



**CITY OF NORTH CANTON
STARK COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CITY OF NORTH CANTON
STARK COUNTY

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

Honorable Mayor and City Council
City of North Canton
Stark County
145 North Main Street
North Canton, Ohio 44720-2587

To the Honorable Mayor and 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, 2001, and have issued our report thereon dated June 18, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted an immaterial instance of noncompliance that we have reported to management of the City in a separate letter dated June 18, 2002.

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 June 18, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 18, 2002

City of
NORTH CANTON, OHIO



Comprehensive
Annual Financial Report
For the Fiscal Year Ended December 31, 2001

Prepared by the Department of Finance
Julie A. Herr, CPA
Director of Finance

Introductory Section



CITY OF NORTH CANTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2001

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City of NORTH CANTON, OHIO

145 NORTH MAIN STREET
NORTH CANTON, OHIO 44720-2587

June 18, 2002

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, 2001 is hereby presented. This report has been prepared and is presented to the citizens by their Director of Finance empowered through the City charter as the chief accounting officer.

INTRODUCTION

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

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

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

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

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

THE MANAGEMENT:

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

THE REPORT:

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

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

The Financial Section includes the Report of Independent Accountants, the General Purpose Financial Statements, notes to the general purpose financial statements, and individual fund and combining statements by fund type and schedules that provide additional detailed information relative to the General Purpose Financial Statements.

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

THE REPORTING ENTITY:

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

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

Certain organizations, although sharing some degree of name similarity with the City, are separate and distinct entities, not only from the City but also from each other. The City is not

financially accountable for these entities. Because of their independent nature, none of these organizations' financial statements are included in this report. These organizations are as follows:

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

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

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

The City acquired its first existence as a recognized political entity when the Village plat was recorded on February 19, 1831 as New Berlin. As a result of sentiment against Germany during World War I, the name of the Village was changed to North Canton on January 31, 1918.

North Canton was organized as a city effective January 1, 1962; the City is a home-rule municipal corporation operating under the laws of the State of Ohio. The City's current charter, its municipal constitution, has been amended seven times since its original adoption on November 8, 1960. The laws of the State of Ohio prevail when conflicts exist between the charter and the state constitution and in matters where the charter is silent. The 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.

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 2001, the City had nine special revenue funds.

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

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

PROPRIETARY FUNDS:

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

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

FIDUCIARY FUNDS:

Fiduciary funds include trust and agency funds. A trust fund is used to account for assets held by the City in a trustee capacity. Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. The City had one expendable trust fund and two agency funds during 2001.

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 the general purpose financial statements and later in this letter.

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP:

All long-term debt of the City, except that accounted for in the proprietary funds, is accounted for in this account group. The only obligation in this fund is \$1,036,239 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 8. During 2001, all accounting principles were applied consistently with those of the prior year.

ECONOMIC CONDITION AND OUTLOOK

SUMMARY OF LOCAL ECONOMY

The City is located in the northern half of Stark County and is approximately 6.23 square miles in size. The City's population, according to the 2000 census, was 16,369.

North Canton is a leader among Stark County's four major cities. Based on the 1990 census figures (the latest information available at this time), the City has the highest per capita and median household income, the lowest percentage of residents below the poverty level and the lowest overall unemployment. During the last ten years, the rate of unemployment has gone from 7.70% to the present rate of 4.00%.

The City continues to grow at a steady rate. A total of 13 new commercial building permits valued at \$8.6 million and a total of 50 new single-family residential permits valued at \$11.8 million were issued in 2001.

The City offers a Community Reinvestment Area Tax Abatement (CRA) program for

specially designated areas within the City. This program is available to both commercial and residential projects that involve new construction or renovations to existing buildings. The abatement is given on the improvement to the facilities. The City currently has five commercial and one residential CRA agreements in place.

A portion of the City is also located within an Enterprise Zone. An Enterprise Zone tax abatement program allows tax abatement on personal property items such as machinery and equipment and inventory. The City currently has two Enterprise Zone agreements in effect.

MAJOR INDUSTRY AFFECTING LOCAL ECONOMY

During 2001, the City entered into a settlement agreement with the Maytag Corporation, the parent company of the City's largest employer, the Hoover Company. This agreement resulted in the amendment of city income tax returns being filed on a consolidated basis, rather than a single company basis. This agreement resulted in the payback of \$1,078,008 over a three-year period to Maytag. There is also the potential to pay back an additional \$2,202,644 in 2004. However, this amount will be offset against future tax liabilities of the Maytag Corporation.

Although the settlement will certainly have an impact on the City's overall financial condition, the impact is not as great as it would have been in previous years. The continued diversification of new businesses within the boundaries of the City, many service oriented, have left the City less reliant on the Hoover Company. City administrators have made it clear that even though the loss in tax revenue may limit capital projects in the current and future years, there will be no reduction in the delivery of city services to its residents.

FUTURE ECONOMIC OUTLOOK

Development of the Hoover Company Land Development area, known as Washington Square, continues on into 2001. The construction of a smaller 4-unit retail center, a bank, a fast-food chain restaurant and the first two of five planned office buildings was completed during 2001.

Also under development in the Washington Square area is 75 acres for single family residential and condominiums. Of the total 151 sites available, 85 are complete or under construction.

Sixty-nine (69) acres of property, donated to the City in 1996, were developed into seven ball fields for the Little League in time for the start of their 2001 season. The remaining land is to be developed as a nature-walking trail in conjunction with the Stark County Park System. The first phase of the walking trail was near completion in 2001, the next phase will be completed in 2003.

More than half of the 159 home sites of a residential development known as Monticello Estates are complete or under construction at year-end.

Walsh University completed construction of a new 52,000 square foot Student Center valued at \$6,000,000. They also began construction of a new dorm in late 2001. The \$1,100,000 project is to be completed in 2002.

The North Canton YMCA's construction of a new addition was 70% complete as of the end of 2001. This 11,000 square foot addition is valued at \$1,600,000. The North Canton Public Library addition was also near completion at the end of 2001. This \$1,500,000 project resulted in an additional 7,500 square feet of space.

The construction of a \$3,700,000 automobile dealership and auto body shop was near completion at the end of 2001. This dealership, which is new to the City of North Canton, will result in approximately 140 new jobs to the City.

Other projects that were underway in 2001 include a \$700,000 building addition to the North Canton Medical Foundation and a \$1,250,000 building for the headquarters of the Girl Scouts Great Trail Council.

MAJOR INITIATIVES

CURRENT PROJECTS

The City entered into a \$1.1 million contract for the construction of a 24" raw waterline to connect a newly developed well field to the Water Treatment Plant. In June 2001, two separate monitoring wells surrounding this new well were found to be contaminated. Preliminary results indicated that the contamination was due to a recent dumping and that the ground water had not been affected. City officials made the decision to halt the construction of the raw waterline, which, at that time, was approximately 30% complete. In March 2002, the EPA conducted final testing of the monitoring wells and found that the wells tested clean. In order to obtain EPA approval to use this well field, it will have to be tested on a regular basis over a 12-month period.

An environmental assessment of the City's Dressler Road well field site was conducted due to accounts of dumping in prior years. This assessment, at a cost of \$190,000, was completed in late 2001. In December 2001, the City entered into a \$252,500 contract for the site investigation phase of the well field study. The actual site work began in April 2002. The investigation led to the detection of PCB's in one area of the well site, which were successfully removed. The investigation was completed, testing performed, and EPA approval granted to continue production from the well site.

In January 2001, the City entered into a \$520,000 contract for engineering and design services for improvements and upgrades to the Water Treatment Plant. These improvements will result in a more efficient operation, which will result in lower energy costs and chemical costs, as well as a safer working environment for City employees. Once the engineering plans have been completed, they will be submitted to the Ohio EPA for approval. The City is expecting to bid the estimated \$5.6 million construction project by mid-summer 2002.

The City continued its commitment to fund infrastructure projects. These projects include road resurfacing, curbs, gutters, water and sanitary lines. The City entered into contracts for three major infrastructure projects during 2001. The City also spent over \$225,000 for its annual road maintenance program.

The City spent \$165,000 for the installation of a new PVC liner for the City's Dogwood Pool. This liner will result in energy savings, chemical savings, and water conservation.

Major equipment purchases include: seven police cruisers for the Police Department at a total cost of \$168,564; a 2 1/2 ton dump truck at a cost of \$67,173; and a vacuum sweeper for the Street Department at a cost of \$123,646.

FUTURE PROJECTS

As mentioned above, the City expects to bid the Water Treatment Plant improvement project in 2002. To fund this project, the City is in the process of applying for a low interest loan from the Drinking Water State Revolving Fund. The City is also considering committing funds to an expansion of the Water Treatment Plant as well. This expansion, which would allow the plant to produce up to 9 million gallons per day, would immediately follow the construction of the improvements. The preliminary cost of the expansion is \$3.7 million.

The City is also in the planning and design stage of various infrastructure projects throughout the City. One of the more extensive projects is the Sheraton Drive improvements, which will involve road resurfacing, new storm sewers, and replacing water lines. This project is estimated to cost over \$600,000.

The City has budgeted \$123,000 for the design of Phase 1 and Phase 2 improvements to the Middlesworth subdivision. Phase 1 of the project is scheduled to begin construction in 2003. The estimated cost for both phases is \$1.5 million.

Another major project in the design phase is the Everhard/South Main Street project. This project will involve road widening, bridge reconstruction, as well as adding new turn lanes. The total estimated cost for this project is \$1.8 million. Of this amount, approximately \$1.3 million will be paid by Federal funds and \$264,000 will be paid by the County.

In May 2002, the Mayor, with Council's approval, signed a letter of intent for the City's participation in the funding of the proposed Shuffel Drive Interchange on Interstate 77. The City's participation, which is contingent on a number of conditions being met, is limited to \$600,000 of the total \$10.8 million cost. If this project goes through as planned, it is expected to be designed over the next two years with construction to begin in 2004.

The City is moving forward in its plan to improve the City's park system. In 2002, \$35,000 has been budgeted to convert the tennis courts at Dogwood Park to a skate park. The City intends to add on to this project in future years.

DEPARTMENTAL FOCUS

The events of September 11 had a direct impact in the City of North Canton, just as in many other communities across the country. The City took a hard look at security issues within the City, in particular, the City's Water Treatment Plant. In order to ensure the safety of our water treatment process, the City spent over \$71,000 installing security fences, video cameras and monitors, as well as contracting for 24-hour security monitoring.

In October 2001, the City began a curbside recycling program. This program was the result of a group effort involving the City, its garbage contractor and the Tri-County Solid Waste District. This program is being subsidized by discounted rates offered by the garbage contractor as well as a grant from the Tri-County Solid Waste District. Early statistics have indicated that the recycling program has been a success, as over 23% of properties located

in the City are participating in the program.

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, 2001. 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

Revenues from operations of general governmental functions and the expendable trust fund totaled \$10,438,202, a decrease of \$3,221,374 from 2000. The amount of revenues and increases and decreases over last year are shown on the following table:

| <u>REVENUE SOURCES</u> | <u>2001 AMOUNT</u> | <u>PERCENT OF TOTAL</u> | <u>INCREASE (DECREASE) OVER 2000</u> | <u>PERCENT OF INCREASE (DECREASE)</u> |
|-------------------------------|-------------------------------|------------------------------------|---|--|
| City Income Tax | \$5,352,806 | 51.3 % | \$(1,558,809) | (29.1)% |
| Property Taxes | 1,149,776 | 11.0 | 119,057 | 10.4 |
| Charges for Services | 312,693 | 3.0 | 7,573 | 2.4 |
| Licenses and Permits | 118,623 | 1.1 | (22,282) | (18.8) |
| Fines and Forfeitures | 91,355 | 0.9 | 5,356 | 5.9 |
| Intergovernmental | 2,364,205 | 22.6 | (1,036,142) | (43.8) |
| Ambulance Fee | 121,875 | 1.2 | 22,576 | 18.5 |
| Contributions/Grants | 22,430 | 0.2 | (610,138) | (2,720.2) |
| Investment Income | 835,486 | 8.0 | (183,866) | (22.0) |
| Other | <u>68,953</u> | <u>0.7</u> | <u>35,301</u> | <u>51.2</u> |
| TOTAL REVENUE | <u>\$10,438,202</u> | <u>100.0 %</u> | <u>\$ (3,221,374)</u> | <u>(30.9)%</u> |

The major decrease in City Income Tax is due to the tax settlement agreement with Maytag Corporation mentioned previously. The decrease in Intergovernmental revenue of \$1,036,142 is due to a decrease in estate taxes received in 2001 versus 2000. The major

decrease in Contributions/Grants is due to a State Grant that was received in 2000 for an infrastructure project. The only other significant decrease is the decrease of \$183,866 in Investment Income due to the drop in interest rates throughout the year.

EXPENDITURES

Expenditures for governmental functions totaled \$10,828,635, an increase of \$960,227 from 2000. The amount of expenditures and increases and decreases over last year are shown on the following table:

| <u>EXPENDITURES</u> | <u>2001 AMOUNT</u> | <u>PERCENT OF TOTAL</u> | <u>INCREASE (DECREASE) OVER 2000</u> | <u>PERCENT OF INCREASE (DECREASE)</u> |
|-------------------------------------|-------------------------------|------------------------------------|---|--|
| Current: | | | | |
| General Government | \$1,758,108 | 16.2 % | \$ 156,336 | 8.9 % |
| Security of Persons and Property | 2,884,587 | 26.6 | 416,545 | 14.4 |
| Public Health and Welfare | 921,120 | 8.5 | 55,206 | 6.0 |
| Transportation | 907,321 | 8.4 | (29,287) | (3.2) |
| Community Environment | 302,995 | 2.8 | 68,504 | 22.6 |
| Basic Utility Services | 25,009 | 0.2 | (10,262) | (41.0) |
| Leisure Time Activities | 858,485 | 7.9 | 139,629 | 16.3 |
| Capital Outlay | <u>3,171,010</u> | <u>29.3</u> | <u>163,556</u> | <u>5.2</u> |
| TOTAL EXPENDITURES | <u>\$10,828,635</u> | <u>100.0%</u> | <u>\$ 960,227</u> | <u>8.9 %</u> |

The increase in General Government expenditures and Security of Persons and Property is primarily due to increased personnel costs, including health care premiums which were raised 20% in 2001. The increase in Leisure Time Activities is due to increased personnel costs as well as an increase in operating and maintenance costs of the City's swimming pool and park system.

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 operating income of \$150,117, which is an increase of \$377,923 over last year's operating loss of \$227,806. The increase in operating income is due to a full year of a 25% rate increase which went into effect March 1, 2000 as well as higher consumption due to the dry summer.

The Sewer Enterprise Fund accounts for the City's sewage collection system. Treatment services are provided by the City of Canton's treatment plant on a contractual basis. Rates are based on 100% of water charges for business while residential users pay a flat fee. Bills are sent and collected monthly. The Sewer Fund showed an operating profit of \$95,620.

The Garbage Enterprise Fund accounts for garbage collection and recycling services 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 had an operating loss of \$22,689. The fund 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 \$104,302. In order to offset this loss and future increases in health care costs, the City increased health insurance premiums charged to each department by 20%. The City is satisfied with the self-funding insurance activity and intends to continue with the policy as it is presently structured.

PROPRIETARY RELATIONSHIP TO GENERAL GOVERNMENT OPERATIONS

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

DEBT ADMINISTRATION

In 2000, the City entered into a \$1.0 million loan agreement with the Ohio Water Development Authority (OWDA) for the purpose of financing the construction of an underground water storage system. Repayments on this loan began in 2001. The amount outstanding on this loan at December 31, 2001 was \$925,935.

In March 2001, the City issued \$1.3 million in one-year Water System Improvement Notes at a rate of 3.60% for the purpose of financing a new raw waterline.

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, 2001 is as follows:

| | |
|---------------------|--------------|
| Overall Debt Margin | \$34,573,408 |
| Unvoted Debt Margin | \$18,109,880 |

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 2001 totaled \$866,003.

