 1999

	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 Fixed Assets	General Long-Term Obligations		
Liabilities, Fund Equity, and											
Other Credits											
Liabilities											
Accounts Payable	\$29,236	\$278,791	\$0	\$35,235	\$153,910	\$0	\$141	\$0	\$0	\$498,313	
Contracts Payable	0	0	0	212,242	0	0	0	0	0	212,242	
Accrued Wages and Benefits	324,612	89,167	0	0	420,061	0	0	0	958,683	1,792,523	
Due to Other Funds	0	9,100,000	0	0	0	0	0	0	0	9,100,000	
Deferred Revenue	1,074,418	480,144	0	0	0	0	0	0	0	1,554,562	
Deposits Held and Due to Others	0	0	0	0	0	0	20,673	0	0	20,673	
Claims Payable	0	0	0	0	0	79,595	0	0	0	79,595	
Total Liabilities	1,428,266	9,949,102	0	247,477	573,971	79,595	20,814	0	958,683	13,257,908	
Fund Equity and Other Credits											
Investment in General Fixed Assets	0	0	0	0	0	0	0	6,034,630	0	6,034,630	
Contributed Capital	0	0	0	0	4,882,208	0	0	0	0	4,882,208	
Retained Earnings:											
Unreserved	0	0	0	0	13,148,868	419,361	0	0	0	13,568,229	
Fund Balance:											
Reserve for Encumbrances	9,517	85,931	0	716,355	0	0	0	0	0	811,803	
Reserve for Inventory	15,686	39,560	0	0	0	0	0	0	0	55,246	
Reserve for Prepaid Items	8,174	6,110	0	0	0	0	0	0	0	14,284	
Unreserved, Undesignated	6,452,955	1,199,997	0	4,799,652	0	0	12,708	0	0	12,465,312	
Total Fund Equity and Other Credits	6,486,332	1,331,598	0	5,516,007	18,031,076	419,361	12,708	6,034,630	0	37,831,712	
Total Liabilities, Fund Equity, and Other Credits	\$7,914,598	\$11,280,700	\$0	\$5,763,484	\$18,605,047	\$498,956	\$33,522	\$6,034,630	\$958,683	\$51,089,620	

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, 1999

	Governmental	
	General	Special Revenue
Revenues:		
City Income Tax	\$0	\$6,357,858
Property Taxes	590,496	452,425
Charges for Services	298,693	0
Licenses and Permits	155,312	225
Fines and Forfeitures	28,740	1,370
Intergovernmental	2,118,384	980,844
Special Assessments	0	0
Ambulance Fee	0	66,315
Contributions/Grants	0	0
Investment Income	707,892	0
Other	1,048	1,754
Total Revenue	3,900,565	7,860,791
Expenditures:		
Current:		
General Government	1,271,816	189,526
Security of Persons and Property	2,254,663	304,095
Public Health and Welfare	65,042	768,759
Transportation	0	764,421
Community Environment	235,329	0
Basic Utility Services	0	21,020
Leisure Time Activities	719,554	0
Capital Outlay	153,083	802,784
Debt Service:		
Principal Retirement	0	0
Interest	0	0
Total Expenditures	4,699,487	2,850,605
Excess of Revenues Over (Under) Expenditures	(798,922)	5,010,186
Other Financing Sources (Uses):		
Sale of Assets	82,506	498
Operating Transfers - In	3,075,000	1,110,000
Operating Transfers - Out	(1,110,000)	(6,150,000)
Total Other Financing Sources (Uses)	2,047,506	(5,039,502)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,248,584	(29,316)
Fund Balances at Beginning of Year	5,236,840	1,363,753
Increase (Decrease) in Reserve for Inventory	908	(2,839)
Fund Balances at End of Year	\$6,486,332	\$1,331,598

See accompanying notes to the general purpose financial statements

Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$0	\$0	\$0	\$6,357,858
0	0	0	1,042,921
0	0	0	298,693
0	0	1,938	157,475
0	0	0	30,110
0	0	0	3,099,228
16,689	0	0	16,689
0	0	0	66,315
0	241,294	0	241,294
0	0	0	707,892
0	4,601	3,585	10,988
<u>16,689</u>	<u>245,895</u>	<u>5,523</u>	<u>12,029,463</u>
0	0	0	1,461,342
0	0	6,608	2,565,366
0	0	62	833,863
0	0	906	765,327
0	0	1,938	237,267
0	0	0	21,020
0	0	0	719,554
0	2,967,727	0	3,923,594
15,000	0	0	15,000
1,013	0	0	1,013
<u>16,013</u>	<u>2,967,727</u>	<u>9,514</u>	<u>10,543,346</u>
676	(2,721,832)	(3,991)	1,486,117
0	0	0	83,004
0	3,165,478	0	7,350,478
(90,478)	0	0	(7,350,478)
<u>(90,478)</u>	<u>3,165,478</u>	<u>0</u>	<u>83,004</u>
(89,802)	443,646	(3,991)	1,569,121
89,802	5,072,361	16,699	11,779,455
0	0	0	(1,931)
<u>\$0</u>	<u>\$5,516,007</u>	<u>\$12,708</u>	<u>\$13,346,645</u>

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, 1999

	Governmental Fund Types		
	General		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
City Income Tax	\$0	\$0	\$0
Property Taxes	649,639	590,496	(59,143)
Charges for Services	261,470	289,059	27,589
Licenses and Permits	105,000	155,312	50,312
Fines and Forfeitures	50,000	28,739	(21,261)
Intergovernmental	891,599	1,197,836	306,237
Special Assessments	0	0	0
Ambulance Fee	0	0	0
Investment Income	750,000	772,022	22,022
Contributions/Grants	0	0	0
Other	16,000	10,683	(5,317)
Total Revenue	2,723,708	3,044,147	320,439
Expenditures:			
Current:			
General Government	1,494,155	1,335,157	158,998
Security of Persons and Property	2,404,975	2,164,839	240,136
Public Health and Welfare	67,000	65,042	1,958
Transportation	500	0	500
Community Environment	300,654	258,981	41,673
Basic Utility Services	0	0	0
Leisure Time Activities	792,149	719,793	72,356
Capital Outlay	182,227	155,467	26,760
Debt Service:			
Principal Retirement	0	0	0
Interest Charges	0	0	0
Total Expenditures	5,241,660	4,699,279	542,381
Excess of Revenues Over (Under) Expenditures	(2,517,952)	(1,655,132)	862,820
Other Financing Sources (Uses):			
Sale of Assets	0	7,856	7,856
Operating Transfers - In	2,600,000	2,600,000	0
Operating Transfers - Out	(1,110,000)	(1,110,000)	0
Total Other Sources (Uses)	1,490,000	1,497,856	7,856
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(1,027,952)	(157,276)	870,676
Fund Balances at Beginning of Year	1,191,220	1,191,220	0
Prior Year Encumbrances Appropriated	49,013	49,013	0
Fund Balances at End of Year	\$212,281	\$1,082,957	\$870,676

Governmental Fund Types					
Special Revenue			Debt Service		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$5,388,366	\$6,587,467	\$1,199,101	\$0	\$0	\$0
449,482	452,425	2,943	0	0	0
0	0	0	0	0	0
0	225	225	0	0	0
4,500	1,370	(3,130)	0	0	0
1,712,300	971,521	(740,779)	0	0	0
0	0	0	16,013	16,689	676
40,000	60,381	20,381	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
40,000	1,884	(38,116)	90,478	0	(90,478)
7,634,648	8,075,273	440,625	106,491	16,689	(89,802)
210,386	193,926	16,460	0	0	0
450,200	300,235	149,965	0	0	0
848,267	776,932	71,335	0	0	0
853,758	790,439	63,319	0	0	0
0	0	0	0	0	0
23,650	21,183	2,467	0	0	0
0	0	0	0	0	0
1,652,175	878,826	773,349	0	0	0
0	0	0	15,000	15,000	0
0	0	0	2,013	1,013	1,000
4,038,436	2,961,541	1,076,895	17,013	16,013	1,000
3,596,212	5,113,732	1,517,520	89,478	676	(88,802)
0	498	498	0	0	0
1,110,000	1,110,000	0	0	0	0
(5,200,000)	(5,200,000)	0	(90,478)	(90,478)	0
(4,090,000)	(4,089,502)	498	(90,478)	(90,478)	0
(493,788)	1,024,230	1,518,018	(1,000)	(89,802)	(88,802)
8,756,586	8,756,586	0	89,802	89,802	0
20,670	20,670	0	0	0	0
\$8,283,468	\$9,801,486	\$1,518,018	\$88,802	\$0	(\$88,802)