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

RISK MANAGEMENT

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

PROPERTY AND LIABILITY INSURANCE:

| | <u>Amount</u> | | <u>Deductible per Occurrence</u> |
|-------------------------------|----------------------|---------------------------------|---|
| Building and Contents | \$20,733,976 | replacement cost | \$ 1,000 |
| Emergency Medical Service | | | |
| Malpractice: | 500,000 | per claim | 0 |
| | 500,000 | aggregate | 0 |
| Fire Department | | | |
| Errors and Omissions: | 1,000,000 | per claim/aggregate | 0 |
| Police Professional | | | |
| 1,000,000/2,000,000/2,000,000 | | per person/occurrence/aggregate | 10,000 |
| Public Officials | 1,000,000 | per occurrence/aggregate | 5,000 |
| General Liability | 1,000,000 | personal service | 0 |
| All Vehicles | 1,000,000 | liability/comprehensive | 500 |
| Umbrella Coverage | 5,000,000 | per occurrence/aggregate | 10,000 |

SURETY BOND COVERAGE:

| <u>Position</u> | <u>Coverage</u> | <u>Amount</u> | <u>Deductible</u> |
|--|------------------------|----------------------|--------------------------|
| Director of Finance | Fidelity Bond | \$25,000 | \$ 0 |
| Mayor | Fidelity Bond | 20,000 | 0 |
| Director of Administration | Fidelity Bond | 10,000 | 0 |
| Police Chief | Fidelity Bond | 10,000 | 0 |
| All Other Employees and Elected Officials | Blanket Bond | 10,000 | 0 |

OTHER

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

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

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

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

OTHER RELEVANT INFORMATION

THE INDEPENDENT AUDIT

Included in this report is an unqualified audit opinion rendered on the City's General Purpose Financial Statements as of and for the year ending December 31, 2001 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, 2000. 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 thirteen consecutive years (fiscal years ended 1988 - 2000). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

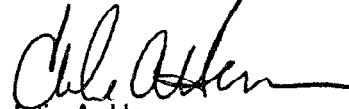
ACKNOWLEDGMENTS

Your Director of Finance strongly supports full disclosure of the City's finances. This is the

fourteenth 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,

A handwritten signature in black ink, appearing to read "Julie A. Herr", with a long horizontal flourish extending to the right.

Julie A. Herr
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Canton,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2000

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.



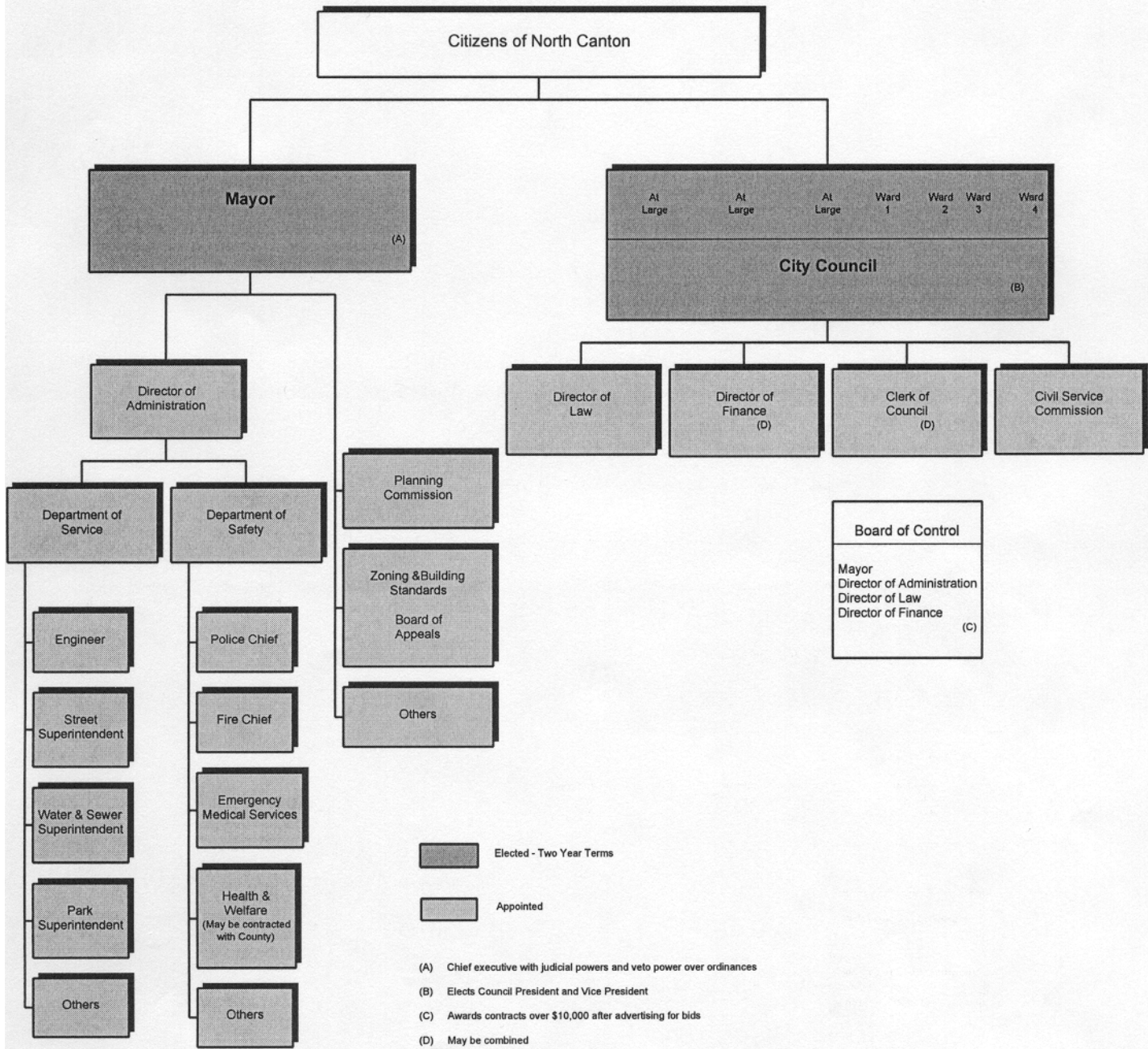
Timothy A. Drew
President

Jeffrey L. Esler
Executive Director

The City of North Canton, Ohio

Charter Government

Organizational Chart



CITY OF NORTH CANTON
ELECTED CITY OFFICIALS

MAYOR

HONORABLE THOMAS RICE

CITY COUNCIL
DECEMBER 31, 2001

JON SNYDER, PRESIDENT
WARD 4

MARCIA KIESLING, AT-LARGE

KATHLEEN MAGEL, AT-LARGE

CHARLES OSBORNE, JR., AT-LARGE

DOUGLAS V. FOLTZ, WARD 1

DAVID LINDOWER, WARD 2

RICK McLAUGHLIN, WARD 3

APPOINTED CITY OFFICIALS

DIRECTOR OF FINANCE

JULIE A. HERR

DIRECTOR OF ADMINISTRATION

DAVID J. HELD

DIRECTOR OF LAW

ROY H. BATISTA

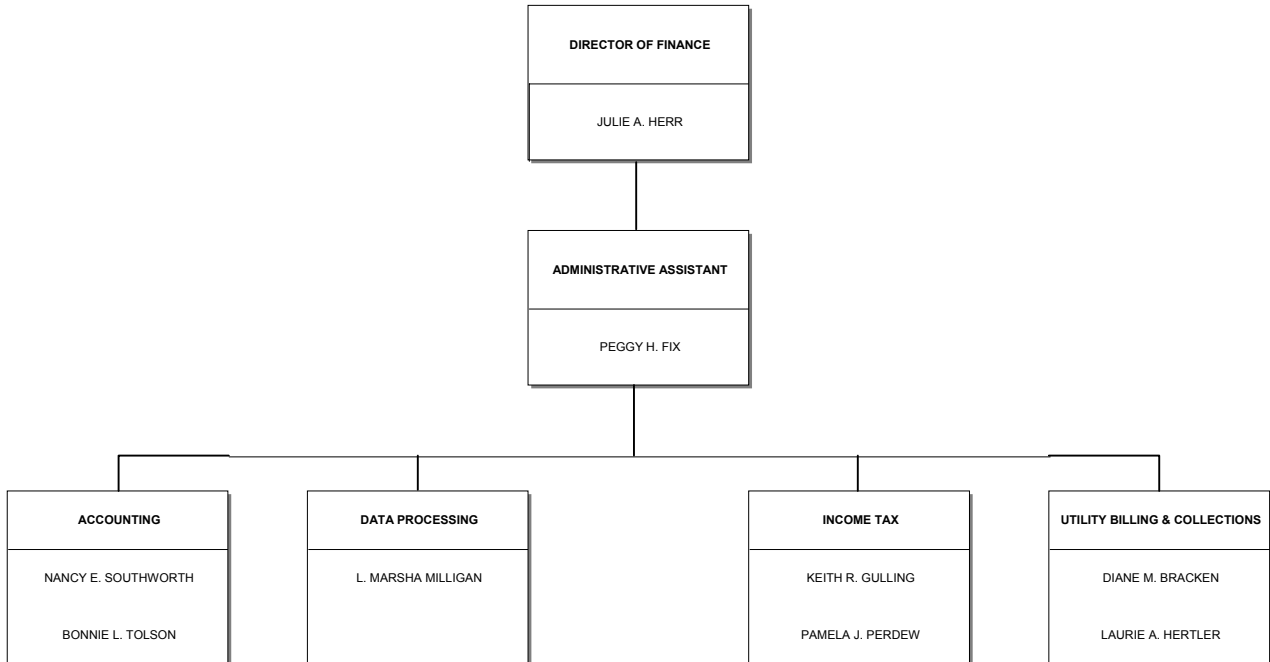
CLERK OF COUNCIL

MARY LOUISE BITTLE

The City of North Canton, Ohio

Department of Finance

Organizational Chart



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Financial Section



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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 Honorable Mayor and 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, 2001, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the City, taken as a whole. 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. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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

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

Jim Petro
Auditor of State

June 18, 2002

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, 2001

| | Governmental Fund Types | | | |
|--|-------------------------|---------------------|--------------|--------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| Assets and Other Debits | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Investments | \$2,533,377 | \$11,108,000 | \$0 | \$2,448,695 |
| Cash and Cash Equivalents in Segregated Accounts | 0 | 0 | 0 | 0 |
| Receivables: | | | | |
| Taxes | 796,943 | 1,858,378 | 0 | 0 |
| Accounts | 0 | 87,120 | 0 | 0 |
| Note Receivable | 74,650 | 0 | 0 | 0 |
| Accrued Interest | 140,079 | 0 | 0 | 0 |
| Due from Other Funds | 5,000,000 | 0 | 0 | 5,000,000 |
| Intergovernmental Receivables | 802,176 | 294,273 | 0 | 0 |
| Supply Inventory | 17,729 | 38,296 | 0 | 0 |
| Prepaid Items | 13,225 | 5,257 | 0 | 0 |
| Fixed Assets, (Net of Accumulated Depreciation) | 0 | 0 | 0 | 0 |
| Other Debits | | | | |
| Amount to be Provided from General Government Resources | 0 | 0 | 0 | 0 |
| Total Assets and Other Debits | \$9,378,179 | \$13,391,324 | \$0 | \$7,448,695 |
| Liabilities, Fund Equity, and Other Credits | | | | |
| Liabilities | | | | |
| Accounts Payable | \$4,267 | \$6,280 | \$0 | \$16,370 |
| Contracts Payable | 0 | 0 | 0 | 220,317 |
| Employee Severance Payable | 14,701 | 0 | 0 | 0 |
| Accrued Wages and Benefits | 295,599 | 157,352 | 0 | 0 |
| Accrued Interest Payable | 0 | 0 | 0 | 0 |
| Claims Payable | 0 | 0 | 0 | 0 |
| Due to Other Funds | 0 | 10,000,000 | 0 | 0 |
| Deferred Revenue | 1,283,611 | 1,114,325 | 0 | 0 |
| Deposits Held and Due to Others | 0 | 0 | 0 | 0 |
| General Obligation Notes Payable | 0 | 0 | 0 | 0 |
| Settlement Agreement Payable | 0 | 359,336 | 0 | 0 |
| OWDA Loan Payable | 0 | 0 | 0 | 0 |
| Total Liabilities | 1,598,178 | 11,637,293 | 0 | 236,687 |
| Fund Equity and Other Credits | | | | |
| Investment in General Fixed Assets | 0 | 0 | 0 | 0 |
| Contributed Capital | 0 | 0 | 0 | 0 |
| Retained Earnings: | | | | |
| Unreserved | 0 | 0 | 0 | 0 |
| Fund Balance: | | | | |
| Reserve for Encumbrances | 32,249 | 13,165 | 0 | 397,225 |
| Reserve for Inventory | 17,729 | 38,296 | 0 | 0 |
| Reserve for Prepaid Items | 13,225 | 5,257 | 0 | 0 |
| Unreserved, Undesignated | 7,716,798 | 1,697,313 | 0 | 6,814,783 |
| Total Fund Equity and Other Credits | 7,780,001 | 1,754,031 | 0 | 7,212,008 |
| Total Liabilities, Fund Equity, and Other Credits | \$9,378,179 | \$13,391,324 | \$0 | \$7,448,695 |

See accompanying notes to the general purpose financial statements

| Proprietary Fund Types | | Fiduciary Fund Types | Account Groups | | Totals (Memorandum Only) | |
|------------------------|------------------|----------------------|----------------------|-------------------------------|--------------------------|---------------------|
| Enterprise | Internal Service | Trust and Agency | General Fixed Assets | General Long-Term Obligations | 2001 | 2000 |
| \$3,107,524 | \$251,968 | \$25,497 | \$0 | \$0 | \$19,475,061 | \$17,568,931 |
| 0 | 0 | 62,306 | 0 | 0 | 62,306 | 71,882 |
| 0 | 0 | 0 | 0 | 0 | 2,655,321 | 2,862,621 |
| 598,565 | 0 | 0 | 0 | 0 | 685,685 | 679,641 |
| 0 | 0 | 0 | 0 | 0 | 74,650 | 74,650 |
| 0 | 0 | 0 | 0 | 0 | 140,079 | 4,987 |
| 0 | 0 | 0 | 0 | 0 | 10,000,000 | 10,300,000 |
| 0 | 0 | 0 | 0 | 0 | 1,096,449 | 1,504,182 |
| 68,627 | 0 | 0 | 0 | 0 | 124,652 | 115,154 |
| 328,230 | 0 | 0 | 0 | 0 | 346,712 | 721,321 |
| 18,484,460 | 0 | 0 | 6,171,743 | 0 | 24,656,203 | 23,009,477 |
| 0 | 0 | 0 | 0 | 3,598,219 | 3,598,219 | 1,016,713 |
| <u>\$22,587,406</u> | <u>\$251,968</u> | <u>\$87,803</u> | <u>\$6,171,743</u> | <u>\$3,598,219</u> | <u>\$62,915,337</u> | <u>\$57,929,559</u> |
| \$49,000 | \$0 | \$258 | \$0 | \$0 | \$76,175 | \$344,044 |
| 57,852 | 0 | 0 | 0 | 0 | 278,169 | 191,411 |
| 12,324 | 0 | 0 | 0 | 0 | 27,025 | 56,942 |
| 465,219 | 0 | 0 | 0 | 1,036,239 | 1,954,409 | 1,847,745 |
| 104,911 | 0 | 0 | 0 | 0 | 104,911 | 62,933 |
| 0 | 77,348 | 0 | 0 | 0 | 77,348 | 84,266 |
| 0 | 0 | 0 | 0 | 0 | 10,000,000 | 10,300,000 |
| 0 | 0 | 0 | 0 | 0 | 2,397,936 | 2,173,353 |
| 0 | 0 | 68,214 | 0 | 0 | 68,214 | 74,214 |
| 1,300,000 | 0 | 0 | 0 | 0 | 1,300,000 | 0 |
| 0 | 0 | 0 | 0 | 2,561,980 | 2,921,316 | 0 |
| 925,935 | 0 | 0 | 0 | 0 | 925,935 | 728,324 |
| 2,915,241 | 77,348 | 68,472 | 0 | 3,598,219 | 20,131,438 | 15,863,232 |
| 0 | 0 | 0 | 6,171,743 | 0 | 6,171,743 | 5,879,527 |
| 4,978,982 | 0 | 0 | 0 | 0 | 4,978,982 | 5,123,932 |
| 14,693,183 | 174,620 | 0 | 0 | 0 | 14,867,803 | 13,917,857 |
| 0 | 0 | 0 | 0 | 0 | 442,639 | 1,459,166 |
| 0 | 0 | 0 | 0 | 0 | 56,025 | 62,443 |
| 0 | 0 | 0 | 0 | 0 | 18,482 | 11,981 |
| 0 | 0 | 19,331 | 0 | 0 | 16,248,225 | 15,611,421 |
| <u>19,672,165</u> | <u>174,620</u> | <u>19,331</u> | <u>6,171,743</u> | <u>0</u> | <u>42,783,899</u> | <u>42,066,327</u> |
| <u>\$22,587,406</u> | <u>\$251,968</u> | <u>\$87,803</u> | <u>\$6,171,743</u> | <u>\$3,598,219</u> | <u>\$62,915,337</u> | <u>\$57,929,559</u> |

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, 2001

| | Governmental Fund Types | | | |
|---|-------------------------|--------------------|--------------|--------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| Revenues: | | | | |
| City Income Tax | \$0 | \$5,352,806 | \$0 | \$0 |
| Property Taxes | 688,931 | 460,845 | 0 | 0 |
| Charges for Services | 312,693 | 0 | 0 | 0 |
| Licenses and Permits | 116,964 | 75 | 0 | 0 |
| Fines and Forfeitures | 80,813 | 8,895 | 0 | 0 |
| Intergovernmental | 1,714,203 | 650,002 | 0 | 0 |
| Ambulance Fees | 0 | 121,875 | 0 | 0 |
| Contributions/Grants | 15,978 | 492 | 0 | 0 |
| Investment Income | 835,486 | 0 | 0 | 0 |
| Other | 47,308 | 18,685 | 0 | 2,960 |
| Total Revenues | 3,812,376 | 6,613,675 | 0 | 2,960 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 1,530,621 | 227,487 | 0 | 0 |
| Security of Persons and Property | 2,482,866 | 398,877 | 0 | 0 |
| Public Health and Welfare | 70,735 | 849,085 | 0 | 0 |
| Transportation | 0 | 907,206 | 0 | 0 |
| Community Environment | 301,644 | 0 | 0 | 0 |
| Basic Utility Services | 0 | 24,816 | 0 | 0 |
| Leisure Time Activities | 858,485 | 0 | 0 | 0 |
| Capital Outlay | 515,490 | 431,339 | 0 | 2,224,181 |
| Total Expenditures | 5,759,841 | 2,838,810 | 0 | 2,224,181 |
| Excess of Revenues Over (Under) Expenditures | (1,947,465) | 3,774,865 | 0 | (2,221,221) |
| Other Financing Sources (Uses): | | | | |
| Sale of Fixed Assets | 8,436 | 8,775 | 0 | 0 |
| Operating Transfers - In | 2,550,000 | 1,430,000 | 0 | 2,550,000 |
| Operating Transfers - Out | (1,430,000) | (5,100,000) | 0 | 0 |
| Total Other Financing Sources (Uses) | 1,128,436 | (3,661,225) | 0 | 2,550,000 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (819,029) | 113,640 | 0 | 328,779 |
| Fund Balances at Beginning of Year | 8,595,605 | 1,650,234 | 0 | 6,883,229 |
| Increase (Decrease) in Reserve for Inventory | 3,425 | (9,843) | 0 | 0 |
| Fund Balances at End of Year | \$7,780,001 | \$1,754,031 | \$0 | \$7,212,008 |

See accompanying notes to the general purpose financial statements

| Fiduciary Fund Type | Totals (Memorandum Only) | |
|------------------------|--------------------------|---------------------|
| Expendable Trust | 2001 | 2000 |
| \$0 | \$5,352,806 | \$6,911,615 |
| 0 | 1,149,776 | 1,030,719 |
| 0 | 312,693 | 305,120 |
| 1,584 | 118,623 | 140,905 |
| 1,647 | 91,355 | 85,999 |
| 0 | 2,364,205 | 3,400,347 |
| 0 | 121,875 | 99,299 |
| 5,960 | 22,430 | 632,568 |
| 0 | 835,486 | 1,019,352 |
| 0 | 68,953 | 33,652 |
| 9,191 | 10,438,202 | 13,659,576 |
| 0 | 1,758,108 | 1,601,772 |
| 2,844 | 2,884,587 | 2,468,042 |
| 1,300 | 921,120 | 865,914 |
| 115 | 907,321 | 936,608 |
| 1,351 | 302,995 | 234,491 |
| 193 | 25,009 | 35,271 |
| 0 | 858,485 | 718,856 |
| 0 | 3,171,010 | 3,007,454 |
| 5,803 | 10,828,635 | 9,868,408 |
| 3,388 | (390,433) | 3,791,168 |
| 0 | 17,211 | 0 |
| 0 | 6,530,000 | 7,890,000 |
| 0 | (6,530,000) | (7,890,000) |
| 0 | 17,211 | 0 |
| 3,388 | (373,222) | 3,791,168 |
| 15,943 | 17,145,011 | 13,346,645 |
| 0 | (6,418) | 7,198 |
| <u>\$19,331</u> | <u>\$16,765,371</u> | <u>\$17,145,011</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, 2001

| | Governmental Fund Types | | |
|---|-------------------------|--------------------|--|
| | General | | |
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | |
| City Income Tax | \$0 | \$0 | \$0 |
| Property Taxes | 691,087 | 688,931 | (2,156) |
| Charges for Services | 276,000 | 312,693 | 36,693 |
| Licenses and Permits | 136,000 | 116,964 | (19,036) |
| Fines and Forfeitures | 77,000 | 80,813 | 3,813 |
| Intergovernmental | 1,007,342 | 2,663,631 | 1,656,289 |
| Ambulance Fee | 0 | 0 | 0 |
| Contributions/Grants | 0 | 15,978 | 15,978 |
| Investment Income | 750,000 | 708,839 | (41,161) |
| Other | 1,000 | 63,024 | 62,024 |
| Total Revenue | 2,938,429 | 4,650,873 | 1,712,444 |
| Expenditures: | | | |
| Current: | | | |
| General Government | 1,777,963 | 1,630,403 | 147,560 |
| Security of Persons and Property | 2,590,881 | 2,451,273 | 139,608 |
| Public Health and Welfare | 70,750 | 70,735 | 15 |
| Transportation | 0 | 0 | 0 |
| Community Environment | 318,065 | 300,555 | 17,510 |
| Basic Utility Services | 0 | 0 | 0 |
| Leisure Time Activities | 929,376 | 857,220 | 72,156 |
| Capital Outlay | 842,096 | 547,403 | 294,693 |
| Total Expenditures | 6,529,131 | 5,857,589 | 671,542 |
| Excess of Revenues Over (Under) Expenditures | (3,590,702) | (1,206,716) | 2,383,986 |
| Other Financing Sources (Uses): | | | |
| Sale of Fixed Assets | 0 | 8,436 | 8,436 |
| Operating Transfers - In | 2,700,000 | 2,700,000 | 0 |
| Operating Transfers - Out | (1,430,000) | (1,430,000) | 0 |
| Total Other Financing Sources (Uses) | 1,270,000 | 1,278,436 | 8,436 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses | (2,320,702) | 71,720 | 2,392,422 |
| Fund Balances at Beginning of Year | 2,208,082 | 2,208,082 | 0 |
| Prior Year Encumbrances Appropriated | 163,827 | 163,827 | 0 |
| Fund Balances at End of Year | \$51,207 | \$2,443,629 | \$2,392,422 |

See accompanying notes to the general purpose financial statements

| Governmental Fund Types | | | | | |
|-------------------------|---------------------|----------------------------------|------------------|--------------------|----------------------------------|
| Special Revenue | | | Capital Projects | | |
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$5,000,000 | \$5,529,547 | \$529,547 | \$0 | \$0 | \$0 |
| 457,650 | 460,845 | 3,195 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 75 | 75 | 0 | 0 | 0 |
| 8,000 | 8,895 | 895 | 0 | 0 | 0 |
| 706,700 | 648,622 | (58,078) | 0 | 0 | 0 |
| 41,500 | 92,565 | 51,065 | 0 | 0 | 0 |
| 0 | 492 | 492 | 89,700 | 75,735 | (13,965) |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 18,685 | 18,685 | 5,000 | 2,960 | (2,040) |
| 6,213,850 | 6,759,726 | 545,876 | 94,700 | 78,695 | (16,005) |
| 283,800 | 221,901 | 61,899 | 0 | 0 | 0 |
| 501,808 | 370,736 | 131,072 | 0 | 0 | 0 |
| 927,700 | 845,632 | 82,068 | 0 | 0 | 0 |
| 1,025,410 | 940,386 | 85,024 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 36,876 | 24,483 | 12,393 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 553,185 | 437,401 | 115,784 | 4,057,158 | 2,925,714 | 1,131,444 |
| 3,328,779 | 2,840,539 | 488,240 | 4,057,158 | 2,925,714 | 1,131,444 |
| 2,885,071 | 3,919,187 | 1,034,116 | (3,962,458) | (2,847,019) | 1,115,439 |
| 11,000 | 8,775 | (2,225) | 0 | 0 | 0 |
| 1,430,000 | 1,430,000 | 0 | 2,700,000 | 2,700,000 | 0 |
| (5,400,000) | (5,400,000) | 0 | 0 | 0 | 0 |
| (3,959,000) | (3,961,225) | (2,225) | 2,700,000 | 2,700,000 | 0 |
| (1,073,929) | (42,038) | 1,031,891 | (1,262,458) | (147,019) | 1,115,439 |
| 10,960,898 | 10,960,898 | 0 | 616,000 | 616,000 | 0 |
| 175,379 | 175,379 | 0 | 1,362,171 | 1,362,171 | 0 |
| <u>\$10,062,348</u> | <u>\$11,094,239</u> | <u>\$1,031,891</u> | <u>\$715,713</u> | <u>\$1,831,152</u> | <u>\$1,115,439</u> |

continued

City of North Canton, Ohio
Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis) - Continued
All Governmental Fund Types and Expendable Trust Fund
For the Year Ended December 31, 2001

| | Fiduciary Fund Type | | |
|---|---------------------|-----------------|--|
| | Expendable Trust | | |
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | |
| City Income Tax | \$0 | \$0 | \$0 |
| Property Taxes | 0 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 |
| Licenses and Permits | 5,300 | 1,786 | (3,514) |
| Fines and Forfeitures | 0 | 1,647 | 1,647 |
| Intergovernmental | 0 | 0 | 0 |
| Ambulance Fee | 0 | 0 | 0 |
| Contributions/Grants | 2,600 | 5,960 | 3,360 |
| Investment Income | 0 | 0 | 0 |
| Other | 2,100 | 3,373 | 1,273 |
| Total Revenue | 10,000 | 12,766 | 2,766 |
| Expenditures: | | | |
| Current: | | | |
| General Government | 0 | 0 | 0 |
| Security of Persons and Property | 10,543 | 2,844 | 7,699 |
| Public Health and Welfare | 1,349 | 1,300 | 49 |
| Transportation | 425 | 115 | 310 |
| Community Environment | 5,000 | 1,234 | 3,766 |
| Basic Utility Services | 1,811 | 193 | 1,618 |
| Leisure Time Activities | 225 | 0 | 225 |
| Capital Outlay | 0 | 0 | 0 |
| Total Expenditures | 19,353 | 5,686 | 13,667 |
| Excess of Revenues Over (Under) Expenditures | (9,353) | 7,080 | 16,433 |
| Other Financing Sources (Uses): | | | |
| Sale of Fixed Assets | 0 | 0 | 0 |
| Operating Transfers - In | 0 | 0 | 0 |
| Operating Transfers - Out | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses | (9,353) | 7,080 | 16,433 |
| Fund Balances at Beginning of Year | 18,416 | 18,416 | 0 |
| Prior Year Encumbrances Appropriated | 0 | 0 | 0 |
| Fund Balances at End of Year | \$9,063 | \$25,496 | \$16,433 |

See accompanying notes to the general purpose financial statements

| Total (Memorandum Only) | | |
|----------------------------|---------------------|--|
| Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$5,000,000 | \$5,529,547 | \$529,547 |
| 1,148,737 | 1,149,776 | 1,039 |
| 276,000 | 312,693 | 36,693 |
| 141,300 | 118,825 | (22,475) |
| 85,000 | 91,355 | 6,355 |
| 1,714,042 | 3,312,253 | 1,598,211 |
| 41,500 | 92,565 | 51,065 |
| 92,300 | 98,165 | 5,865 |
| 750,000 | 708,839 | (41,161) |
| 8,100 | 88,042 | 79,942 |
| 9,256,979 | 11,502,060 | 2,245,081 |
| 2,061,763 | 1,852,304 | 209,459 |
| 3,103,232 | 2,824,853 | 278,379 |
| 999,799 | 917,667 | 82,132 |
| 1,025,835 | 940,501 | 85,334 |
| 323,065 | 301,789 | 21,276 |
| 38,687 | 24,676 | 14,011 |
| 929,601 | 857,220 | 72,381 |
| 5,452,439 | 3,910,518 | 1,541,921 |
| 13,934,421 | 11,629,528 | 2,304,893 |
| (4,677,442) | (127,468) | 4,549,974 |
| 11,000 | 17,211 | 6,211 |
| 6,830,000 | 6,830,000 | 0 |
| (6,830,000) | (6,830,000) | 0 |
| 11,000 | 17,211 | 6,211 |
| (4,666,442) | (110,257) | 4,556,185 |
| 13,803,396 | 13,803,396 | 0 |
| 1,701,377 | 1,701,377 | 0 |
| <u>\$10,838,331</u> | <u>\$15,394,516</u> | <u>\$4,556,185</u> |

City of North Canton, Ohio
Combined Statement of Revenues, Expenses and Changes in Fund Equity
All Proprietary Fund Types
For the Year Ended December 31, 2001

| | Enterprise | Internal Service | Totals (Memorandum Only) | |
|---|---------------------|---------------------|--------------------------|---------------------|
| | | | 2001 | 2000 |
| Operating Revenues: | | | | |
| Customer Charges | \$5,232,036 | \$0 | \$5,232,036 | \$4,973,135 |
| Quasi-External Transactions With Other Funds | 0 | 864,796 | 864,796 | 706,092 |
| Tap-In Fees | 182,962 | 0 | 182,962 | 169,023 |
| Other Operating Revenue | 35,063 | 0 | 35,063 | 83,264 |
| Total Operating Revenues | 5,450,061 | 864,796 | 6,314,857 | 5,931,514 |
| Operating Expenses: | | | | |
| Personal Services | 1,700,724 | 0 | 1,700,724 | 1,550,283 |
| Contractual Services | 2,257,215 | 158,765 | 2,415,980 | 2,091,068 |
| Claims and Judgments | 0 | 810,333 | 810,333 | 721,414 |
| Materials and Supplies | 447,637 | 0 | 447,637 | 522,031 |
| Depreciation | 821,437 | 0 | 821,437 | 760,116 |
| Total Operating Expenses | 5,227,013 | 969,098 | 6,196,111 | 5,644,912 |
| Operating Income (Loss) | 223,048 | (104,302) | 118,746 | 286,602 |
| Non-Operating Income (Expenses) | | | | |
| Gain on Sale of Fixed Assets | 10,833 | 0 | 10,833 | 0 |
| Grant Proceeds | 20,000 | 0 | 20,000 | 0 |
| Capital Contributions | 729,811 | 0 | 729,811 | 0 |
| Interest Income | 30,517 | 0 | 30,517 | 0 |
| Interest Expense | (104,911) | 0 | (104,911) | (62,933) |
| Total Non-Operating Income (Expenses) | 686,250 | 0 | 686,250 | (62,933) |
| Net Income (Loss) | 909,298 | (104,302) | 804,996 | 223,669 |
| Depreciation on Fixed Assets Acquired by Contributed Capital | 144,950 | 0 | 144,950 | 125,959 |
| Retained Earnings at Beginning of Year | 13,638,935 | 278,922 | 13,917,857 | 13,568,229 |
| Retained Earnings at End of Year | 14,693,183 | 174,620 | 14,867,803 | 13,917,857 |
| Contributed Capital at Beginning of Year | 5,123,932 | 0 | 5,123,932 | 4,882,208 |
| Current Year Contributions | 0 | 0 | 0 | 367,683 |
| Depreciation on Fixed Assets Acquired by Contributed Capital | (144,950) | 0 | (144,950) | (125,959) |
| Contributed Capital at End of Year | 4,978,982 | 0 | 4,978,982 | 5,123,932 |
| Total Fund Equity at End of Year | \$19,672,165 | \$174,620 | \$19,846,785 | \$19,041,789 |