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, 1999

	Governmental Fund Type		
	Capital Projects		
	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	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	0	0	0
Special Assessments	0	0	0
Ambulance Fee	0	0	0
Investment Income	0	0	0
Contributions/Grants	241,294	241,294	0
Other	5,000	4,602	(398)
Total Revenue	246,294	245,896	(398)
Expenditures:			
Current:			
General Government	0	0	0
Security of Persons and Property	0	0	0
Public Health and Welfare	0	0	0
Transportation	0	0	0
Community Environment	0	0	0
Basic Utility Services	0	0	0
Leisure Time Activities	0	0	0
Capital Outlay	3,703,070	3,693,172	9,898
Debt Service:			
Principal Retirement	0	0	0
Interest Charges	0	0	0
Total Expenditures	3,703,070	3,693,172	9,898
Excess of Revenues Over (Under) Expenditures	(3,456,776)	(3,447,276)	9,500
Other Financing Sources (Uses):			
Sale of Assets	0	0	0
Operating Transfers - In	2,690,478	2,690,478	0
Operating Transfers - Out	0	0	0
Total Other Sources (Uses)	2,690,478	2,690,478	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(766,298)	(756,798)	9,500
Fund Balances at Beginning of Year	770,619	770,619	0
Prior Year Encumbrances Appropriated	235,831	235,831	0
Fund Balances at End of Year	\$240,152	\$249,652	\$9,500

See accompanying notes to the general purpose financial statements

Fiduciary Fund Type			Total		
Expendable Trust			(Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$5,388,366	\$6,587,467	\$1,199,101
0	0	0	1,099,121	1,042,921	(56,200)
0	0	0	261,470	289,059	27,589
5,500	2,042	(3,458)	110,500	157,579	47,079
0	0	0	54,500	30,109	(24,391)
0	0	0	2,603,899	2,169,357	(434,542)
0	0	0	16,013	16,689	676
0	0	0	40,000	60,381	20,381
0	0	0	750,000	772,022	22,022
0	0	0	241,294	241,294	0
4,500	2,654	(1,846)	155,978	19,823	(136,155)
10,000	4,696	(5,304)	10,721,141	11,386,701	665,560
6,167	2,745	3,422	1,710,708	1,531,828	178,880
15,970	6,608	9,362	2,871,145	2,471,682	399,463
504	62	442	915,771	842,036	73,735
225	0	225	854,483	790,439	64,044
0	0	0	300,654	258,981	41,673
0	0	0	23,650	21,183	2,467
0	0	0	792,149	719,793	72,356
0	0	0	5,537,472	4,727,465	810,007
0	0	0	15,000	15,000	0
0	0	0	2,013	1,013	1,000
22,866	9,415	13,451	13,023,045	11,379,420	1,643,625
(12,866)	(4,719)	8,147	(2,301,904)	7,281	2,309,185
0	0	0	0	8,354	8,354
0	0	0	6,400,478	6,400,478	0
0	0	0	(6,400,478)	(6,400,478)	0
0	0	0	0	8,354	8,354
(12,866)	(4,719)	8,147	(2,301,904)	15,635	2,317,539
17,908	17,908	0	10,826,135	10,826,135	0
0	0	0	305,514	305,514	0
\$5,042	\$13,189	\$8,147	\$8,829,745	\$11,147,284	\$2,317,539

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, 1999

	Enterprise	Internal Service	Total (Memorandum Only)
Operating Revenues:			
Customer Charges	\$4,432,982	\$0	\$4,432,982
Quasi-External Transactions With Other Funds	0	687,283	687,283
Tap-In Fees	212,700	0	212,700
Other Operating Revenue	16,338	0	16,338
Total Operating Revenues	4,662,020	687,283	5,349,303
Operating Expenses:			
Personal Services	1,492,233	0	1,492,233
Contractual Services	2,711,633	96,516	2,808,149
Claims and Judgments	0	630,514	630,514
Materials and Supplies	631,460	0	631,460
Depreciation	679,562	0	679,562
Total Operating Expenses	5,514,888	727,030	6,241,918
Operating Loss	(852,868)	(39,747)	(892,615)
Non-Operating Revenues:			
Gain on Sale of Assets	1,263	0	1,263
Total Non-Operating Revenues	1,263	0	1,263
Net Loss	(851,605)	(39,747)	(891,352)
Depreciation on Fixed Assets Acquired by Contributed Capital	101,835	0	101,835
Retained Earnings at Beginning of Year	13,898,638	459,108	14,357,746
Retained Earnings at End of Year	13,148,868	419,361	13,568,229
Contributed Capital at Beginning of Year	4,551,828	0	4,551,828
Current Year contributions:			
by Developers	432,215	0	432,215
Depreciation on Fixed Assets Acquired by Contributed Capital	(101,835)	0	(101,835)
Contributed Capital at End of Year	4,882,208	0	4,882,208
Total Fund Equity at End of Year	\$18,031,076	\$419,361	\$18,450,437

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, 1999

	Enterprise	Internal Service	Total (Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
Operating Activities:			
Cash Received From Customers	\$4,661,360	\$0	\$4,661,360
Cash Received From Quasi-External Transactions With Other Funds	0	694,970	694,970
Cash Payments for Goods and Services	(3,454,264)	(96,516)	(3,550,780)
Cash Payments for Wages and Benefits	(1,410,532)	0	(1,410,532)
Cash Payments for Claims	0	(584,682)	(584,682)
Net Cash Provided by (Used for) Operating Activities	(203,436)	13,772	(189,664)
Capital and Related Financing Activities:			
Cash from Disposal of Capital Assets	51,280	0	51,280
Payments for Capital Acquisitions	(397,022)	0	(397,022)
Net Cash (Used for) Capital and Related Financing Activities	(345,742)	0	(345,742)
Increase (Decrease) in Cash and Cash Equivalents	(549,178)	13,772	(535,406)
Cash and Cash Equivalents at Beginning of Year	2,853,772	485,184	3,338,956
Cash and Cash Equivalents at End of Year	\$2,304,594	\$498,956	\$2,803,550
<u>Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Loss	(\$852,868)	(\$39,747)	(\$892,615)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:			
Depreciation Expense	679,562	0	679,562
Changes in Operating Assets and Liabilities:			
(Increase) Decrease Accounts Receivable	(661)	7,688	7,027
(Increase) Supply Inventory	(19,834)	0	(19,834)
Increase Accounts Payable	93,358	0	93,358
Increase Claims Payable	0	45,831	45,831
(Decrease) Contracts Payable	(81,097)	0	(81,097)
(Decrease) Accrued Wages and Benefits	(21,896)	0	(21,896)
Net Cash Provided by (Used for) Operating Activities	(\$203,436)	\$13,772	(\$189,664)

In addition to the above, the Enterprise Funds had non-cash financing transactions. Developers contributed \$432,215 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, 1999

	Enterprise		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Customer Charges	\$4,145,000	\$4,432,322	\$287,322
Tap-In Fees	155,000	212,700	57,700
Other Operating Revenue	0	16,338	16,338
Total Revenue	4,300,000	4,661,360	361,360
Expenses:			
Current:			
Personal Services	1,512,343	1,488,162	24,181
Contractual Services	2,546,061	2,077,591	468,470
Claims and Judgments	2,050	1,550	500
Materials and Supplies	667,749	650,368	17,381
Other Operating Expense	6,400	3,959	2,441
Capital Outlay	2,159,056	1,183,753	975,303
Total Expenses	6,893,659	5,405,383	1,488,276
Excess of Revenues Over (Under) Expenses	(2,593,659)	(744,023)	1,849,636
Other Financing Sources:			
Sale of Assets	0	51,280	51,280
Total Other Sources	0	51,280	51,280
Excess of Revenues Over (Under) Expenses and Other Financing Sources	(2,593,659)	(692,743)	1,900,916
Fund Equity at Beginning of Year	2,610,823	2,610,823	0
Prior Year Encumbrances Appropriated	242,949	242,949	0
Fund Equity at End of Year	\$260,113	\$2,161,029	\$1,900,916