See accompanying notes to the general purpose financial statements

City of North Canton, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended December 31, 2001

| | Enterprise | Internal Service | Total (Memorandum Only) |
|---|--------------------|---------------------|-------------------------------|
| Cash Flows from Operating Activities | | | |
| Cash Received From Customers | \$5,425,025 | \$0 | \$5,425,025 |
| Cash Received From Quasi-External Transactions With Other Funds | 0 | 864,796 | 864,796 |
| Cash Payments for Goods and Services | (2,417,354) | (158,765) | (2,576,119) |
| Cash Payments for Wages and Benefits | (1,671,712) | 0 | (1,671,712) |
| Cash Payments for Claims | 0 | (817,251) | (817,251) |
| Other Operating Revenues | 35,063 | 0 | 35,063 |
| Net Cash Provided by (Used for) Operating Activities | 1,371,022 | (111,220) | 1,259,802 |
| Cash Flows from Non-Capital and Related Financing Activities: | | | |
| Proceeds from Grant | 20,000 | 0 | 20,000 |
| Net Cash Provided by Non-Capital and Related Financing Activities | 20,000 | 0 | 20,000 |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Proceeds From OWDA Loan | 271,676 | 0 | 271,676 |
| Proceeds From Notes | 1,300,000 | 0 | 1,300,000 |
| Debt Service - Principal | (74,065) | 0 | (74,065) |
| Debt Service - Interest | (62,933) | 0 | (62,933) |
| Proceeds From Sale of Fixed Assets | 11,965 | 0 | 11,965 |
| Payments for Capital Acquisitions | (1,395,267) | 0 | (1,395,267) |
| Net Cash Provided by Capital and Related Financing Activities | 51,376 | 0 | 51,376 |
| Cash Flows from Investing Activities: | | | |
| Interest on Investments | 30,517 | 0 | 30,517 |
| Net Cash Provided by Investing Activities | 30,517 | 0 | 30,517 |
| Increase (Decrease) in Cash and Cash Equivalents | 1,472,915 | (111,220) | 1,361,695 |
| Cash and Cash Equivalents at Beginning of Year | 1,634,609 | 363,188 | 1,997,797 |
| Cash and Cash Equivalents at End of Year | \$3,107,524 | \$251,968 | \$3,359,492 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | |
| Operating Income (Loss) | \$223,048 | (\$104,302) | \$118,746 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | |
| Depreciation Expense | 821,437 | 0 | 821,437 |
| Changes in Operating Assets and Liabilities: | | | |
| Decrease Accounts Receivable | 10,026 | 0 | 10,026 |
| Increase Supply Inventory | (15,915) | 0 | (15,915) |
| Decrease Prepaid Items | 381,110 | 0 | 381,110 |
| Decrease Accounts Payable | (48,456) | 0 | (48,456) |
| Decrease Contracts Payable | (29,240) | 0 | (29,240) |
| Increase Employee Severance Payable | 12,324 | 0 | 12,324 |
| Increase Accrued Wages and Benefits | 16,688 | 0 | 16,688 |
| Decrease Claims Payable | 0 | (6,918) | (6,918) |
| Net Cash Provided by (Used for) Operating Activities | \$1,371,022 | (\$111,220) | \$1,259,802 |

In addition to the above, the Enterprise Funds had the following non-cash financing transactions:
\$52,000 in capital assets were included in contracts payable.

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, 2001

| | Enterprise | | |
|---|-------------------|--------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | |
| Customer Charges | \$5,176,000 | \$5,242,063 | \$66,063 |
| Tap-In Fees | 164,000 | 182,962 | 18,962 |
| Other Operating Revenue | 5,000 | 35,063 | 30,063 |
| Total Revenue | 5,345,000 | 5,460,088 | 115,088 |
| Expenses: | | | |
| Current: | | | |
| Personal Services | 1,744,182 | 1,671,712 | 72,470 |
| Contractual Services | 2,632,288 | 1,735,032 | 897,256 |
| Claims and Judgments | 1,500 | 974 | 526 |
| Materials and Supplies | 522,631 | 484,559 | 38,072 |
| Other Operating Expense | 4,800 | 1,707 | 3,093 |
| Capital Outlay | 3,114,775 | 2,879,496 | 235,279 |
| Total Expenses | 8,020,176 | 6,773,480 | 1,246,696 |
| Excess of Revenues Over (Under) Expenses | (2,675,176) | (1,313,392) | 1,361,784 |
| Other Financing Sources (Uses): | | | |
| Sale of Fixed Assets | 0 | 11,965 | 11,965 |
| Interest Income | 0 | 30,517 | 30,517 |
| Proceeds from Grant | 0 | 20,000 | 20,000 |
| Proceeds From Bond/Note Sale | 1,771,676 | 1,571,676 | (200,000) |
| Debt Service - Principal | (67,332) | (67,332) | 0 |
| Debt Service - Interest | (69,666) | (69,666) | 0 |
| Total Other Financing Sources (Uses) | 1,634,678 | 1,497,160 | (137,518) |
| Excess of Revenues Over (Under) Expenses and Other Financing Sources (Uses) | (1,040,498) | 183,768 | 1,224,266 |
| Fund Equity at Beginning of Year | 1,040,570 | 1,040,570 | 0 |
| Prior Year Encumbrances Appropriated | 594,039 | 594,039 | 0 |
| Fund Equity at End of Year | <u>\$594,111</u> | <u>\$1,818,377</u> | <u>\$1,224,266</u> |

See accompanying notes to the general purpose financial statements

| Internal Service | | | Total (Memorandum Only) | | |
|-------------------|------------------|--|----------------------------|--------------------|--|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$700,000 | \$864,796 | \$164,796 | \$5,876,000 | \$6,106,859 | \$230,859 |
| 0 | 0 | 0 | 164,000 | 182,962 | 18,962 |
| 0 | 0 | 0 | 5,000 | 35,063 | 30,063 |
| 700,000 | 864,796 | 164,796 | 6,045,000 | 6,324,884 | 279,884 |
| 0 | 0 | 0 | 1,744,182 | 1,671,712 | 72,470 |
| 162,500 | 158,765 | 3,735 | 2,794,788 | 1,893,797 | 900,991 |
| 845,000 | 817,251 | 27,749 | 846,500 | 818,225 | 28,275 |
| 0 | 0 | 0 | 522,631 | 484,559 | 38,072 |
| 0 | 0 | 0 | 4,800 | 1,707 | 3,093 |
| 0 | 0 | 0 | 3,114,775 | 2,879,496 | 235,279 |
| 1,007,500 | 976,016 | 31,484 | 9,027,676 | 7,749,496 | 1,278,180 |
| (307,500) | (111,220) | 196,280 | (2,982,676) | (1,424,612) | 1,558,064 |
| 0 | 0 | 0 | 0 | 11,965 | 11,965 |
| 0 | 0 | 0 | 0 | 30,517 | 30,517 |
| 0 | 0 | 0 | 0 | 20,000 | 20,000 |
| 0 | 0 | 0 | 1,771,676 | 1,571,676 | (200,000) |
| 0 | 0 | 0 | (67,332) | (67,332) | 0 |
| 0 | 0 | 0 | (69,666) | (69,666) | 0 |
| 0 | 0 | 0 | 1,634,678 | 1,497,160 | (137,518) |
| (307,500) | (111,220) | 196,280 | (1,347,998) | 72,548 | 1,420,546 |
| 359,788 | 359,788 | 0 | 1,400,358 | 1,400,358 | 0 |
| 3,400 | 3,400 | 0 | 597,439 | 597,439 | 0 |
| <u>\$55,688</u> | <u>\$251,968</u> | <u>\$196,280</u> | <u>\$649,799</u> | <u>\$2,070,345</u> | <u>\$1,420,546</u> |

CITY OF NORTH CANTON
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

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, 2001, and for the year then ended, and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

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

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

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

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

DEBT SERVICE FUND

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

CAPITAL PROJECTS FUND

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

PROPRIETARY FUNDS

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

ENTERPRISE FUNDS

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

INTERNAL SERVICE FUND

The internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

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

FIDUCIARY FUNDS

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

ACCOUNT GROUPS

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

GENERAL FIXED ASSETS ACCOUNT GROUP

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

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

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

B. BASIS OF ACCOUNTING

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

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

Property taxes measurable as of December 31, 2001 and delinquent property taxes, whose

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

B. BASIS OF ACCOUNTING - (continued)

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

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

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

C. BUDGETS AND BUDGETARY ACCOUNTING

ANNUAL ESTIMATE

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

TAX BUDGET

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

ESTIMATED RESOURCES

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

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

APPROPRIATIONS

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

C. BUDGETS AND BUDGETARY ACCOUNTING - (continued)

funds, except agency funds, must be legally enacted on or about January 1. Appropriations may not exceed estimated resources as established in the amended Certificate of Estimated Resources. Supplemental appropriations may be adopted by Council action. Amounts shown in the financial statements represent the appropriated budgeted amounts and all supplemental appropriations, if any. There were two supplemental appropriation ordinances enacted by Council during 2001.

BUDGETED LEVEL OF EXPENDITURE

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

ENCUMBRANCES

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

LAPSING OF APPROPRIATIONS

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

BUDGETARY BASIS OF ACCOUNTING

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

C. BUDGETS AND BUDGETARY ACCOUNTING - (continued)

budget basis and the GAAP basis are:

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

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, 2001.

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:

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

F. FIXED ASSETS AND DEPRECIATION - (continued)

| | <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 2001, interest costs incurred on construction projects in proprietary funds were not material.

H. CONTRIBUTED CAPITAL

Contributed capital received prior to fiscal year 2001 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.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

I. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

J. RESERVES OF FUND EQUITY

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

K. INTERFUND TRANSACTIONS

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

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

L. INTERGOVERNMENTAL REVENUES

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

M. COMPENSATED ABSENCES

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

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

Sick leave is earned for all full time employees at the rate of 10 hours per month with the exception

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

M. COMPENSATED ABSENCES - (continued)

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

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

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, 2001 is \$1,036,239.

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, 2001 was \$352,021 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 \$77,348 have been accrued as a liability based on an estimate provided by the third party administrator.

O. TOTAL COLUMNS ON THE GENERAL PURPOSE FINANCIAL STATEMENTS

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

NOTE 2 - DEPOSITS AND INVESTMENTS

A. POLICIES AND PRACTICES

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

The charter of the City indicates that the Director of Finance has responsibility for selecting depositories and investing idle funds. The Director of Finance has the authority to choose from the following types of deposits and investments: demand deposit accounts, the State Treasurer's

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

A. POLICIES AND PRACTICES - (continued)

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 105% of public funds deposited, while pledged collateral must equal at least 100% of the deposit less the amount insured by the Federal Deposit Insurance Corporation. At least quarterly, the City determines that the collateral has a market value adequate to cover the deposits. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

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

B. DEPOSITS

At year end, the carrying amount of the City's deposits was \$5,500,343, and the bank balance was \$5,724,239. Of the bank balance, \$147,003 was covered by the federal depository insurance. The remaining \$5,577,236 was uncollateralized and uninsured. Although the pledging bank has an investment and securities pool used to collateralize all public deposits which are held in the financial institution's name, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

C. INVESTMENTS

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

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

C. INVESTMENTS - (continued)

| | <u>CATEGORY</u> | | | <u>FAIR VALUE</u> |
|---|---------------------|---------------------|-------------------|-----------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | |
| <u>Categorized Investments</u> | | | | |
| Repurchase Agreements | \$ 0 | \$ 0 | \$ 200,000 | \$ 200,000 |
| U.S. Government Agency Obligations | <u>1,527,616</u> | <u>5,093,139</u> | <u>0</u> | <u>6,620,755</u> |
| Total Categorized | <u>\$ 1,527,616</u> | <u>\$ 5,093,193</u> | <u>\$ 200,000</u> | <u>6,820,755</u> |
| <u>Noncategorized Investments</u> | | | | |
| STAR Ohio | | | | 7,170,000 |
| Firststar US Treasury Money Market Fund Institutional Class | | | | <u>46,269</u> |
| Total Noncategorized | | | | <u>7,216,269</u> |
| Total Investments | | | | <u>\$ 14,037,024</u> |

The investments in the State Treasury Asset Reserve (STAR Ohio) pool and Firststar US Treasury Money Market Fund Institutional Class are not categorized because they do not represent securities which exist in physical or book entry form. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Firststar US Treasury Money Market is registered under the Investment Company Act of 1940, as an open end management investment company. These investments are valued at their share price, which is the price the investment could be sold for on December 31, 2001.

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 \$6,581,674 and they had an unrealized gain of \$85,350 for a total fair value of \$6,667,024. These securities generated interest income of \$153,546 during the current year.

Investment income from all sources is as follows:

| | |
|---|-------------------|
| Interest | \$ 780,653 |
| Unrealized gain (net increase in the fair value of investments) | <u>85,350</u> |
| Total investment income | <u>\$ 866,003</u> |

Interest revenue credited to the General Fund during fiscal year 2001 amounted to \$835,486, which includes \$724,102 assigned from other City funds. Interest credited to the Water Revenue Fund amounted to \$30,517.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

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 50% to the General Fund and 50% 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 2001 were levied after October 1 on the assessed value listed as of January 1, 2000, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2000. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes.

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

The full tax rate for all City operations for the year ended December 31, 2001 was \$5.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 4 - PROPERTY TAX - (continued)

| <u>CATEGORY</u> | <u>ASSESSED VALUE (IN THOUSANDS)</u> |
|-------------------------|---|
| Real Estate | \$286,814 |
| Public Utility Personal | 12,074 |
| Tangible Personal | <u>30,382</u> |
| Total | <u>\$329,270</u> |

NOTE 5 - RECEIVABLES

Receivables at December 31, 2001 consisted of taxes, accounts, note receivable, interest on investments, and intergovernmental receivables arising from entitlements or shared revenues. All receivables are considered fully collectible.

A. NOTE RECEIVABLE

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

B. INTERGOVERNMENTAL RECEIVABLES

A summary of the principal items of intergovernmental receivables follows:

| <u>FUND TYPE/FUND</u> | <u>AMOUNTS</u> |
|-------------------------------------|-----------------------|
| <u>GENERAL FUND</u> | |
| Estate Tax | \$ 358,422 |
| Local Government State Support | 355,754 |
| Homestead and Rollback Exemption | <u>88,000</u> |
| Total - General Fund | <u>802,176</u> |
| <u>SPECIAL REVENUE FUNDS</u> | |
| Vehicle Registration Tax | 89,660 |
| Gasoline Tax | 155,923 |
| DUI Court Collections | 190 |
| Homestead and Rollback Exemption | <u>48,500</u> |
| Total - Special Revenue Funds | <u>294,273</u> |
| Total - All Funds | <u>\$1,096,449</u> |

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 6 - FIXED ASSETS

A. GENERAL FIXED ASSETS

Changes in general fixed assets during 2001 are as follows:

| | BALANCES 1-1-01 | ADDITIONS | REDUCTIONS | BALANCES 12-31-01 |
|--------------------------|----------------------------------|-------------------|----------------------|------------------------------------|
| Land | \$2,468,612 | \$ 0 | \$ 0 | \$ 2,468,612 |
| Buildings & Improvements | 4,591,490 | 144,500 | 0 | 4,735,990 |
| Equipment | <u>4,729,887</u> | <u>787,748</u> | <u>(343,538)</u> | <u>5,174,097</u> |
| Total | 11,789,989 | 932,248 | (343,538) | 12,378,699 |
| Accumulated Depreciation | <u>(5,910,462)</u> | <u>(517,664)</u> | <u>(221,170)</u> | <u>(6,206,956)</u> |
| Net | <u>\$5,879,527</u> | <u>\$ 414,584</u> | <u>\$ (122,368)</u> | <u>\$ 6,171,743</u> |

B. PROPRIETARY FUND FIXED ASSETS

All fixed assets relate to water and sewer enterprise funds:

| | BALANCES 12-31-01 |
|--------------------------|------------------------------------|
| Land | \$ 602,367 |
| Buildings & Improvements | 6,208,894 |
| Equipment | 1,333,262 |
| Construction in Progress | 821,114 |
| Infrastructures | <u>22,966,416</u> |
| Total | 31,932,053 |
| Accumulated Depreciation | <u>(13,447,593)</u> |
| Net | <u>\$18,484,460</u> |

NOTE 7 - PREPAID ITEMS

In March 2001, the City negotiated a settlement with Stark County for the City's overpayment of sewage connection fees for 1,315 units in an area of the City known as Willoway. The total amount of the settlement resulted in a credit of \$722,056, of which \$326,049 is still outstanding as of December 31, 2001. This credit will be applied against monthly sewer service charges during 2002.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 8 - BUDGET BASIS OF ACCOUNTING

Adjustments necessary to convert the results of operations and fund balances at December 31, 2001 on the GAAP basis to the budget basis are as follows:

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

| | <u>GENERAL</u> | <u>SPECIAL REVENUE</u> | <u>CAPITAL PROJECTS</u> | <u>EXPENDABLE TRUST</u> |
|-----------------------------|------------------|----------------------------|-----------------------------|-----------------------------|
| GAAP basis: | \$ (819,029) | \$ 113,640 | \$ 328,779 | \$ 3,388 |
| Increase (decrease) due to: | | | | |
| Transfers-in | 150,000 | 0 | 150,000 | 0 |
| Revenue accruals | 838,497 | 146,051 | 75,735 | 3,575 |
| Transfers-out | 0 | (300,000) | 0 | 0 |
| Expenditure accruals | (63,442) | 12,036 | (83,991) | 117 |
| Encumbrances | <u>(34,306)</u> | <u>(13,765)</u> | <u>(617,542)</u> | <u>0</u> |
| Budget basis: | <u>\$ 71,720</u> | <u>\$ (42,038)</u> | <u>\$ (147,019)</u> | <u>\$ 7,080</u> |

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

| | <u>ENTERPRISE</u> | <u>INTERNAL SERVICE</u> |
|-----------------------------|-------------------|-----------------------------|
| GAAP basis: | \$ 909,298 | \$ (104,302) |
| Increase (decrease) due to: | | |
| Revenue accruals | (718,652) | 0 |
| Expense accruals | 351,754 | (6,918) |
| Encumbrances | (1,289,146) | 0 |
| Capital outlay | (1,395,267) | 0 |
| Debt proceeds | 1,571,676 | 0 |
| Principal payment | (67,332) | 0 |
| Depreciation | <u>821,437</u> | <u>0</u> |
| Budget basis: | <u>\$ 183,768</u> | <u>\$ (111,220)</u> |

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

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, 2001 for these non-similar enterprise activities is as follows:

| | <u>WATER REVENUE</u> | <u>SEWER REVENUE</u> | <u>GARBAGE SERVICE</u> | <u>TOTALS</u> |
|--|--------------------------|--------------------------|----------------------------|----------------------|
| Operating Revenues: | | | | |
| Total Operating Revenues | \$ 3,293,332 | \$ 1,632,057 | \$ 524,672 | \$ 5,450,061 |
| Operating Expenses: | | | | |
| Depreciation | 584,000 | 237,437 | 0 | 821,437 |
| Other | <u>2,559,215</u> | <u>1,299,000</u> | <u>547,361</u> | <u>4,405,576</u> |
| Total Operating Expenses | <u>3,143,215</u> | <u>1,536,437</u> | <u>547,361</u> | <u>5,227,013</u> |
| Operating Income (Loss) | <u>\$ 150,117</u> | <u>\$ 95,620</u> | <u>\$ (22,689)</u> | <u>\$ 223,048</u> |
| Non-Operating Revenue: | | | | |
| Capital Contributions | \$ 598,724 | \$ 131,087 | \$ 0 | \$ 729,811 |
| Net Income (Loss) | 684,850 | 227,137 | (2,689) | 909,298 |
| Total Assets | 16,044,486 | 6,369,295 | 173,625 | 22,587,406 |
| Total Liabilities | 2,806,594 | 104,604 | 4,043 | 2,915,241 |
| Working Capital | 250,568 | 1,614,603 | 169,582 | 2,034,753 |
| Long-Term Obligations | 847,048 | 0 | 0 | 847,048 |
| Total Fund Equity and Other Credits | 13,237,892 | 6,264,691 | 169,582 | 19,672,165 |
| Infrastructures: | | | | |
| Beginning of Year | \$ 13,259,677 | \$ 8,789,541 | \$ 0 | \$ 22,049,218 |
| Additions | 752,469 | 191,087 | 0 | 943,556 |
| Deletions | <u>(25,728)</u> | <u>(630)</u> | <u>0</u> | <u>(26,358)</u> |
| Total End of Year | 13,986,418 | 8,979,998 | 0 | 22,966,416 |
| Accumulated Depreciation | <u>(4,898,565)</u> | <u>(4,587,673)</u> | <u>0</u> | <u>(9,486,238)</u> |
| Net Total End of Year | <u>\$ 9,087,853</u> | <u>\$ 4,392,325</u> | <u>\$ 0</u> | <u>\$ 13,480,178</u> |

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> |
|--------------------------|--------------------------|--------------------------|----------------------------|---------------------|
| Fixed Assets: | | | | |
| Beginning of Year | \$ 20,817,996 | \$ 9,065,003 | \$ 0 | \$ 29,882,999 |
| Additions | 1,896,721 | 280,357 | 0 | 2,177,078 |
| Deletions | <u>(126,593)</u> | <u>(1,431)</u> | <u>0</u> | <u>(128,024)</u> |
| Total End of Year | 22,588,124 | 9,343,929 | 0 | 31,932,053 |
| Accumulated Depreciation | <u>(8,753,752)</u> | <u>(4,693,841)</u> | <u>0</u> | <u>(13,447,593)</u> |
| Net Total End of Year | <u>\$ 13,834,372</u> | <u>\$ 4,650,088</u> | <u>\$ 0</u> | <u>\$18,484,460</u> |

NOTE 10 - DUE TO/FROM OTHER FUNDS

As of December 31, 2001, 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 OTHER FUNDS</u> | <u>DUE TO OTHER FUNDS</u> |
|------------------------------|---------------------------------|-------------------------------|
| <u>GENERAL FUND</u> | \$5,000,000 | \$ 0 |
| <u>SPECIAL REVENUE FUND</u> | | |
| City Income Tax | 0 | 10,000,000 |
| <u>CAPITAL PROJECTS FUND</u> | | |
| Capital Improvements | <u>5,000,000</u> | <u>0</u> |
| Total | <u>\$10,000,000</u> | <u>\$10,000,000</u> |

NOTE 11 - INTERFUND OPERATING TRANSFERS

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

| <u>TRANSFER TO</u> | <u>GENERAL</u> | <u>TRANSFER FROM SPECIAL REVENUE</u> | <u>TOTAL</u> |
|--------------------|---------------------|--|---------------------|
| General | \$ 0 | \$ 2,550,000 | \$ 2,550,000 |
| Special Revenue | 1,430,000 | 0 | 1,430,000 |
| Capital Projects | <u>0</u> | <u>2,550,000</u> | <u>2,550,000</u> |
| TOTAL | <u>\$ 1,430,000</u> | <u>\$ 5,100,000</u> | <u>\$ 6,530,000</u> |

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 12 - SHORT-TERM OBLIGATIONS

A summary of the changes in the City's short-term obligations for the year ended December 31, 2001 is as follows:

| | <u>BALANCE</u> <u>12/31/00</u> | <u>ISSUED</u> | <u>RETIRED</u> | <u>BALANCE</u> <u>12/31/01</u> |
|---|-----------------------------------|---------------|----------------|-----------------------------------|
| ENTERPRISE FUND OBLIGATIONS | | | | |
| 3.60% Water System Improvement Note due 03/28/2002 | \$0 | \$1,300,000 | \$0 | \$1,300,000 |

NOTE 13 - LONG-TERM OBLIGATIONS

The City's long-term obligations for the year ended December 31, 2001 are as follows:

| | <u>BALANCE</u> <u>01/01/01</u> | <u>ISSUED</u> | <u>RETIRED</u> | <u>BALANCE</u> <u>12/31/01</u> |
|--|-----------------------------------|-------------------|--------------------|-----------------------------------|
| A. ENTERPRISE FUND OBLIGATIONS: | | | | |
| 6.41% Ohio Water Development Authority Loan | \$ 728,324 | \$ 271,676 | \$ (74,065) | \$ 925,935 |
| TOTAL ENTERPRISE FUND DEBT | <u>728,324</u> | <u>271,676</u> | <u>(74,065)</u> | <u>925,935</u> |
| B. OTHER LONG-TERM OBLIGATIONS | | | | |
| Accrued Sick and Vacation | <u>1,016,713</u> | <u>19,526</u> | <u>0</u> | <u>1,036,239</u> |
| TOTAL LONG-TERM OBLIGATIONS | <u>\$ 1,745,037</u> | <u>\$ 291,202</u> | <u>\$ (74,065)</u> | <u>\$1,962,174</u> |

In February 2000, the City entered into a \$1.0 million loan agreement with the Ohio Water Development Authority (OWDA) for the purpose of financing the construction of an underground water storage system. The 6.41% loan is to be repaid over a ten-year period, with the first principal and interest payment due January 1, 2001. Future annual principal and interest requirements for this obligation are as follows:

| | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|------------|-------------------|-------------------|---------------------|
| 2002 | \$ 78,887 | \$ 58,111 | \$ 136,998 |
| 2003 | 84,025 | 52,973 | 136,998 |
| 2004 | 89,497 | 47,501 | 136,998 |
| 2005 | 95,326 | 41,672 | 136,998 |
| 2006 | 101,534 | 35,464 | 136,998 |
| Thereafter | <u>476,666</u> | <u>71,281</u> | <u>547,947</u> |
| | <u>\$ 925,935</u> | <u>\$ 307,002</u> | <u>\$ 1,232,937</u> |

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 14 - SETTLEMENT AGREEMENT PAYABLE

In October 2001, the City entered into a settlement agreement with the Maytag Corporation (Maytag) whereby the City agreed to allow Maytag to file amended income tax returns for 1996 through 1998, as well as file returns for tax years 1999 and 2000, on a consolidated basis, rather than a single company basis. Maytag agreed to discount the amount of the tax refund due on the amended returns for the tax years 1996 through 1998, as well as waive all interest due on these refund claims. The tax refund due Maytag, after the discount, for the tax years 1996 to 1998, was \$1,078,008. This amount will be paid back to Maytag in three annual installments of \$359,336 beginning November 2001. The installment due in 2002 is reflected in the accompanying general purpose financial statements as a fund liability of the Income Tax Fund. The tax refund due as a result of amending the 1999 tax return, as well as the overpayment in estimated taxes for the 2000 return, amounted to \$2,202,644. This amount will be credited to future tax periods and any portion not fully utilized by the tax year 2003 will be refunded to Maytag. The entire \$2,202,644, as well as the third and final installment payment of \$359,336, has been shown as a long-term liability in the General Long-Term Obligations Account Group.

NOTE 15 - DEFINED BENEFIT PENSION PLANS

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

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees, other than law enforcement personnel, are required to contribute 8.5% of their covered payroll to PERS. For local government units, the rate was 13.55% of covered payroll. The City's contributions to the PERS of Ohio for the years ended December 31, 2001, 2000, and 1999 were \$586,156, \$444,525, and \$526,537, 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 postretirement health care. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM - (continued)

contributions to PERS. For local government units, the employer contribution rate was 13.55% of covered payroll; 4.3% was the portion that was used to fund health care for the year 2001. During 2001 and 2000, \$185,987 and \$176,334, respectively, of the City's total contribution to PERS was used for postretirement benefits.

OPEB's are advance funded on an actuarially determined basis. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. Significant actuarial assumptions, based on the system's latest Actuarial Review performed as of December 31, 2000, include a rate of return on investments of 7.75%; active employee payroll increases of 4.75%, compounded annually, as the base portion, and annual pay increases over and above the 4.75% base increase of between 0.54% and 5.1%. Health care costs were assumed to increase 4.75% annually.

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

As of December 31, 2000, the unaudited estimated net assets available for future OPEB payments were \$11,735.9 million. The number of active contributing participants was 411,076. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers. The City's contributions to OP&F for the years ended December 31, 2001, 2000, and 1999 were \$252,337, \$239,931, and \$224,512 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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

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

total police employer contribution rate is 19.5% of covered payroll. The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.50% and 7.25% of covered payroll in 2001 and 2000, respectively. The allocation is 7.75% in 2002. 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 \$97,150 for police. Funding and accounting were on a pay-as-you-go basis. As of December 31, 2000, the number of participants eligible to receive health care benefits statewide was 12,853 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, 2000 (the latest information available) were \$106.2 million statewide, which was net of member contributions of \$5.7 million.

NOTE 16 - OTHER POSTEMPLOYMENT BENEFITS

LIFE INSURANCE

North Canton provides a \$3,000 life insurance benefit for retired employees. Substantially all of the City's full-time employees may become eligible for this benefit if they reach normal retirement age or become eligible for total disability benefits while working for the City. The cost of retirees' life insurance benefits is recognized as an expenditure when the insurance premiums are paid. For 2001, the cost totaled \$420.

NOTE 17 - CONSTRUCTION AND OTHER COMMITMENTS

As further addressed in Note 21 - Environmental Issues, in March 2001, the City entered into a \$1.1 million contract for the construction of a 24" raw waterline to connect a newly developed well field to the Water Treatment Plant. This contract has been put on hold until the EPA has cleared the well field for use.

In January 2001, the City entered into a contract for engineering and design services for improvements to the Water Treatment Plant. The total amount of the contract was \$520,000, of which \$234,000 was spent as of December 31, 2001. Once the engineering plans have been completed, they will be submitted to the Ohio EPA for approval. The City is expecting to bid the estimated \$5.6 million construction project by mid-summer 2002.

The City also entered into contracts in 2001 for two road projects that were at various stages of completion as of December 31, 2001. These projects include road resurfacing, curbs, gutters, water and sanitary sewer lines.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

STARK COUNCIL OF GOVERNMENTS - The City participates in the Stark Council of Governments (the "Council") which is a statutorily created political subdivision of the State. The Council is jointly governed among Stark County and its municipalities and townships which direct the operations of the Stark County Metropolitan Narcotics Unit and the Stark County Crime Laboratory. Of the 27 members, the City has one appointed member. Each member's control over the operation of the Council is limited to its representation on the board. The board exercises total authority over the operation of the Council including budgeting, appropriation, contracting, and designating management. The City does not have an equity interest in the Council. The Council is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City did not contribute any funds to the Council in 2001. Complete financial statements can be obtained from the Stark Council of Governments, Canton, Ohio.

STARK COUNTY COMBINED GENERAL HEALTH DISTRICT - The City participates in the Stark County Combined General Health District (the "Health District") which is a statutorily created political subdivision of the State. The Health District is jointly governed by Stark County townships, villages, the City of Louisville, and the City of North Canton. Of the 7 board members, the City has one appointed member. The board is made up of various professionals who are equally representative of the general health district. The board exercises total authority over the operation of the Health District including budgeting, appropriation, contracting, and designating management. The City does not have an equity interest in the Health District. The Health District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City contributed \$70,735 to the Health District in 2001. Complete financial statements can be obtained from the Stark County Combined General Health District, Canton, Ohio.

NOTE 19 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2001, the City contracted with Coregis Insurance Company for general liability, automobile, crime, equipment, fire, errors and omissions and police and professional liability. Coregis Insurance Company also covers buildings and contents and boiler and machinery; while Hartford Life and Accident covers emergency medical service and fire accidental disability and death insurance. The City also purchases umbrella coverage from Coregis Insurance Company with a general aggregate of \$5,000,000. Ohio Farmers insures performance bonds for all necessary officials and employees.