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)
\$600,000	\$694,970	\$94,970	\$4,745,000	\$5,127,292	\$382,292
0	0	0	155,000	212,700	57,700
0	0	0	0	16,338	16,338
600,000	694,970	94,970	4,900,000	5,356,330	456,330
0	0	0	1,512,343	1,488,162	24,181
131,500	96,516	34,984	2,677,561	2,174,107	503,454
775,475	584,682	190,793	777,525	586,232	191,293
0	0	0	667,749	650,368	17,381
100	0	100	6,500	3,959	2,541
0	0	0	2,159,056	1,183,753	975,303
907,075	681,198	225,877	7,800,734	6,086,581	1,714,153
(307,075)	13,772	320,847	(2,900,734)	(730,251)	2,170,483
0	0	0	0	51,280	51,280
0	0	0	0	51,280	51,280
(307,075)	13,772	320,847	(2,900,734)	(678,971)	2,221,763
484,709	484,709	0	3,095,532	3,095,532	0
475	475	0	243,424	243,424	0
\$178,109	\$498,956	\$320,847	\$438,222	\$2,659,985	\$2,221,763

CITY OF NORTH CANTON
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999

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, 1999, 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, 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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

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

resources. The following are the City's governmental fund types:

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.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

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

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.

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 or nonexpendable 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 included income taxes withheld by employers, interest on investments, fines and forfeitures, intergovernmental revenues (including motor vehicle

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

B. BASIS OF ACCOUNTING - (continued)

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, 1999 and delinquent property taxes, whose 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.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

C. BUDGETS AND BUDGETARY ACCOUNTING - (continued)

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 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. Two supplemental appropriation ordinances were enacted by Council during 1999.

BUDGETED LEVEL OF EXPENDITURE

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. Council's appropriations are made by line-item. 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. The appropriation ordinances adopted by Council are at the fund level, the legal level of control.

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.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

C. BUDGETS AND BUDGETARY ACCOUNTING - (continued)

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 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, 1999.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

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

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 1999, interest costs incurred on construction projects in proprietary funds were not material.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

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. 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.

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.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

(continued)

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 fifty percent 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 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, 1999 is \$958,683.

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, 1999 was \$343,249 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 \$79,595 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.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 2 - DEPOSITS AND INVESTMENTS

A. EQUITY IN POOLED CASH AND INVESTMENTS

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.

B. POLICIES AND PRACTICES

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.

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 110% 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.

C. DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the City's deposits was \$5,402,495, and the bank balance was \$5,425,031. Of the bank balance:

1. \$243,404 was covered by the federal depository insurance.
2. \$5,181,627 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. This pooled collateral would require the deposits to be classified under category three.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

C. DEPOSITS AND INVESTMENTS- (continued)

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

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity'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 or agent but not in the entity's name.)

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. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent but not in the City's name. The investment in the State Treasurer's investment pool is not categorized because it does not represent securities which exist in physical or book entry form.

	<u>CATEGORY</u>			<u>FAIR VALUE</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Government Securities	<u>\$ 2,140,509</u>	<u>\$ 0</u>	<u>\$ 0</u>	\$ 2,140,509
State Treasurer's Investment pool				<u>7,520,000</u>
Total Investments				<u>\$ 9,660,509</u>

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. 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, 1999.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

C. DEPOSITS AND INVESTMENTS - (continued)

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 \$2,115,939 and they had an unrealized gain of \$24,570 for a total fair value of \$2,140,509. These securities generated interest income of \$126,322 during the current year.

Investment income from all sources is as follows:

Interest	\$683,322
Unrealized gain (net increase in the fair value of investments)	<u>24,570</u>
Total investment income	<u>\$707,892</u>

Interest revenue credited to the general fund during fiscal year 1999 amounted to \$707,892, which includes \$441,724 assigned from other City funds.

NOTE 3 - 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.

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 fifty percent to the General Fund and fifty percent to the Capital Improvement Fund.

NOTE 4 - 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 1999 were levied after October 1 on the assessed value listed as of January 1, 1998, 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 1994. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 4 - PROPERTY TAX - (continued)

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, 1999 was \$5.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

<u>CATEGORY</u>	<u>ASSESSED VALUE</u> <u>(IN THOUSANDS)</u>
Real Estate	\$235,909
Public Utility Personal	13,799
Tangible Personal	<u>28,719</u>
Total	<u>\$278,427</u>

NOTE 5 - SUBSEQUENT EVENT

On February 22, 2000, the City Water Enterprise Fund entered into a \$1,000,000 loan with the Ohio Water Development Authority for the construction of an underground water storage system. Construction on the project has started and is scheduled to be completed around October 2000.

NOTE 6 - INTERGOVERNMENTAL RECEIVABLES

Receivables at December 31, 1999 consisted of taxes, intergovernmental receivables arising from entitlements or shared revenues, accounts, and interest on investments. All receivables are considered fully collectible.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 6 - INTERGOVERNMENTAL RECEIVABLES - (continued)

A summary of the principal items of intergovernmental receivables follows:

<u>FUND TYPE/FUND</u>	<u>AMOUNTS</u>
GENERAL FUND	
Estate Tax	\$1,021,818
Local Government State Support	45,840
Homestead and Rollback Exemption	<u>68,000</u>
Total - General Fund	<u>1,135,658</u>
SPECIAL REVENUE FUNDS	
Vehicle Registration Tax	8,896
Gasoline Tax	34,400
DUI Court Collections	215
Homestead and Rollback Exemption	<u>39,096</u>
Total - Special Revenue Funds	<u>82,607</u>
Total - All Funds	<u>\$1,218,265</u>

NOTE 7 - FIXED ASSETS

A. GENERAL FIXED ASSETS

Changes in general fixed assets during 1999 are as follows:

	<u>BALANCES</u> <u>1-1-99</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCES</u> <u>12-31-99</u>
Land	\$2,468,612	\$ 401,099	\$ (401,099)	\$ 2,468,612
Buildings & Improvements	4,560,511	9,014	0	4,569,525
Equipment	<u>4,157,577</u>	<u>615,854</u>	<u>(225,252)</u>	<u>4,548,179</u>
Total	11,186,700	1,025,967	(626,351)	11,586,316
Accumulated Depreciation	<u>(5,202,658)</u>	<u>(445,722)</u>	<u>(96,694)</u>	<u>(5,551,686)</u>
Net	<u>\$5,984,042</u>	<u>\$ 580,245</u>	<u>\$ (529,657)</u>	<u>\$ 6,034,630</u>

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 7 - FIXED ASSETS - (continued)

B. PROPRIETARY FUND FIXED ASSETS

All fixed assets relate to water and sewer enterprise funds:

	BALANCES
	<u>12-31-99</u>
Land	\$ 602,367
Buildings & Improvements	4,691,574
Equipment	1,064,057
Infrastructures	<u>21,462,527</u>
Total	27,820,525
Accumulated Depreciation	<u>(12,048,555)</u>
Net	<u>\$15,771,970</u>

NOTE 8 - BUDGET BASIS OF ACCOUNTING

Adjustments necessary to convert the results of operations and fund balances at December 31, 1999 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>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>EXPENDABLE TRUST</u>
GAAP basis:	\$ 1,248,584	\$ (29,316)	\$ (89,802)	\$ 443,646	\$ (3,991)
Increase (decrease) due to:					
Transfers-in	(475,000)	0	0	(475,000)	0
Revenues accruals	(931,068)	214,482	0	1	(827)
Transfers-out	0	950,000	0	0	0
Expenditure accruals	10,640	(18,404)	0	238,386	99
Encumbrances	<u>(10,432)</u>	<u>(92,532)</u>	0	<u>(963,831)</u>	<u>0</u>
Budget basis:	<u>\$ (157,276)</u>	<u>\$1,024,230</u>	<u>\$ (89,802)</u>	<u>\$ (756,798)</u>	<u>\$ (4,719)</u>

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 8 - BUDGET BASIS OF ACCOUNTING - (continued)

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

	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
GAAP basis:	\$ (851,605)	\$ (39,747)
Increase (decrease) due to:		
Revenues accruals	49,357	7,688
Expense accruals	(1,213,221)	45,831
Encumbrances	(143,567)	0
Capital Outlay	786,731	0
Depreciation	679,562	0
Budget basis:	<u>\$ (692,743)</u>	<u>\$ 13,772</u>

NOTE 9 - 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, 1999 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	\$ 2,450,210	\$ 1,697,642	\$ 514,168	\$ 4,662,020
Operating Expenses:				
Depreciation	525,812	153,750	0	679,562
Other	<u>2,958,825</u>	<u>1,366,311</u>	<u>510,190</u>	<u>4,835,326</u>
Total Operating Expenses	<u>3,484,637</u>	<u>1,520,061</u>	<u>510,190</u>	<u>5,514,888</u>
Operating Income (Loss)	<u>\$ (1,034,427)</u>	<u>\$ 177,581</u>	<u>\$ 3,978</u>	<u>\$ (852,868)</u>
Net Income (Loss)	\$ (1,033,164)	\$ 177,581	\$ 3,978	\$ (851,605)
Total Assets	13,097,469	5,308,632	198,946	18,605,047
Total Liabilities	450,621	87,290	36,060	573,971
Working Capital	1,299,165	797,055	162,886	2,259,106
Current Contributed Capital by Developers	196,561	235,654	0	432,215

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 9 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS - (continued)

	<u>WATER REVENUE</u>	<u>SEWER REVENUE</u>	<u>GARBAGE SERVICE</u>	<u>TOTALS</u>
Outstanding Encumbrances	121,741	21,826	0	143,567
Total Fund Equity	12,646,848	5,221,342	162,886	18,031,076
Infrastructures:				
Beginning of Year	\$ 12,474,470	8,288,703	0	20,763,173
Additions	464,428	263,590	0	728,018
Deletions	<u>(13,145)</u>	<u>(15,519)</u>	<u>0</u>	<u>(28,664)</u>
Total End of Year	12,925,753	8,536,774	0	21,462,527
Accumulated Depreciation	<u>(4,236,072)</u>	<u>(4,200,525)</u>	<u>0</u>	<u>(8,436,597)</u>
Net Total End of Year	<u>\$ 8,689,681</u>	<u>4,336,249</u>	<u>0</u>	<u>13,025,930</u>
Fixed Assets:				
Beginning of Year	\$ 18,652,728	\$ 8,430,276	\$ 0	\$27,083,004
Additions	566,586	263,590	0	830,176
Deletions	<u>(71,136)</u>	<u>(21,519)</u>	<u>0</u>	<u>(92,655)</u>
Total End of Year	19,148,178	8,672,347	0	27,820,525
Accumulated Depreciation	<u>(7,800,495)</u>	<u>(4,248,060)</u>	<u>0</u>	<u>(12,048,555)</u>
Net Total End of Year	<u>\$ 11,347,683</u>	<u>\$ 4,424,287</u>	<u>\$ 0</u>	<u>\$15,771,970</u>

NOTE 10 - 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.

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. The

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM - (continued)

employee contribution rate for employees is 8.5%. The 1999 employer rate for local government employer units is 13.55% of covered payroll. The City's contributions to the PERS of Ohio for the years ended December 31, 1999, 1998, and 1997 are \$526,537, \$490,930, and \$448,803, 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 retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. 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 post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The City's rate is 13.55% of covered payroll; 4.20% was the portion that was used to fund health care for the year 1999. The City's contribution to the PERS of Ohio to fund postemployment benefits for 1999 is \$163,207.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

OPEB are financed through employer contributions and investment earnings there on. The contributions allocated to retiree health care and medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 are \$523,599,349 statewide. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments are \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 is 118,062 statewide.

Effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND

The following information is provided by the Ohio Police and Fire Pension Fund (OP&F) to assist the City in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers".

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,

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND - (continued)

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, 1999, 1998, and 1997 are \$224,512, \$224,371, and \$195,675 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 6.5% and 7.0% of covered payroll in 1998 and 1999, respectively. The allocation is 7.25% in 2000. 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 \$80,600 for police. Funding and accounting were on a pay-as-you-go basis. As of December 31, 1998, the number of participants eligible to receive health care benefits statewide was 11,424 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, 1998 (the latest information available) were \$78,596,790 statewide, which was net of member contributions of \$5,331,515.

NOTE 11 - 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 1999, the cost totals \$342.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 12 - OUTSTANDING DEBT

A. BONDED DEBT

Bonded debt for the year ended December 31, 1999 is as follows:

	<u>BALANCE</u> <u>01-01-99</u>	<u>ISSUED</u> <u>(RETIRED)</u>	<u>BALANCE</u> <u>12-31-99</u>
SPECIAL ASSESSMENT BONDS:			
6.75% Sewer System Improvement	\$ 15,000	\$ (15,000)	\$ 0
TOTAL BONDED DEBT	<u>15,000</u>	<u>(15,000)</u>	<u>0</u>

B. OTHER LONG-TERM OBLIGATIONS

Accrued Sick and Vacation	<u>902,550</u>	<u>56,133</u>	<u>958,683</u>
TOTAL ALL LONG-TERM OBLIGATIONS	<u>\$ 917,550</u>	<u>\$ 41,133</u>	<u>\$ 958,683</u>

NOTE 13 - DUE TO/FROM OTHER FUNDS

As of December 31, 1999, interfund receivables and payables that represent amounts to be distributed to other funds from the income tax collection special revenue fund are as follows:

	<u>DUE FROM</u> <u>OTHER FUNDS</u>	<u>DUE TO</u> <u>OTHER FUNDS</u>
<u>GENERAL FUND</u>	\$4,550,000	\$ 0
<u>SPECIAL REVENUE FUND</u> City Income Tax	0	9,100,000
<u>CAPITAL PROJECTS FUND</u> Capital Improvements	<u>4,550,000</u>	<u>0</u>
Total	<u>\$9,100,000</u>	<u>\$9,100,000</u>

NOTE 14 - SIGNIFICANT TAXPAYER

The Hoover Company withheld and paid income taxes and paid property taxes totaling 21.41% of the City's general governmental revenues for the current year.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 15 - CONSTRUCTION AND OTHER COMMITMENTS

The City has negotiated with Stark County and the Federal Government to enter into a combined effort to widen Applegrove Road. The total project is estimated to be \$6,000,000 of which the City will pay \$600,000, the County \$600,000 and the balance will come from the U.S. Government. Construction is scheduled for 2000/2002.

The City is the lead agent for the Orion Road Intersection Project that is funded by the Ohio Public Works Commission. The Project is 75% located outside the political subdivision, and is estimated to cost \$887,832, which is 27% complete at year end. Payments are made directly from the Ohio Public Works Commission and a debit and credit memo entry is made on the City's records at time of payment.

The construction of a \$1,033,971 road project with Bartolone Excavating, Inc. is 20% complete as of December 31, 1999. The project includes a pedestrian walkway across a busy highway that separates Walsh University from the soccer fields, football practice fields and Little League baseball fields.

NOTE 16 - INTERFUND OPERATING TRANSFERS

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

<u>TRANSFER TO</u>	<u>TRANSFER FROM</u>			<u>TOTAL</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	
General	\$ 0	\$ 3,075,000	\$ 0	\$ 3,075,000
Special Revenue	1,110,000	0	0	1,110,000
Capital Projects	0	3,075,000	90,478	3,165,478
TOTAL	<u>\$ 1,110,000</u>	<u>\$ 6,150,000</u>	<u>\$ 90,478</u>	<u>\$ 7,350,478</u>

NOTE 17 - 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 contributed \$55,775 to the Council in 1999. Complete financial statements can be obtained from the Stark Council of Governments, Canton, Ohio.*

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS - (continued)

STARK COUNTY COMBINED GENERAL HEALTH DISTRICT - The City participates in the Stark County Combined General Health District (the "Health District") which is a statutorily created political subdivision of the State. The Health District is jointly governed by Stark County townships, villages, the City of Louisville, and the City of North Canton. Of the 7 board members, the City has one appointed member. The board is made up of various professionals who are equally representative of the general health district. The board exercises total authority over the operation of the Health District including budgeting, appropriation, contracting, and designating management. The City does not have an equity interest in the Health District. The Health District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City contributed \$65,042 to the Health District in 1999. Complete financial statements can be obtained from the Stark County Combined General Health District, Canton, Ohio.