Public officials have a deductible of \$5,000, building and contents have a deductible of \$1,000, and vehicles have a \$500 deductible for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past six years.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 19 - RISK MANAGEMENT - (continued)

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

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 \$612 family coverage or \$235 individual coverage per employee per month which represents the entire premium required. This premium is paid by the fund that pays the salary of the employee and is based on historical cost information.

The claims liability of \$77,348 reported in the Internal Service fund at December 31, 2001 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 2000 and 2001 are:

| | <u>UNPAID CLAIMS AT BEGINNING OF YEAR</u> | <u>INCURRED CLAIMS</u> | <u>CLAIM PAYMENTS</u> | <u>UNPAID CLAIMS END OF YEAR</u> |
|------|--|-----------------------------------|----------------------------------|---|
| 2000 | \$79,595 | \$721,090 | \$716,419 | \$84,266 |
| 2001 | 84,266 | 810,333 | 817,251 | 77,348 |

NOTE 20 - CONDUIT DEBT

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from bonds; ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2001, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$15.96 million.

NOTE 21 - ENVIRONMENTAL ISSUES

In 2000, the City began developing a new well field referred to as Well #8, which could have the potential to pump up to 3.0 million gallons per day. The construction of the well was completed in 2001 and EPA approval to use the well was obtained. In March 2001, the City entered into a

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
(continued)

NOTE 21 - ENVIRONMENTAL ISSUES - (continued)

contract to construct a raw waterline to connect the new Well #8 to the Water Treatment Plant. In June 2001, two separate monitoring wells surrounding Well #8 were found to be contaminated with high levels of VOC's (Volatile Organic Chemicals). The Ohio EPA, in conjunction with other authorities, began a thorough investigation of the incident. Preliminary results indicated that the contamination was due to a recent dumping and that the ground water had not been affected. As a result of the contamination, City officials made the decision to halt the construction of the raw waterline. At that time, the waterline was approximately 30% complete. The completed portion of the waterline is being reported in the accompanying financial statements as Construction In Progress at a cost of \$355,921. In addition, the cost to construct Well #8 is also being reported as Construction In Progress at a cost of \$179,194. In March 2002, the EPA conducted final testing of the monitoring wells and found that the wells tested clean. It is the City's intent to seek EPA approval to use Well #8 as a production well after it has been tested on a regular basis over a 12-month period. The City incurred approximately \$20,000 in testing expenses as a result of the contamination.

In December 2000, the City entered into a \$190,000 contract with an engineering firm for an environmental assessment of the City's Dressler Road well field site due to accounts of dumping in prior years. The assessment was completed during 2001 and submitted to the Ohio Environmental Protection Agency (EPA) for approval. In December 2001, the City entered into a contract, not to exceed \$252,500 for the next phase of the well field study. The site investigation began in April 2002. The investigation led to the detection of PCB's (Polychlorinated Biphenyls) in one area of the well site, which were successfully removed. The investigation was completed, testing performed, and EPA approval granted to continue production from the well site. As of May 2002, approximately \$226,000 of the \$252,500 contract had been paid out.

NOTE 22 - CHANGES IN ACCOUNTING PRINCIPLES/RESTATEMENT OF FUND BALANCE

GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Receipt Reporting for Certain Shared Nonexchange Revenues", were implemented during 2001. These statements pertain to the financial reporting of certain types of revenue received by the City for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The adoption of these statements had no effect on fund balances/retained earnings as previously reported by the City at December 31, 2000. However, as a result of implementing these statements, the City has recognized in proprietary funds \$729,811 of non-operating capital contribution revenue, rather than as contributed capital to equity.

NOTE 23 - SUBSEQUENT EVENTS

In March 2002, the City issued \$1.25 million in one-year Water System Improvement Notes at a rate of 2.20% for the purpose of financing the installation of additional raw waterlines within the City.

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**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, 2001**

| | City Income Tax | Fire Operating Levy | Emergency Medical Service Levy | Computer |
|--|----------------------------|---------------------------|---|------------------------|
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$10,352,993 | \$172,488 | \$255,030 | \$13,751 |
| Receivables: | | | | |
| Taxes | 1,341,632 | 104,390 | 190,292 | 0 |
| Accounts | 0 | 0 | 87,120 | 0 |
| Intergovernmental Receivables | 0 | 11,000 | 19,500 | 0 |
| Supply Inventory | 0 | 0 | 3,442 | 0 |
| Prepaid Items | 0 | 1,817 | 2,265 | 0 |
| Total Assets | <u><u>\$11,694,625</u></u> | <u><u>\$289,695</u></u> | <u><u>\$557,649</u></u> | <u><u>\$13,751</u></u> |
| <u>Liabilities</u> | | | | |
| Accounts Payable | \$4,315 | \$75 | \$821 | \$600 |
| Accrued Wages and Benefits | 12,959 | 45,022 | 55,623 | 0 |
| Due to Other Funds | 10,000,000 | 0 | 0 | 0 |
| Deferred Revenue | 343,498 | 115,390 | 209,792 | 0 |
| Settlement Agreement Payable | 359,336 | 0 | 0 | 0 |
| Total Liabilities | 10,720,108 | 160,487 | 266,236 | 600 |
| <u>Fund Equity</u> | | | | |
| Reserved: | | | | |
| Encumbrances | 335 | 118 | 1,094 | 0 |
| Inventory | 0 | 0 | 3,442 | 0 |
| Prepaid Items | 0 | 1,817 | 2,265 | 0 |
| Unreserved | 974,182 | 127,273 | 284,612 | 13,151 |
| Total Fund Equity | <u><u>974,517</u></u> | <u><u>129,208</u></u> | <u><u>291,413</u></u> | <u><u>13,151</u></u> |
| Total Liabilities and Fund Equity | <u><u>\$11,694,625</u></u> | <u><u>\$289,695</u></u> | <u><u>\$557,649</u></u> | <u><u>\$13,751</u></u> |

| <u>Enforce- ment and Education</u> | <u>Street Construction Maintenance and Repair</u> | <u>Storm Sewer Levy</u> | <u>Street Improvement Levy</u> | <u>Municipal Road</u> | <u>Total</u> |
|--|---|---------------------------------|--|---------------------------|---------------------|
| \$13,895 | \$140,478 | \$111,355 | \$43,010 | \$5,000 | \$11,108,000 |
| 0 | 0 | 111,032 | 111,032 | 0 | 1,858,378 |
| 0 | 0 | 0 | 0 | 0 | 87,120 |
| 190 | 245,583 | 9,000 | 9,000 | 0 | 294,273 |
| 0 | 34,854 | 0 | 0 | 0 | 38,296 |
| 0 | 1,007 | 168 | 0 | 0 | 5,257 |
| <u>\$14,085</u> | <u>\$421,922</u> | <u>\$231,555</u> | <u>\$163,042</u> | <u>\$5,000</u> | <u>\$13,391,324</u> |
| \$0 | \$469 | \$0 | \$0 | \$0 | \$6,280 |
| 0 | 43,748 | 0 | 0 | 0 | 157,352 |
| 0 | 0 | 0 | 0 | 0 | 10,000,000 |
| 0 | 205,581 | 120,032 | 120,032 | 0 | 1,114,325 |
| 0 | 0 | 0 | 0 | 0 | 359,336 |
| 0 | 249,798 | 120,032 | 120,032 | 0 | 11,637,293 |
| 0 | 5,556 | 6,062 | 0 | 0 | 13,165 |
| 0 | 34,854 | 0 | 0 | 0 | 38,296 |
| 0 | 1,007 | 168 | 0 | 0 | 5,257 |
| 14,085 | 130,707 | 105,293 | 43,010 | 5,000 | 1,697,313 |
| <u>14,085</u> | <u>172,124</u> | <u>111,523</u> | <u>43,010</u> | <u>5,000</u> | <u>1,754,031</u> |
| <u>\$14,085</u> | <u>\$421,922</u> | <u>\$231,555</u> | <u>\$163,042</u> | <u>\$5,000</u> | <u>\$13,391,324</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, 2001

| | City Income Tax | Fire Operating Levy | Emergency Medical Service Levy | Computer |
|--|-----------------------|---------------------------|---|-----------------|
| Revenues: | | | | |
| City Income Tax | \$5,352,806 | \$0 | \$0 | \$0 |
| Property and Other Taxes | 0 | 91,205 | 167,046 | 0 |
| Licenses and Permits | 0 | 75 | 0 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 | 8,895 |
| Intergovernmental | 0 | 10,640 | 19,274 | 0 |
| Ambulance Fee | 0 | 0 | 121,875 | 0 |
| Contributions/Grants | 0 | 492 | 0 | 0 |
| Other | 2,131 | 3,465 | 11,619 | 0 |
| Total Revenues | 5,354,937 | 105,877 | 319,814 | 8,895 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 224,057 | 0 | 0 | 3,430 |
| Security of Persons and Property | 0 | 396,360 | 0 | 0 |
| Public Health and Welfare | 0 | 0 | 849,085 | 0 |
| Transportation | 0 | 0 | 0 | 0 |
| Basic Utility Services | 0 | 0 | 0 | 0 |
| Capital Outlay | 463 | 23,220 | 6,780 | 1,623 |
| Total Expenditures | 224,520 | 419,580 | 855,865 | 5,053 |
| Excess of Revenues Over (Under) Expenditures | 5,130,417 | (313,703) | (536,051) | 3,842 |
| Other Financing Sources (Uses): | | | | |
| Sale of Fixed Assets | 0 | 344 | 344 | 0 |
| Operating Transfers - In | 0 | 230,000 | 700,000 | 0 |
| Operating Transfers - Out | (5,100,000) | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | (5,100,000) | 230,344 | 700,344 | 0 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses | 30,417 | (83,359) | 164,293 | 3,842 |
| Fund Balance at Beginning of Year | 944,100 | 212,952 | 125,128 | 9,309 |
| Increase/(Decrease) in Reserve for Inventory | 0 | (385) | 1,992 | 0 |
| Fund Balance at End of Year | \$974,517 | \$129,208 | \$291,413 | \$13,151 |

| Enforce- ment and Education | Street Construction Maintenance and Repair | Storm Sewer Levy | Street Improvement Levy | Municipal Road | Total |
|-----------------------------------|---|------------------------|-------------------------------|-------------------|--------------------|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$5,352,806 |
| 0 | 0 | 101,297 | 101,297 | 0 | 460,845 |
| 0 | 0 | 0 | 0 | 0 | 75 |
| 0 | 0 | 0 | 0 | 0 | 8,895 |
| 3,492 | 496,634 | 9,981 | 9,981 | 100,000 | 650,002 |
| 0 | 0 | 0 | 0 | 0 | 121,875 |
| 0 | 0 | 0 | 0 | 0 | 492 |
| 0 | 1,470 | 0 | 0 | 0 | 18,685 |
| 3,492 | 498,104 | 111,278 | 111,278 | 100,000 | 6,613,675 |
| 0 | 0 | 0 | 0 | 0 | 227,487 |
| 2,517 | 0 | 0 | 0 | 0 | 398,877 |
| 0 | 0 | 0 | 0 | 0 | 849,085 |
| 0 | 907,206 | 0 | 0 | 0 | 907,206 |
| 0 | 0 | 24,816 | 0 | 0 | 24,816 |
| 5,430 | 26,208 | 85,615 | 187,000 | 95,000 | 431,339 |
| 7,947 | 933,414 | 110,431 | 187,000 | 95,000 | 2,838,810 |
| (4,455) | (435,310) | 847 | (75,722) | 5,000 | 3,774,865 |
| 0 | 8,087 | 0 | 0 | 0 | 8,775 |
| 0 | 500,000 | 0 | 0 | 0 | 1,430,000 |
| 0 | 0 | 0 | 0 | 0 | (5,100,000) |
| 0 | 508,087 | 0 | 0 | 0 | (3,661,225) |
| (4,455) | 72,777 | 847 | (75,722) | 5,000 | 113,640 |
| 18,540 | 110,797 | 110,676 | 118,732 | 0 | 1,650,234 |
| 0 | (11,450) | 0 | 0 | 0 | (9,843) |
| <u>\$14,085</u> | <u>\$172,124</u> | <u>\$111,523</u> | <u>\$43,010</u> | <u>\$5,000</u> | <u>\$1,754,031</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, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|---------------------|--|
| Revenues: | | | |
| City Income Tax | \$5,000,000 | \$5,529,547 | \$529,547 |
| Other | 0 | 2,131 | 2,131 |
| Total Revenues | 5,000,000 | 5,531,678 | 531,678 |
| Expenditures: | | | |
| Current: | | | |
| General Government | 283,800 | 221,901 | 61,899 |
| Capital Outlay | 600 | 463 | 137 |
| Total Expenditures | 284,400 | 222,364 | 62,036 |
| Excess of Revenues Over Expenditures | 4,715,600 | 5,309,314 | 593,714 |
| Other Financing (Uses): | | | |
| Operating Transfers - Out | (5,400,000) | (5,400,000) | 0 |
| Total Other Financing (Uses) | (5,400,000) | (5,400,000) | 0 |
| Excess of Revenues Over (Under) Expenditures and Other Uses | (684,400) | (90,686) | 593,714 |
| Fund Balance at Beginning of Year | 10,443,345 | 10,443,345 | 0 |
| Fund Balance at End of Year | <u>\$9,758,945</u> | <u>\$10,352,659</u> | <u>\$593,714</u> |

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Fire Operating Levy
For the Year Ended December 31, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|------------------|--|
| Revenues: | | | |
| Property Taxes | \$90,924 | \$91,205 | \$281 |
| Intergovernmental | 9,800 | 10,640 | 840 |
| Licenses and Permits | 0 | 75 | 75 |
| Contributions/Grants | | 492 | 492 |
| Other | 0 | 3,465 | 3,465 |
| Total Revenues | 100,724 | 105,877 | 5,153 |
| Expenditures: | | | |
| Current: | | | |
| Security of Persons and Property | 475,508 | 364,789 | 110,719 |
| Capital Outlay | 23,400 | 23,220 | 180 |
| Total Expenditures | 498,908 | 388,009 | 110,899 |
| Excess of Revenues Over (Under) Expenditures | (398,184) | (282,132) | 116,052 |
| Other Financing Sources: | | | |
| Sale of Fixed Assets | 0 | 344 | 344 |
| Operating Transfers - In | 230,000 | 230,000 | 0 |
| Total Other Sources | 230,000 | 230,344 | 344 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures | (168,184) | (51,788) | 116,396 |
| Fund Balance at Beginning of Year | 223,450 | 223,450 | 0 |
| Prior Year Encumbrances Appropriated | 708 | 708 | 0 |
| Fund Balance at End of Year | <u>\$55,974</u> | <u>\$172,370</u> | <u>\$116,396</u> |

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Emergency Medical Service Levy
For the Year Ended December 31, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|------------------|--|
| Revenues: | | | |
| Property Taxes | \$166,362 | \$167,046 | \$684 |
| Intergovernmental | 17,500 | 19,274 | 1,774 |
| Ambulance Fee | 41,500 | 92,565 | 51,065 |
| Other | 0 | 11,619 | 11,619 |
| Total Revenues | 225,362 | 290,504 | 65,142 |
| Expenditures: | | | |
| Current: | | | |
| Public Health and Welfare | 927,700 | 845,632 | 82,068 |
| Capital Outlay | 7,100 | 6,780 | 320 |
| Total Expenditures | 934,800 | 852,412 | 82,388 |
| Excess of Revenues Over (Under) Expenditures | (709,438) | (561,908) | 147,530 |
| Other Financing Sources: | | | |
| Sale of Fixed Assets | 0 | 344 | 344 |
| Operating Transfers - In | 700,000 | 700,000 | 0 |
| Total Other Sources | 700,000 | 700,344 | 344 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures | (9,438) | 138,436 | 147,874 |
| Fund Balance at Beginning of Year | 115,500 | 115,500 | 0 |
| Fund Balance at End of Year | <u>\$106,062</u> | <u>\$253,936</u> | <u>\$147,874</u> |