NOTE 18 - 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 1999, the City contracted with Reliance Insurance Company for general liability, crime, equipment, fire, errors and omissions and liability in excess of \$1,000,000 to a cap of \$2,000,000. Reliance Insurance Company covers buildings and contents; Arkwright Mutual Insurance Company covers boiler and machinery; while Hartford Life and Accident has Emergency Medical Service and Fire accidental disability and death insurance. Police and professional liability are protected by the Reliance Insurance Company. 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. Vehicles are covered by Personal Services and hold 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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 18 - RISK MANAGEMENT - (continued)

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 \$79,595 reported in the Internal Service fund at December 31, 1999 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 1998 and 1999 are:

	<u>UNPAID CLAIMS AT BEGINNING OF YEAR</u>	<u>INCURRED CLAIMS</u>	<u>CLAIM PAYMENTS</u>	<u>UNPAID CLAIMS END OF YEAR</u>
1998	\$32,568	\$572,159	\$570,963	\$33,764
1999	33,764	654,479	608,648	79,595

NOTE 19 - 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, 1999, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$16.365 million.

NOTE 20 - 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.

**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, 1999

	City Income Tax	Fire Operating Levy	Emergency Medical Service Levy	Computer
Assets				
Cash and Cash Equivalents	\$7,307,322	\$170,021	\$125,344	\$6,006
Market Securities	2,115,939	0	0	0
Receivables:				
Taxes	736,411	99,389	181,740	0
Accounts	0	0	23,953	0
Intergovernmental Receivables	0	9,000	16,000	0
Supply Inventory	0	385	1,027	0
Prepaid Items	0	524	3,741	0
Total Assets	\$10,159,672	\$279,319	\$351,805	\$6,006
Liabilities				
Accounts Payable	\$271,435	\$112	\$4,035	\$0
Accrued Wages and Benefits	8,294	8,928	45,601	0
Due to Other Funds	9,100,000	0	0	0
Deferred Revenue	(56,994)	108,389	197,741	0
Total Liabilities	9,322,735	117,429	247,377	0
Fund Equity				
Reserved:				
Encumbrances	2,249	0	596	0
Inventory	0	385	1,027	0
Prepaid Items	0	524	3,741	0
Unreserved	834,688	160,981	99,064	6,006
Total Fund Equity	836,937	161,890	104,428	6,006
Total Liabilities and Fund Equity	\$10,159,672	\$279,319	\$351,805	\$6,006

Enforce- ment and Education	Street Construction Maintenance and Repair	Storm Sewer Levy	Street Levy	Municipal Road	Total
\$21,623	\$55,622	\$77,294	\$14,846	\$0	\$7,778,078
0	0	0	0	0	2,115,939
0	0	108,457	108,456	0	1,234,453
0	0	0	0	0	23,953
215	43,296	7,048	7,048	0	82,607
0	38,148	0	0	0	39,560
0	1,384	461	0	0	6,110
<u>\$21,838</u>	<u>\$138,450</u>	<u>\$193,260</u>	<u>\$130,350</u>	<u>\$0</u>	<u>\$11,280,700</u>
\$0	\$4,209	\$0	\$0	\$0	\$279,791
0	26,344	0	0	0	89,167
0	0	0	0	0	9,100,000
0	0	115,504	115,504	0	480,144
0	30,553	115,504	115,504	0	9,949,102
0	11,224	71,862	0	0	85,931
0	38,148	0	0	0	39,560
0	1,384	461	0	0	6,110
21,838	57,141	5,433	14,846	0	1,199,997
<u>21,838</u>	<u>107,897</u>	<u>77,756</u>	<u>14,846</u>	<u>0</u>	<u>1,331,598</u>
<u>\$21,838</u>	<u>\$138,450</u>	<u>\$193,260</u>	<u>\$130,350</u>	<u>\$0</u>	<u>\$11,280,700</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, 1999

	City Income Tax	Fire Operating Levy	Emergency Medical Service Levy	Computer
Revenues:				
City Income Tax	\$6,357,858	\$0	\$0	\$0
Property and Other Taxes	0	88,960	163,189	0
Licenses and Permits	0	225	0	0
Fines and Forfeitures	0	0	0	1,370
Intergovernmental	0	9,314	16,622	0
Ambulance Fee	0	0	66,315	0
Other	3	30	742	0
Total Revenue	6,357,861	98,529	246,868	1,370
Expenditures:				
Current:				
General Government	189,168	0	0	358
Security of Persons and Property	0	299,987	0	0
Public Health and Welfare	0	0	768,759	0
Transportation	0	0	0	0
Basic Utility Services	0	0	0	0
Capital Outlay	0	20,755	7,856	600
Total Expenditures	189,168	320,742	776,615	958
Excess of Revenues Over (Under) Expenditures	6,168,693	(222,213)	(529,747)	412
Other Financing Sources (Uses):				
Sale of Assets	0	85	413	0
Operating Transfers - In	0	320,000	620,000	0
Operating Transfers - Out	(6,150,000)	0	0	0
Total Other Sources (Uses)	(6,150,000)	320,085	620,413	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	18,693	97,872	90,666	412
Fund Balances at Beginning of Year	818,244	64,018	14,236	5,594
Increase (Decrease) in Reserve for Inventory	0	0	(474)	0
Fund Balances at End of Year	\$836,937	\$161,890	\$104,428	\$6,006

Enforce- ment and Education	Street Construction Maintenance and Repair	Storm Sewer Levy	Street Levy	Municipal Road	Total
\$0	\$0	\$0	\$0	\$0	\$6,357,858
0	0	100,138	100,138	0	452,425
0	0	0	0	0	225
0	0	0	0	0	1,370
6,221	587,021	7,720	7,720	346,226	980,844
0	0	0	0	0	66,315
0	979	0	0	0	1,754
6,221	588,000	107,858	107,858	346,226	7,860,791
0	0	0	0	0	189,526
4,108	0	0	0	0	304,095
0	0	0	0	0	768,759
0	764,421	0	0	0	764,421
0	0	21,020	0	0	21,020
0	56,025	146,050	125,000	446,498	802,784
4,108	820,446	167,070	125,000	446,498	2,850,605
2,113	(232,446)	(59,212)	(17,142)	(100,272)	5,010,186
0	0	0	0	0	498
0	170,000	0	0	0	1,110,000
0	0	0	0	0	(6,150,000)
0	170,000	0	0	0	(5,039,502)
2,113	(62,446)	(59,212)	(17,142)	(100,272)	(29,316)
19,725	172,708	136,968	31,988	100,272	1,363,753
0	(2,365)	0	0	0	(2,839)
<u>\$21,838</u>	<u>\$107,897</u>	<u>\$77,756</u>	<u>\$14,846</u>	<u>\$0</u>	<u>\$1,331,598</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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
City Income Tax	\$5,388,366	\$6,587,467	\$1,199,101
Other	0	3	3
Total Revenue	5,388,366	6,587,470	1,199,104
Expenditures:			
Current:			
General Government	210,386	193,926	16,460
Capital Outlay	1,600	641	959
Total Expenditures	211,986	194,567	17,419
Excess of Revenues Over Expenditures	5,176,380	6,392,903	1,216,523
Other Financing Sources (Uses):			
Operating Transfers - Out	(5,200,000)	(5,200,000)	0
Total Other Sources (Uses)	(5,200,000)	(5,200,000)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(23,620)	1,192,903	1,216,523
Fund Balances at Beginning of Year	8,222,690	8,222,690	0
Prior Year Encumbrances Appropriated	5,420	5,420	0
Fund Balances at End of Year	\$8,204,490	\$9,421,013	\$1,216,523

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$88,395	\$88,960	\$565
Intergovernmental	9,300	9,314	14
Licenses and Permits	0	225	225
Other	0	29	29
Total Revenue	97,695	98,528	833
Expenditures:			
Current:			
Security of Persons and Property	423,800	295,769	128,031
Capital Outlay	25,700	24,356	1,344
Total Expenditures	449,500	320,125	129,375
Excess of Revenues Over (Under) Expenditures	(351,805)	(221,597)	130,208
Other Financing Sources):			
Sale of Assets	0	85	85
Operating Transfers - In	320,000	320,000	0
Total Other Sources	320,000	320,085	85
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(31,805)	98,488	130,293
Fund Balances at Beginning of Year	71,533	71,533	0
Fund Balances at End of Year	\$39,728	\$170,021	\$130,293

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$162,137	\$163,189	\$1,052
Intergovernmental	16,600	16,622	22
Ambulance Fee	40,000	60,381	20,381
Other	0	741	741
Total Revenue	218,737	240,933	22,196
Expenditures:			
Current:			
Public Health and Welfare	848,267	776,932	71,335
Capital Outlay	8,400	7,856	544
Total Expenditures	856,667	784,788	71,879
Excess of Revenues Over (Under) Expenditures	(637,930)	(543,855)	94,075
Other Financing Sources:			
Sale of Assets	0	413	413
Operating Transfers - In	620,000	620,000	0
Total Other Sources	620,000	620,413	413
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(17,930)	76,558	94,488
Fund Balances at Beginning of Year	43,368	43,368	0
Prior Year Encumbrances Appropriated	1,467	1,467	0
Fund Balances at End of Year	\$26,905	\$121,393	\$94,488

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and Forfeitures	\$4,500	\$1,370	(\$3,130)
Total Revenue	4,500	1,370	(3,130)
Expenditures:			
Current:			
Security of Persons and Property	6,400	358	6,042
Capital Outlay	1,600	600	1,000
Total Expenditures	8,000	958	7,042
Excess of Revenues Over Expenditures	(3,500)	412	3,912
Fund Balances at Beginning of Year	5,594	5,594	0
Fund Balances at End of Year	\$2,094	\$6,006	\$3,912

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$5,000	\$6,598	\$1,598
Total Revenue	5,000	6,598	1,598
Expenditures:			
Current:			
Security of Persons and Property	20,000	4,108	15,892
Total Expenditures	20,000	4,108	15,892
Excess of Revenues Over (Under) Expenditures	(15,000)	2,490	17,490
Fund Balances at Beginning of Year	19,133	19,133	0
Fund Balances at End of Year	\$4,133	\$21,623	\$17,490

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$550,000	\$577,321	\$27,321
Other	40,000	1,111	(38,889)
Total Revenue	590,000	578,432	(11,568)
Expenditures:			
Current:			
Transportation	840,758	790,439	50,319
Capital Outlay	56,025	56,025	0
Total Expenditures	896,783	846,464	50,319
Excess of Revenues Over (Under) Expenditures	(306,783)	(268,032)	38,751
Other Financing Sources:			
Operating Transfers - In	170,000	170,000	0
Total Other Sources	170,000	170,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(136,783)	(98,032)	38,751
Fund Balances at Beginning of Year	125,401	125,401	0
Prior Year Encumbrances Appropriated	13,783	13,783	0
Fund Balances at End of Year	\$2,401	\$41,152	\$38,751

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$99,475	\$100,138	\$663
Intergovernmental	7,700	7,720	20
Total Revenue	107,175	107,858	683
Expenditures:			
Current:			
Basic Utility Services	23,650	21,183	2,467
Capital Outlay	217,850	217,850	0
Total Expenditures	241,500	239,033	2,467
Excess of Revenues Over (Under) Expenditures	(134,325)	(131,175)	3,150
Fund Balances at Beginning of Year	136,607	136,607	0
Fund Balances at End of Year	\$2,282	\$5,432	\$3,150

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$99,475	\$100,138	\$663
Intergovernmental	7,700	7,720	20
Total Revenue	107,175	107,858	683
Expenditures:			
Current:			
Transportation	13,000	0	13,000
Capital Outlay	125,000	125,000	0
Total Expenditures	138,000	125,000	13,000
Excess of Revenues Over (Under) Expenditures	(30,825)	(17,142)	13,683
Fund Balances at Beginning of Year	31,988	31,988	0
Fund Balances at End of Year	\$1,163	\$14,846	\$13,683

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$1,116,000	\$346,226	(\$769,774)
Total Revenue	1,116,000	346,226	(769,774)
Expenditures:			
Capital Outlay	1,216,000	446,498	769,502
Total Expenditures	1,216,000	446,498	769,502
Excess of Revenues Over (Under) Expenditures	(100,000)	(100,272)	(272)
Fund Balances at Beginning of Year	100,272	100,272	0
Fund Balances at End of Year	\$272	\$0	(\$272)

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, 1999

	Water Revenue	Sewer Revenue	Garbage Service	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	\$1,355,498	\$752,057	\$197,039	\$2,304,594
Receivables:				
Accounts	352,075	131,596	1,907	485,578
Supply Inventory	39,215	0	0	39,215
Prepaid Items	2,998	692	0	3,690
Total Current Assets	1,749,786	884,345	198,946	2,833,077
Fixed Assets, (Net of Accumulated Depreciation)	11,347,683	4,424,287	0	15,771,970
Total Assets	\$13,097,469	\$5,308,632	\$198,946	\$18,605,047
Liabilities				
Current Liabilities:				
Accounts Payable	\$80,103	\$37,873	\$35,934	\$153,910
Accrued Wages and Benefits	370,518	49,417	126	420,061
Total Liabilities	450,621	87,290	36,060	573,971
Fund Equity				
Contributed Capital	2,416,440	2,465,768	0	4,882,208
Retained Earnings:				
Unreserved	10,230,408	2,755,574	162,886	13,148,868
Total Retained Earnings	10,230,408	2,755,574	162,886	13,148,868
Total Fund Equity	12,646,848	5,221,342	162,886	18,031,076
Total Liabilities and Fund Equity	\$13,097,469	\$5,308,632	\$198,946	\$18,605,047

City of North Canton, Ohio
Combining Statement of Revenues,
Expenses and Changes in Retained Earnings
All Enterprise Funds
For the Year Ended December 31, 1999

	Water Revenue	Sewer Revenue	Garbage Service	Total
Operating Revenues:				
Customer Charges	\$2,334,790	\$1,584,024	\$514,168	\$4,432,982
Tap-In Fees	99,082	113,618	0	212,700
Other Operating Revenue	16,338	0	0	16,338
Total Operating Revenues	2,450,210	1,697,642	514,168	4,662,020
Operating Expenses:				
Personal Services	1,220,500	241,809	29,924	1,492,233
Contractual Services	1,134,440	1,104,536	472,657	2,711,633
Materials and Supplies	603,885	19,966	7,609	631,460
Depreciation	525,812	153,750	0	679,562
Total Operating Expenses	3,484,637	1,520,061	510,190	5,514,888
Operating Income (Loss)	(1,034,427)	177,581	3,978	(852,868)
Non-Operating Revenue:				
Gain on Sale of Assets	1,263	0	0	1,263
Total Non-Operating Revenue	1,263	0	0	1,263
Net Income (Loss)	(1,033,164)	177,581	3,978	(851,605)
Depreciation on Fixed Assets				
Acquired by Contributed Capital	60,543	41,292	0	101,835
Retained Earnings at Beginning of Year	11,203,029	2,536,701	158,908	13,898,638
Retained Earnings at End of Year	10,230,408	2,755,574	162,886	13,148,868
Contributed Capital at Beginning of Year	2,280,422	2,271,406	0	4,551,828
Current Year Contributions:				
by Developers	196,561	235,654	0	432,215
Depreciation on Fixed Assets				
Acquired by Contributed Capital	(60,543)	(41,292)	0	(101,835)
Contributed Capital at End of Year	2,416,440	2,465,768	0	4,882,208
Total Fund Equity at End of Year	\$12,646,848	\$5,221,342	\$162,886	\$18,031,076

City of North Canton, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Year Ended December 31, 1999