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, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|-----------------|--|
| Revenue: | | | |
| Fines and Forfeitures | \$8,000 | \$8,895 | \$895 |
| Total Revenue | 8,000 | 8,895 | 895 |
| Expenditures: | | | |
| Current: | | | |
| Security of Persons and Property | 13,300 | 3,430 | 9,870 |
| Capital Outlay | 1,700 | 1,623 | 77 |
| Total Expenditures | 15,000 | 5,053 | 9,947 |
| Excess of Revenue Over (Under) Expenditures | (7,000) | 3,842 | 10,842 |
| Fund Balance at Beginning of Year | 9,309 | 9,309 | 0 |
| Fund Balance at End of Year | <u>\$2,309</u> | <u>\$13,151</u> | <u>\$10,842</u> |

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Enforcement and Education
For the Year Ended December 31, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|-----------------|--|
| Revenue: | | | |
| Intergovernmental | \$3,000 | \$3,449 | \$449 |
| Total Revenue | 3,000 | 3,449 | 449 |
| Expenditures: | | | |
| Current: | | | |
| Security of Persons and Property | 13,000 | 2,517 | 10,483 |
| Capital Outlay | 7,000 | 5,430 | 1,570 |
| Total Expenditures | 20,000 | 7,947 | 12,053 |
| Excess of Revenue Over (Under) Expenditures | (17,000) | (4,498) | 12,502 |
| Fund Balance at Beginning of Year | 18,393 | 18,393 | 0 |
| Fund Balance at End of Year | <u>\$1,393</u> | <u>\$13,895</u> | <u>\$12,502</u> |

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Street Construction Maintenance and Repair
For the Year Ended December 31, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|------------------|--|
| Revenues: | | | |
| Intergovernmental | \$470,000 | \$495,297 | \$25,297 |
| Other | 0 | 1,470 | 1,470 |
| Total Revenues | 470,000 | 496,767 | 26,767 |
| Expenditures: | | | |
| Current: | | | |
| Transportation | 1,003,410 | 940,386 | 63,024 |
| Capital Outlay | 27,700 | 26,208 | 1,492 |
| Total Expenditures | 1,031,110 | 966,594 | 64,516 |
| Excess of Revenues Over (Under) Expenditures | (561,110) | (469,827) | 91,283 |
| Other Financing Sources: | | | |
| Sale of Fixed Assets | 0 | 8,087 | 8,087 |
| Operating Transfers - In | 500,000 | 500,000 | 0 |
| Total Other Sources | 500,000 | 508,087 | 8,087 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures | (61,110) | 38,260 | 99,370 |
| Fund Balance at Beginning of Year | 95,053 | 95,053 | 0 |
| Prior Year Encumbrances Appropriated | 1,610 | 1,610 | 0 |
| Fund Balance at End of Year | <u>\$35,553</u> | <u>\$134,923</u> | <u>\$99,370</u> |

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Storm Sewer Levy
For the Year Ended December 31, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|------------------|--|
| Revenues: | | | |
| Property Taxes | \$100,182 | \$101,297 | \$1,115 |
| Intergovernmental | 8,200 | 9,981 | 1,781 |
| Total Revenues | 108,382 | 111,278 | 2,896 |
| Expenditures: | | | |
| Current: | | | |
| Basic Utility Services | 36,876 | 24,483 | 12,393 |
| Capital Outlay | 182,685 | 91,677 | 91,008 |
| Total Expenditures | 219,561 | 116,160 | 103,401 |
| Excess of Revenues Over (Under) Expenditures | (111,179) | (4,882) | 106,297 |
| Other Financing Sources: | | | |
| Sale of Fixed Assets | 5,000 | 0 | (5,000) |
| Total Other Sources | 5,000 | 0 | (5,000) |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures | (106,179) | (4,882) | 101,297 |
| Fund Balance at Beginning of Year | 27,115 | 27,115 | 0 |
| Prior Year Encumbrances Appropriated | 83,061 | 83,061 | 0 |
| Fund Balance at End of Year | \$3,997 | \$105,294 | \$101,297 |

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Street Improvement Levy
For the Year Ended December 31, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|-----------------|--|
| Revenues: | | | |
| Property Taxes | \$100,182 | \$101,297 | \$1,115 |
| Intergovernmental | 8,200 | 9,981 | 1,781 |
| Total Revenues | 108,382 | 111,278 | 2,896 |
| Expenditures: | | | |
| Current: | | | |
| Transportation | 22,000 | 0 | 22,000 |
| Capital Outlay | 208,000 | 187,000 | 21,000 |
| Total Expenditures | 230,000 | 187,000 | 43,000 |
| Excess of Revenues Over (Under) Expenditures | (121,618) | (75,722) | 45,896 |
| Other Financing Sources: | | | |
| Sale of Fixed Assets | 6,000 | 0 | (6,000) |
| Total Other Sources | 6,000 | 0 | (6,000) |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures | (115,618) | (75,722) | 39,896 |
| Fund Balance at Beginning of Year | 28,733 | 28,733 | 0 |
| Prior Year Encumbrances Appropriated | 90,000 | 90,000 | 0 |
| Fund Balance at End of Year | <u>\$3,115</u> | <u>\$43,011</u> | <u>\$39,896</u> |

City of North Canton, Ohio
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Municipal Road
For the Year Ended December 31, 2001

| | <u>Revised Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---------------------------|-----------------------|---|
| Revenue: | | | |
| Intergovernmental | <u>\$190,000</u> | <u>\$100,000</u> | <u>(\$90,000)</u> |
| Total Revenue | 190,000 | 100,000 | (90,000) |
| Expenditures: | | | |
| Capital Outlay | <u>95,000</u> | <u>95,000</u> | <u>0</u> |
| Total Expenditures | <u>95,000</u> | <u>95,000</u> | <u>0</u> |
| Excess of Revenue Over Expenditures | 95,000 | 5,000 | (90,000) |
| Fund Balance at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$95,000</u></u> | <u><u>\$5,000</u></u> | <u><u>(\$90,000)</u></u> |

Debt Service Fund

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

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

Capital Projects Fund

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

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

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

Enterprise Funds

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

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

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

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

City of North Canton, Ohio
Combining Balance Sheet
All Enterprise Funds
December 31, 2001

| | Water Revenue | Sewer Revenue | Garbage Service | Total |
|--|---------------------|--------------------|--------------------|---------------------|
| <u>Assets</u> | | | | |
| Current Assets: | | | | |
| Equity in Pooled Cash and Cash Investments | \$1,684,408 | \$1,253,725 | \$169,391 | \$3,107,524 |
| Receivables: | | | | |
| Accounts | 455,066 | 139,265 | 4,234 | 598,565 |
| Supply Inventory | 68,627 | 0 | 0 | 68,627 |
| Prepaid Items | 2,013 | 326,217 | 0 | 328,230 |
| Total Current Assets | 2,210,114 | 1,719,207 | 173,625 | 4,102,946 |
| Fixed Assets, (Net of Accumulated Depreciation) | 13,834,372 | 4,650,088 | 0 | 18,484,460 |
| Total Assets | <u>\$16,044,486</u> | <u>\$6,369,295</u> | <u>\$173,625</u> | <u>\$22,587,406</u> |
| <u>Liabilities</u> | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$7,610 | \$37,579 | \$3,811 | \$49,000 |
| Contracts Payable | 57,852 | 0 | 0 | 57,852 |
| Employee Severance Payable | 12,324 | 0 | 0 | 12,324 |
| Accrued Wages and Benefits | 397,962 | 67,025 | 232 | 465,219 |
| Accrued Interest Payable | 104,911 | 0 | 0 | 104,911 |
| General Obligation Notes Payable | 1,300,000 | 0 | 0 | 1,300,000 |
| OWDA Loan Payable | 78,887 | 0 | 0 | 78,887 |
| Total Current Liabilities | 1,959,546 | 104,604 | 4,043 | 2,068,193 |
| Long-Term Liabilities: | | | | |
| OWDA Loan Payable, (Net of Current Portion) | 847,048 | 0 | 0 | 847,048 |
| Total Liabilities | 2,806,594 | 104,604 | 4,043 | 2,915,241 |
| <u>Fund Equity</u> | | | | |
| Contributed Capital | 2,464,311 | 2,514,671 | 0 | 4,978,982 |
| Retained Earnings: | | | | |
| Unreserved | 10,773,581 | 3,750,020 | 169,582 | 14,693,183 |
| Total Retained Earnings | 10,773,581 | 3,750,020 | 169,582 | 14,693,183 |
| Total Fund Equity | 13,237,892 | 6,264,691 | 169,582 | 19,672,165 |
| Total Liabilities and Fund Equity | <u>\$16,044,486</u> | <u>\$6,369,295</u> | <u>\$173,625</u> | <u>\$22,587,406</u> |

City of North Canton, Ohio
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
All Enterprise Funds
For the Year Ended December 31, 2001

| | Water Revenue | Sewer Revenue | Garbage Service | Total |
|--|---------------------|--------------------|--------------------|---------------------|
| Operating Revenues: | | | | |
| Customer Charges | \$3,154,514 | \$1,553,272 | \$524,250 | \$5,232,036 |
| Tap-In Fees | 107,043 | 75,919 | 0 | 182,962 |
| Other Operating Revenue | 31,775 | 2,866 | 422 | 35,063 |
| Total Operating Revenues | 3,293,332 | 1,632,057 | 524,672 | 5,450,061 |
| Operating Expenses: | | | | |
| Personal Services | 1,360,933 | 296,520 | 43,271 | 1,700,724 |
| Contractual Services | 836,893 | 918,228 | 502,094 | 2,257,215 |
| Materials and Supplies | 361,389 | 84,252 | 1,996 | 447,637 |
| Depreciation | 584,000 | 237,437 | 0 | 821,437 |
| Total Operating Expenses | 3,143,215 | 1,536,437 | 547,361 | 5,227,013 |
| Operating Income (Loss) | 150,117 | 95,620 | (22,689) | 223,048 |
| Non-Operating Income (Expenses): | | | | |
| Gain on Sale of Fixed Assets | 10,403 | 430 | 0 | 10,833 |
| Grant Proceeds | 0 | 0 | 20,000 | 20,000 |
| Capital Contributions | 598,724 | 131,087 | 0 | 729,811 |
| Interest Income | 30,517 | 0 | 0 | 30,517 |
| Interest Expense | (104,911) | 0 | 0 | (104,911) |
| Total Non-Operating Income (Expenses) | 534,733 | 131,517 | 20,000 | 686,250 |
| Net Income (Loss) | 684,850 | 227,137 | (2,689) | 909,298 |
| Depreciation on Fixed Assets | | | | |
| Acquired by Contributed Capital | 82,672 | 62,278 | 0 | 144,950 |
| Retained Earnings at Beginning of Year | 10,006,059 | 3,460,605 | 172,271 | 13,638,935 |
| Retained Earnings at End of Year | 10,773,581 | 3,750,020 | 169,582 | 14,693,183 |
| Contributed Capital at Beginning of Year | 2,546,983 | 2,576,949 | 0 | 5,123,932 |
| Depreciation on Fixed Assets | | | | |
| Acquired by Contributed Capital | (82,672) | (62,278) | 0 | (144,950) |
| Contributed Capital at End of Year | 2,464,311 | 2,514,671 | 0 | 4,978,982 |
| Total Fund Equity at End of Year | <u>\$13,237,892</u> | <u>\$6,264,691</u> | <u>\$169,582</u> | <u>\$19,672,165</u> |

City of North Canton, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Year Ended December 31, 2001

| | Water Revenue | Sewer Revenue | Garbage Service | Total |
|--|--------------------|--------------------|--------------------|--------------------|
| Cash Flows from Operating Activities | | | | |
| Cash Received From Customers | \$3,274,251 | \$1,625,913 | \$524,861 | \$5,425,025 |
| Cash Payments for Goods and Services | (1,257,453) | (625,444) | (534,457) | (2,417,354) |
| Cash Payments for Wages and Benefits | (1,338,114) | (289,893) | (43,705) | (1,671,712) |
| Other Operating Revenues | 31,775 | 2,866 | 422 | 35,063 |
| Net Cash Provided by (Used For) Operating Activities | 710,459 | 713,442 | (52,879) | 1,371,022 |
| Cash Flows from Non-Capital and Related Financing Activities: | | | | |
| Proceeds from Grant | 0 | 0 | 20,000 | 20,000 |
| Net Cash Provided by Non-Capital and Related Financing Activities | 0 | 0 | 20,000 | 20,000 |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Proceeds From OWDA Loan | 271,676 | 0 | 0 | 271,676 |
| Proceeds From Notes | 1,300,000 | 0 | 0 | 1,300,000 |
| Debt Service - Principal | (74,065) | 0 | 0 | (74,065) |
| Debt Service - Interest | (62,933) | 0 | 0 | (62,933) |
| Proceeds From Sale of Fixed Assets | 11,535 | 430 | 0 | 11,965 |
| Payments for Capital Acquisitions | (1,245,997) | (149,270) | 0 | (1,395,267) |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | 200,216 | (148,840) | 0 | 51,376 |
| Cash Flows from Investing Activities: | | | | |
| Interest on Investments | 30,517 | 0 | 0 | 30,517 |
| Net Cash Provided by Investing Activities | 30,517 | 0 | 0 | 30,517 |
| Increase (Decrease) in Cash and Cash Equivalents | 941,192 | 564,602 | (32,879) | 1,472,915 |
| Cash and Cash Equivalents at Beginning of Year | 743,216 | 689,123 | 202,270 | 1,634,609 |
| Cash and Cash Equivalents at End of Year | <u>\$1,684,408</u> | <u>\$1,253,725</u> | <u>\$169,391</u> | <u>\$3,107,524</u> |
| Reconciliation of Operating Income (Loss) to | | | | |
| Net Cash Provided by (Used for) Operating Activities: | | | | |
| Operating Income (Loss) | \$150,117 | \$95,620 | (\$22,689) | \$223,048 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | | |
| Depreciation Expense | 584,000 | 237,437 | 0 | 821,437 |
| Changes in Operating Assets and Liabilities: | | | | |
| Decrease (Increase) Accounts Receivable | 12,694 | (3,278) | 610 | 10,026 |
| Increase Supply Inventory | (15,915) | 0 | 0 | (15,915) |
| Decrease Prepaid Items | 2,083 | 379,027 | 0 | 381,110 |
| Decrease Accounts Payable | (16,099) | (1,991) | (30,366) | (48,456) |
| Decrease Contracts Payable | (29,240) | 0 | 0 | (29,240) |
| Increase Employee Severance Payable | 12,324 | 0 | 0 | 12,324 |
| Increase (Decrease) Accrued Wages and Benefits | 10,495 | 6,627 | (434) | 16,688 |
| Net Cash Provided by (Used for) Operating Activities | <u>\$710,459</u> | <u>\$713,442</u> | <u>(\$52,879)</u> | <u>\$1,371,022</u> |

In addition to the above, the Enterprise Funds had the following non-cash financing transactions:
\$52,000 in capital assets were included in contracts payable.