	Water Revenue	Sewer Revenue	Garbage Service	Total
<u>Increase (Decrease) in Cash and Cash Equivalents</u>				
Operating Activities:				
Cash Received From Customers	\$2,567,487	\$1,576,451	\$517,422	\$4,661,360
Cash Payments for Goods and Services	(1,877,627)	(1,099,124)	(477,513)	(3,454,264)
Cash Payments for Wages and Benefits	(1,138,765)	(241,843)	(29,924)	(1,410,532)
Net Cash Provided by Operating Activities	(448,905)	235,484	9,985	(203,436)
Capital and Related Financing Activities:				
Cash from Disposal of Capital Assets	51,280	0	0	51,280
Payments for Capital Acquisitions	(369,086)	(27,936)	0	(397,022)
Net Cash Used for Capital and Related Financing Activities	(317,806)	(27,936)	0	(345,742)
Increase (Decrease) in Cash and Cash Equivalents	(766,711)	207,548	9,985	(549,178)
Cash and Cash Equivalents at Beginning of Year	2,122,209	544,509	187,054	2,853,772
Cash and Cash Equivalents at End of Year	\$1,355,498	\$752,057	\$197,039	\$2,304,594
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss)	(\$1,034,427)	\$177,581	\$3,978	(\$852,868)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation Expense	525,812	153,750	0	679,562
Changes in Operating Assets and Liabilities:				
(Increase) Decrease Accounts Receivable	117,276	(121,191)	3,254	(661)
(Increase) Decrease Supply Inventory	(19,834)	0	0	(19,834)
Increase (Decrease) Accounts Payable	56,476	33,687	3,195	93,358
(Decrease) Contracts Payable	(81,097)	0	0	(81,097)
Increase (Decrease) Accrued Wages and Benefits	(13,111)	(8,343)	(442)	(21,896)
Net Cash Provided by (Used for) Operating Activities	(\$448,905)	\$235,484	\$9,985	(\$203,436)

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, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Customer Charges	\$2,310,000	\$2,452,067	\$142,067
Tap-In Fees	90,000	99,082	9,082
Other Operating Revenue	0	16,338	16,338
Total Revenue	2,400,000	2,567,487	167,487
Expenses:			
Current:			
Personal Services	1,222,685	1,216,395	6,290
Contractual Services	529,683	510,991	18,692
Claims and Judgments	1,550	1,550	0
Materials and Supplies	631,566	622,841	8,725
Other Operating Expenses	4,100	3,383	717
Capital Outlay	2,001,856	1,152,057	849,799
Total Expenses	4,391,440	3,507,217	884,223
Excess of Revenues Over (Under) Expenses	(1,991,440)	(939,730)	1,051,710
Other Financing Sources (Uses):			
Sale of Assets	0	51,280	51,280
Total Other Sources	0	51,280	51,280
Excess of Revenues Over (Under) Expenses and Other Financing Sources	(1,991,440)	(888,450)	1,102,990
Fund Equity at Beginning of Year	2,003,029	2,003,029	0
Prior Year Encumbrances Appropriated	119,180	119,180	0
Fund Equity at End of Year	\$130,769	\$1,233,759	\$1,102,990

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, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Customer Charges	\$1,335,000	\$1,462,833	\$127,833
Tap-In Fees	65,000	113,618	48,618
Total Revenue	1,400,000	1,576,451	176,451
Expenses:			
Current:			
Personal Services	256,358	241,843	14,515
Contractual Services	1,469,678	1,096,994	372,684
Claims and Judgments	500	0	500
Materials and Supplies	27,983	19,918	8,065
Other Operating Expenses	1,800	278	1,522
Capital Outlay	157,200	31,696	125,504
Total Expenses	1,913,519	1,390,729	522,790
Excess of Revenues Over (Under) Expenses	(513,519)	185,722	699,241
Fund Equity at Beginning of Year	420,740	420,740	0
Prior Year Encumbrances Appropriated	123,769	123,769	0
Fund Equity at End of Year	\$30,990	\$730,231	\$699,241

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, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Customer Charges	\$500,000	\$517,422	\$17,422
Total Revenue	500,000	517,422	17,422
Expenses:			
Current:			
Personal Services	33,300	29,924	3,376
Contractual Services	546,700	469,606	77,094
Materials and Supplies	8,200	7,609	591
Other Operating Expenses	500	298	202
Total Expenses	588,700	507,437	81,263
Excess of Revenues Over (Under) Expenses	(88,700)	9,985	98,685
Fund Equity at Beginning of Year	187,054	187,054	0
Fund Equity at End of Year	\$98,354	\$197,039	\$98,685

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, 1999

	Expendable Trust	Agency Funds	Total
Assets			
Cash and Cash Equivalents	\$13,189	\$0	\$13,189
Cash and Cash Equivalents in Segregated Accounts	0	20,333	20,333
Total Assets	\$13,189	\$20,333	\$33,522
Liabilities			
Accounts Payable	\$141	\$0	\$141
Deposits Held and Due to Others	340	20,333	20,673
Total Liabilities	481	20,333	20,814
Fund Equity			
Fund Balance: Unreserved	12,708	0	12,708
Total Fund Equity	12,708	0	12,708
Total Liabilities and Fund Equity	\$13,189	\$20,333	\$33,522

City of North Canton, Ohio
 Combining Statement of Changes in Assets and Liabilities
 All Agency Funds
 For the Year Ended December 31, 1999

	Balance 01/01/99	Additions	Reductions	Balance 12/31/99
Mayor's Court Assets				
Cash and Investments in Segregated Accounts	\$180	\$34,421	\$34,241	\$360
Total Assets	\$180	\$34,421	\$34,241	\$360
Liabilities				
Deposits Held and Due Others	\$180	\$34,421	\$34,241	\$360
Total Liabilities	\$180	\$34,421	\$34,241	\$360

	Balance 01/01/99	Additions	Reductions	Balance 12/31/99
Required Deposits Assets				
Cash and Investments in Segregated Accounts	\$854	\$51,776	\$32,657	\$19,973
Total Assets	\$854	\$51,776	\$32,657	\$19,973
Liabilities				
Deposits Held and Due Others	\$854	\$51,776	\$32,657	\$19,973
Total Liabilities	\$854	\$51,776	\$32,657	\$19,973

continued

City of North Canton, Ohio
 Combining Statement of Changes in Assets and Liabilities - Continued
 All Agency Funds
 For the Year Ended December 31, 1999

	Balance 01/01/99	Additions	Reductions	Balance 12/31/99
Total - All Agency Funds				
Assets				
Cash and Investments in Segregated Accounts	\$1,034	\$86,197	\$66,898	\$20,333
Total Assets	\$1,034	\$86,197	\$66,898	\$20,333
Liabilities				
Deposits Held and Due Others	\$1,034	\$86,197	\$66,898	\$20,333
Total Liabilities	\$1,034	\$86,197	\$66,898	\$20,333

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, 1999

General Fixed Assets:

Land	\$2,468,612
Buildings	4,569,525
Equipment	4,548,179
	<hr/>
Total General Fixed Assets	11,586,316
Less Accumulated Depreciation	(5,551,686)
	<hr/>
Net General Fixed Assets	<u><u>\$6,034,630</u></u>

Investment in General Fixed Assets From:

General Fund	\$2,852,043
Special Revenue Funds	2,195,921
Capital Improvement Fund	5,434,066
Grants and Gifts	1,104,286
	<hr/>
Total General Fixed Assets	11,586,316
Less Accumulated Depreciation	(5,551,686)
	<hr/>
Net Investment in General Fixed Assets	<u><u>\$6,034,630</u></u>

City of North Canton, Ohio
Schedule of Changes in General Fixed Assets by Function and Department
For the Year Ended December 31, 1999

	Balance December 31, 1998	Additions	Deletions	Balance December 31, 1999
City Wide:				
Land	\$2,468,612	\$401,099	\$401,099	\$2,468,612
Buildings and Improvement	4,560,511	9,014	0	4,569,525
Total City Wide	7,029,123	410,113	401,099	7,038,137
Public Safety:				
Police Department	663,024	160,730	119,305	704,449
Fire Department	1,503,762	22,934	5,596	1,521,100
Emergency Medical Service	393,711	155,162	9,404	539,469
Total Public Safety	2,560,497	338,826	134,305	2,765,018
Leisure Time Activities:				
Parks	222,480	59,746	0	282,226
Recreation	55,173	0	0	55,173
Swimming Pool	148,855	8,542	0	157,397
Civic Center	26,865	0	18,235	8,630
Total Leisure Time Activities	453,373	68,288	18,235	503,426
Public Works:				
Street Department	450,806	96,150	8,536	538,420
Storm Sewer Department	143,572	0	0	143,572
Total Public Works	594,378	96,150	8,536	681,992
General Government:				
Mayor	16,399	5,597	1,774	20,222
Administration Department	28,473	20,714	728	48,459
Finance Department	83,895	8,903	8,733	84,065
Data Processing	105,174	9,008	8,031	106,151
Law Department	257	1,325	257	1,325
Council	39,654	376	0	40,030
Income Tax	15,193	526	645	15,074
City Hall Maintenance	52,645	0	0	52,645
Permits and Inspection	42,688	20,637	26,194	37,131
Engineering Department	106,186	45,504	17,814	133,876
Other General Government	58,765	0	0	58,765
Total General Government	549,329	112,590	64,176	597,743
Total General Fixed Assets	11,186,700	1,025,967	626,351	11,586,316
Accumulated Depreciation	(5,202,658)	(445,722)	(96,694)	(5,551,686)
Net General Fixed Assets	\$5,984,042	\$580,245	\$529,657	\$6,034,630

City of North Canton, Ohio
 Schedule of General Fixed Assets by Function and Department
 December 31, 1999

	Total	Land	Building	Equipment
City Wide:				
Land	\$2,468,612	\$2,468,612	\$0	\$0
Buildings and Improvement	4,569,525	0	4,569,525	0
Total City Wide	7,038,137	2,468,612	4,569,525	0
Public Safety:				
Police Department	704,449	0	0	704,449
Fire Department	1,521,100	0	0	1,521,100
Emergency Medical Service	539,469	0	0	539,469
Total Public Safety	2,765,018	0	0	2,765,018
Leisure Time Activities:				
Parks	282,226	0	0	282,226
Recreation	55,173	0	0	55,173
Swimming Pool	157,397	0	0	157,397
Civic Center	8,630	0	0	8,630
Total Leisure Time Activities	503,426	0	0	503,426
Public Works:				
Street Department	538,420	0	0	538,420
Storm Sewer Department	143,572	0	0	143,572
Total Public Works	681,992	0	0	681,992
General Government:				
Mayor	20,222	0	0	20,222
Administration Department	48,459	0	0	48,459
Finance Department	84,065	0	0	84,065
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	0	0	15,074
City Hall Maintenance	52,645	0	0	52,645
Permits and Inspection	37,131	0	0	37,131
Engineering Department	133,876	0	0	133,876
Other General Government	58,765	0	0	58,765
Total General Government	597,743	0	0	597,743
Total General Fixed Assets	11,586,316	2,468,612	4,569,525	4,548,179
Accumulated Depreciation	(5,551,686)	0	(2,498,097)	(3,053,589)
Total	\$6,034,630	\$2,468,612	\$2,071,428	\$1,494,590

STATISTICAL SECTION

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

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
1990	\$983,993	\$1,409,806	\$363,401	\$367,929	\$152,934	\$48,982	\$362,253	\$1,882,788	\$152,615	\$5,724,701
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

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

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
1990	\$3,606,085	\$808,235	\$121,559	\$83,515	\$67,177	\$1,178,369	\$67,917	\$801,125	\$143,616	\$6,877,598
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

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

Year	Amount
1990	\$3,606,085
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

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

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

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
1989	1990	\$921,526	\$879,382	95.43 %	\$11,925	\$891,307	96.72 %	\$30,219	3.28 %
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

Source: Stark County, Ohio, Auditor's Office

Table 5

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	
1990	\$150,479	\$429,940	\$13,636	\$13,636	\$23,415	\$83,625	\$187,530	\$527,201	35.57
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

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	Emergency			Storm Sewer	City Total	North Canton		North Canton Library	County	Township	Total
		Fire	Medical Service	Street			Schools	County				
1990	\$2.40	\$0.50	\$1.00	\$1.00	\$1.00	\$5.90	\$49.40	\$0.00	\$8.00	\$0.10	\$63.40	
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	

Source: Stark County, Ohio, Auditor's Office

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

Table 7

Year	Total Assessments Billed	Total Assessments Collected	Ratio of Collections To Amount Due	Total Outstanding Assessments
1990	\$69,251	\$67,278	97.15	\$1,973
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

Source: Stark County Ohio, Auditor's Office

City of North Canton, Ohio
 Legal Debt Margin
 December 31, 1999

Table 8

Total Assessed Value	\$278,427,081
Overall debt limitation - 10.5% of assessed valuation	29,234,844
Gross indebtedness authorized by council	\$0
Debt within 10.5% limitation	0
Legal debt margin within 10.5% limitation	\$29,234,844
Unvoted debt limitation - 5.5% of assessed valuation	\$15,313,489
Gross indebtedness authorized by council	\$0
Debt within 5.5% limitation	0
Legal debt margin within 5.5% limitation	\$15,313,489

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	
1990	\$2,416,428	\$1,483,423	\$933,005	\$280,000	\$142,375	\$422,375	2.21
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.

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	
1990	\$769,919	\$675,369	\$94,550	\$7,000	\$3,050	\$10,050	9.41
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.

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, 1999

Table 11

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of North Canton (1)	Amount Applicable to City of North Canton
Stark County	\$8,734,524	5.01 %	\$437,600
Jackson Local School District	14,394,120	0.34	48,940
North Canton City School District	22,034,795	53.86	11,867,941
Plain Local School District	860,000	2.97	25,542
Plain Township	2,298,000	34.01	781,550
Total			<u>\$13,161,572</u>

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.

Year	Population (1)	Median Age (2)	School Enrollment (Public) (3)	Unemploy- ment Rate (4)
1990	14,904	N. A.	3,846	6.20
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

- Source:
- (1) 1990 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	
1990	27	\$4,168,730	448	\$9,460,166	\$1,483,350
1991	23	4,461,803	415	6,962,128	738,397 (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

Source: (1) City of North Canton, 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, 1999

Table 14

Taxpayer	Type of Business	Assessed Valuation	Percent of Total Assessed Valuation
Hoover Company	Manufacturer	\$17,263,010	6.20 %
Maytag Corporation	Manufacturer	7,310,990	2.63
Ohio Bell Telephone	Utility	5,879,410	2.11
Ohio Power Company	Utility	4,259,390	1.53
Albrecht Incorporated	Shopping Center	2,733,280	0.98
Versailles Gardens	Apartment Complex	2,458,680	0.88
East Ohio Gas Company	Utility	1,805,290	0.65
Waterford at Saint Luke	Assisted Living	1,623,040	0.58
New Berlin Commons	Shopping Center	1,615,960	0.58
Autlman Health Foundation	Hospital	1,548,730	0.56
Subtotal		46,497,780	16.70
All Others		231,929,301	83.30
Total		<u>\$278,427,081</u>	<u>100.00 %</u>

Source: Stark County, Ohio, Auditor's Office

Date of Incorporation	January 1, 1962
Form of Government	Mayor-Council
Area:	5.801 Square Miles 3,712,437 Acres
Miles of Streets	81.68
Number of Street Lights	1,125
Number of Traffic Lights	19
Emergency Medical Service:	
Number of Stations	1
Number of Technicians and Officers:	
Full Time	9
Part Time	24
Fire Protection:	
Number of Stations	1
Number of Firemen and Officers:	
Full Time	2
Part Time	30
Police Protection:	
Number of Stations	1
Number of Policemen and Officers:	
Full Time	26
Part Time	1
Employees:	
Full Time	110
Part Time	70
Municipal Water Department:	
Number of Consumers	8,421
Miles of Water Mains	117.84
Average Daily Gallons Sold Per Consumer	319
Sewers:	
Number of Sanitary Sewer Customers	5,734
Miles of Sanitary Sewers	60.23
Miles of Storm Sewers	44.25

continued

Building Permits Issued:	
Residential	420
Commercial	69
Recreation and Culture:	
Number of Parks	11 (191.35 Acres)
Number of Public Libraries	1
Number of Volumes:	
Book Volumes	97,410
Talking Cassettes	5,016
Music Cassettes and Compact Discs	2,925
Video Cassettes	7,808
Compact Disc ROMS	566
Education:	
Attendance Centers	8
Number of Classrooms	277
Number of Administrators	12
Number of Teachers	275
Number of Students	4,635



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
JUNE 6, 2000**