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, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|------------------|------------------|--|
| Revenues: | | | |
| Customer Charges | \$3,106,000 | \$3,167,208 | \$61,208 |
| Tap-In Fees | 90,000 | 107,043 | 17,043 |
| Other Operating Revenue | 4,000 | 31,775 | 27,775 |
| Total Revenue | 3,200,000 | 3,306,026 | 106,026 |
| Expenses: | | | |
| Current: | | | |
| Personal Services | 1,382,282 | 1,338,114 | 44,168 |
| Contractual Services | 664,173 | 632,572 | 31,601 |
| Claims and Judgments | 500 | 0 | 500 |
| Materials and Supplies | 505,406 | 471,968 | 33,438 |
| Other Operating Expenses | 2,800 | 1,011 | 1,789 |
| Capital Outlay | 2,781,200 | 2,656,631 | 124,569 |
| Total Expenses | 5,336,361 | 5,100,296 | 236,065 |
| Excess of Revenues Over (Under) Expenses | (2,136,361) | (1,794,270) | 342,091 |
| Other Financing Sources (Uses): | | | |
| Sale of Fixed Assets | 0 | 11,535 | 11,535 |
| Proceeds from Bond/Note Sale | 1,771,676 | 1,571,676 | (200,000) |
| Interest Income | 0 | 30,517 | 30,517 |
| Debt Service - Principal | (67,332) | (67,332) | 0 |
| Debt Service - Interest | (69,666) | (69,666) | 0 |
| Total Other Financing Sources (Uses) | 1,634,678 | 1,476,730 | (157,948) |
| Excess of Revenues Over (Under) Expenses and Other Financing Sources (Uses) | (501,683) | (317,540) | 184,143 |
| Fund Equity at Beginning of Year | 214,555 | 214,555 | 0 |
| Prior Year Encumbrances Appropriated | 528,661 | 528,661 | 0 |
| Fund Equity at End of Year | \$241,533 | \$425,676 | \$184,143 |

City of North Canton, Ohio
Schedule of Revenues, Expenses, and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Sewer Revenue
For the Year Ended December 31, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|-------------|-------------|--|
| Revenues: | | | |
| Customer Charges | \$1,500,000 | \$1,549,994 | \$49,994 |
| Tap-In Fees | 74,000 | 75,919 | 1,919 |
| Other Operating Revenue | 1,000 | 2,866 | 1,866 |
| Total Revenue | 1,575,000 | 1,628,779 | 53,779 |
| Expenses: | | | |
| Current: | | | |
| Personal Services | 316,135 | 289,893 | 26,242 |
| Contractual Services | 1,347,905 | 570,235 | 777,670 |
| Claims and Judgments | 1,000 | 974 | 26 |
| Materials and Supplies | 15,100 | 10,567 | 4,533 |
| Other Operating Expenses | 1,500 | 461 | 1,039 |
| Capital Outlay | 333,575 | 222,865 | 110,710 |
| Total Expenses | 2,015,215 | 1,094,995 | 920,220 |
| Excess of Revenues Over (Under) Expenses | (440,215) | 533,784 | 973,999 |
| Other Financing Sources: | | | |
| Sale of Fixed Assets | 0 | 430 | 430 |
| Total Other Financing Sources | 0 | 430 | 430 |
| Excess of Revenues Over (Under) Expenses and Other Financing Sources | (440,215) | 534,214 | 974,429 |
| Fund Equity at Beginning of Year | 623,745 | 623,745 | 0 |
| Prior Year Encumbrances Appropriated | 65,378 | 65,378 | 0 |
| Fund Equity at End of Year | \$248,908 | \$1,223,337 | \$974,429 |

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, 2001

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|------------------|------------------|--|
| Revenues: | | | |
| Customer Charges | \$570,000 | \$524,861 | (\$45,139) |
| Other Operating Revenue | 0 | 422 | 422 |
| Total Revenue | 570,000 | 525,283 | (44,717) |
| Expenses: | | | |
| Current: | | | |
| Personal Services | 45,765 | 43,705 | 2,060 |
| Contractual Services | 620,210 | 532,225 | 87,985 |
| Materials and Supplies | 2,125 | 2,024 | 101 |
| Other Operating Expenses | 500 | 235 | 265 |
| Total Expenses | 668,600 | 578,189 | 90,411 |
| Excess of Revenues Over (Under) Expenses | (98,600) | (52,906) | 45,694 |
| Other Financing Sources: | | | |
| Proceeds from Grant | 0 | 20,000 | 20,000 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenses | (98,600) | (32,906) | 65,694 |
| Fund Equity at Beginning of Year | 202,270 | 202,270 | 0 |
| Fund Equity at End of Year | <u>\$103,670</u> | <u>\$169,364</u> | <u>\$65,694</u> |

Internal Service Fund

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

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

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

Trust and Agency Funds

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

Trust Fund:

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

Agency Funds:

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

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

**City of North Canton, Ohio
Combining Balance Sheet
Expendable Trust and Agency Funds
December 31, 2001**

| | Expendable Trust | Agency Funds | Total |
|---|---------------------|-----------------|-----------------|
| <u>Assets</u> | | | |
| Equity in Pooled Cash and Investments | \$25,497 | \$0 | \$25,497 |
| Cash and Cash Equivalents in Segregated Accounts | 0 | 62,306 | 62,306 |
| Total Assets | <u>\$25,497</u> | <u>\$62,306</u> | <u>\$87,803</u> |
| <u>Liabilities</u> | | | |
| Accounts Payable | \$258 | \$0 | \$258 |
| Deposits Held and Due to Others | 5,908 | 62,306 | 68,214 |
| Total Liabilities | 6,166 | 62,306 | 68,472 |
| <u>Fund Equity</u> | | | |
| Fund Balance: Unreserved | 19,331 | 0 | 19,331 |
| Total Fund Equity | 19,331 | 0 | 19,331 |
| Total Liabilities and Fund Equity | <u>\$25,497</u> | <u>\$62,306</u> | <u>\$87,803</u> |

City of North Canton, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2001

| | Balance 1/01/01 | Additions | Reductions | Balance 12/31/01 |
|--|--------------------|-----------|------------|---------------------|
| Mayor's Court | | | | |
| <u>Assets</u> | | | | |
| Cash and Cash Equivalents in Segregated Accounts | \$241 | \$118,165 | \$118,144 | \$262 |
| Total Assets | \$241 | \$118,165 | \$118,144 | \$262 |
| <u>Liabilities</u> | | | | |
| Deposits Held and Due Others | \$241 | \$118,165 | \$118,144 | \$262 |
| Total Liabilities | \$241 | \$118,165 | \$118,144 | \$262 |
| | | | | |
| Required Deposits | | | | |
| <u>Assets</u> | | | | |
| Cash and Cash Equivalents in Segregated Accounts | \$71,641 | \$101,947 | \$111,544 | \$62,044 |
| Total Assets | \$71,641 | \$101,947 | \$111,544 | \$62,044 |
| <u>Liabilities</u> | | | | |
| Deposits Held and Due Others | \$71,641 | \$101,947 | \$111,544 | \$62,044 |
| Total Liabilities | \$71,641 | \$101,947 | \$111,544 | \$62,044 |
| | | | | |
| Total - All Agency Funds | | | | |
| <u>Assets</u> | | | | |
| Cash and Cash Equivalents in Segregated Accounts | \$71,882 | \$220,112 | \$229,688 | \$62,306 |
| Total Assets | \$71,882 | \$220,112 | \$229,688 | \$62,306 |
| <u>Liabilities</u> | | | | |
| Deposits Held and Due Others | \$71,882 | \$220,112 | \$229,688 | \$62,306 |
| Total Liabilities | \$71,882 | \$220,112 | \$229,688 | \$62,306 |

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, 2001

General Fixed Assets:

| | |
|-------------------------------|---------------------------|
| Land | \$2,468,612 |
| Buildings | 4,735,990 |
| Equipment | <u>5,174,097</u> |
| Total General Fixed Assets | 12,378,699 |
| Less Accumulated Depreciation | <u>(6,206,956)</u> |
| Net General Fixed Assets | <u><u>\$6,171,743</u></u> |

Investment in General Fixed Assets From:

| | |
|--|---------------------------|
| General Fund | \$2,979,267 |
| Special Revenue Funds | 2,314,823 |
| Capital Improvement Fund | 5,265,364 |
| Grants and Gifts | <u>1,819,245</u> |
| Total General Fixed Assets | 12,378,699 |
| Less Accumulated Depreciation | <u>(6,206,956)</u> |
| Net Investment in General Fixed Assets | <u><u>\$6,171,743</u></u> |

City of North Canton, Ohio
Schedule of Changes in General Fixed Assets by Function and Department
For the Year Ended December 31, 2001

| | Balance December 31, 2000 | Additions | Deletions | Balance December 31, 2001 |
|--------------------------------------|---------------------------------|------------------|------------------|---------------------------------|
| City Wide: | | | | |
| Land | \$2,468,612 | \$0 | \$0 | \$2,468,612 |
| Buildings and Improvement | 4,591,490 | 144,500 | 0 | 4,735,990 |
| Total City Wide | 7,060,102 | 144,500 | 0 | 7,204,602 |
| Public Safety: | | | | |
| Police Department | 782,793 | 229,957 | 171,333 | 841,417 |
| Fire Department | 1,539,948 | 61,283 | 8,573 | 1,592,658 |
| Emergency Medical Service | 544,964 | 149,235 | 0 | 694,199 |
| Total Public Safety | 2,867,705 | 440,475 | 179,906 | 3,128,274 |
| Leisure Time Activities: | | | | |
| Parks | 270,674 | 56,212 | 11,611 | 315,275 |
| Recreation | 55,286 | 0 | 1,901 | 53,385 |
| Swimming Pool | 159,997 | 9,368 | 1,052 | 168,313 |
| Civic Center | 10,715 | 1,838 | 600 | 11,953 |
| Total Leisure Time Activities | 496,672 | 67,418 | 15,164 | 548,926 |
| Public Works: | | | | |
| Street Department | 599,268 | 166,266 | 54,171 | 711,363 |
| Storm Sewer Department | 134,047 | 0 | 0 | 134,047 |
| Total Public Works | 733,315 | 166,266 | 54,171 | 845,410 |
| General Government: | | | | |
| Mayor | 22,552 | 1,893 | 3,505 | 20,940 |
| Administration Department | 48,459 | 24,116 | 596 | 71,979 |
| Finance Department | 84,984 | 3,300 | 5,007 | 83,277 |
| Data Processing | 106,151 | 570 | 730 | 105,991 |
| Law Department | 1,325 | 0 | 0 | 1,325 |
| Council | 40,030 | 0 | 10,232 | 29,798 |
| Income Tax | 18,064 | 0 | 3,437 | 14,627 |
| City Hall Maintenance | 52,645 | 0 | 0 | 52,645 |
| Permits and Inspection | 40,181 | 24,116 | 28,567 | 35,730 |
| Engineering Department | 159,039 | 59,594 | 41,723 | 176,910 |
| Other General Government | 58,765 | 0 | 500 | 58,265 |
| Total General Government | 632,195 | 113,589 | 94,297 | 651,487 |
| Total General Fixed Assets | 11,789,989 | 932,248 | 343,538 | 12,378,699 |
| Accumulated Depreciation | (5,910,462) | (517,664) | (221,170) | (6,206,956) |
| Net General Fixed Assets | \$5,879,527 | \$414,584 | \$122,368 | \$6,171,743 |

City of North Canton, Ohio
Schedule of General Fixed Assets by Function and Department
December 31, 2001

| | Total | Land | Building | Equipment |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
| City Wide: | | | | |
| Land | \$2,468,612 | \$2,468,612 | \$0 | \$0 |
| Buildings and Improvement | 4,735,990 | 0 | 4,735,990 | 0 |
| Total City Wide | 7,204,602 | 2,468,612 | 4,735,990 | 0 |
| Public Safety: | | | | |
| Police Department | 841,417 | 0 | 0 | 841,417 |
| Fire Department | 1,592,658 | 0 | 0 | 1,592,658 |
| Emergency Medical Service | 694,199 | 0 | 0 | 694,199 |
| Total Public Safety | 3,128,274 | 0 | 0 | 3,128,274 |
| Leisure Time Activities: | | | | |
| Parks | 315,275 | 0 | 0 | 315,275 |
| Recreation | 53,385 | 0 | 0 | 53,385 |
| Swimming Pool | 168,313 | 0 | 0 | 168,313 |
| Civic Center | 11,953 | 0 | 0 | 11,953 |
| Total Leisure Time Activities | 548,926 | 0 | 0 | 548,926 |
| Public Works: | | | | |
| Street Department | 711,363 | 0 | 0 | 711,363 |
| Storm Sewer Department | 134,047 | 0 | 0 | 134,047 |
| Total Public Works | 845,410 | 0 | 0 | 845,410 |
| General Government: | | | | |
| Mayor | 20,940 | 0 | 0 | 20,940 |
| Administration Department | 71,979 | 0 | 0 | 71,979 |
| Finance Department | 83,277 | 0 | 0 | 83,277 |
| Data Processing | 105,991 | 0 | 0 | 105,991 |
| Law Department | 1,325 | 0 | 0 | 1,325 |
| Council | 29,798 | 0 | 0 | 29,798 |
| Income Tax | 14,627 | 0 | 0 | 14,627 |
| City Hall Maintenance | 52,645 | 0 | 0 | 52,645 |
| Permits and Inspection | 35,730 | 0 | 0 | 35,730 |
| Engineering Department | 176,910 | 0 | 0 | 176,910 |
| Other General Government | 58,265 | 0 | 0 | 58,265 |
| Total General Government | 651,487 | 0 | 0 | 651,487 |
| Total General Fixed Assets | 12,378,699 | 2,468,612 | 4,735,990 | 5,174,097 |
| Accumulated Depreciation | (6,206,956) | 0 | (2,805,453) | (3,401,503) |
| Total | \$6,171,743 | \$2,468,612 | \$1,930,537 | \$1,772,594 |

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Statistical Section



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

Table 1

| | 1992 | 1993 | 1994 | 1995 | 1996 |
|----------------------------------|--------------------|--------------------|---------------------|--------------------|---------------------|
| Current: | | | | | |
| General Government | \$1,140,533 | \$1,218,920 | \$1,341,632 | \$1,338,027 | \$1,378,480 |
| Security of Persons and Property | 1,615,544 | 1,688,448 | 1,761,500 | 1,866,027 | 1,980,589 |
| Public Health and Welfare | 498,705 | 525,160 | 565,077 | 586,879 | 644,628 |
| Transportation | 437,637 | 590,067 | 592,019 | 658,559 | 620,162 |
| Community Environment | 170,494 | 193,289 | 207,310 | 210,060 | 199,357 |
| Basic Utility Services | 40,298 | 23,272 | 7,373 | 16,721 | 23,433 |
| Leisure Time Activities | 416,765 | 544,879 | 530,971 | 585,295 | 609,101 |
| Capital Outlay | 1,267,664 | 2,168,421 | 5,223,614 | 3,492,090 | 2,923,779 |
| Debt Service(2) | 76,196 | 67,509 | 47,065 | 24,550 | 22,260 |
| Total Expenditures | \$5,663,836 | \$7,019,965 | \$10,276,561 | \$8,778,208 | \$8,401,789 |
| | | | | | |
| | 1997 | 1998 | 1999 | 2000 | 2001 |
| Current: | | | | | |
| General Government | \$1,401,131 | \$1,540,090 | \$1,461,342 | \$1,601,772 | \$1,758,108 |
| Security of Persons and Property | 2,084,016 | 2,431,410 | 2,565,366 | 2,468,042 | 2,884,587 |
| Public Health and Welfare | 679,551 | 770,643 | 833,863 | 865,914 | 921,120 |
| Transportation | 696,623 | 691,571 | 765,327 | 936,608 | 907,321 |
| Community Environment | 200,379 | 243,869 | 237,267 | 234,491 | 302,995 |
| Basic Utility Services | 7,291 | 13,150 | 21,020 | 35,271 | 25,009 |
| Leisure Time Activities | 607,922 | 676,052 | 719,554 | 718,856 | 858,485 |
| Capital Outlay | 2,988,106 | 3,167,891 | 3,923,594 | 3,007,454 | 3,171,010 |
| Debt Service(2) | 18,288 | 17,545 | 16,013 | 0 | 0 |
| Total Expenditures | \$8,683,307 | \$9,552,221 | \$10,543,346 | \$9,868,408 | \$10,828,635 |

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

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

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

Table 2

| | 1992 | 1993 | 1994 | 1995 | 1996 |
|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| City Income Tax | \$3,990,578 | \$3,992,874 | \$4,678,755 | \$5,075,814 | \$5,165,572 |
| Property Taxes | 866,795 | 909,586 | 902,383 | 953,498 | 975,652 |
| Charges for Services | 142,947 | 183,135 | 179,138 | 241,164 | 238,431 |
| Licenses and Permits | 66,648 | 92,345 | 82,745 | 71,156 | 143,767 |
| Fines and Forfeitures | 38,029 | 42,041 | 61,566 | 56,000 | 45,639 |
| Intergovernmental | 1,071,621 | 1,594,470 | 1,559,343 | 1,768,828 | 1,869,637 |
| Ambulance Fee | 0 | 0 | 0 | 0 | 0 |
| Special Assessments | 67,349 | 59,577 | 56,005 | 30,468 | 27,198 |
| Contributions/Grants | 0 | 0 | 0 | 0 | 0 |
| Investment Income | 644,314 | 655,535 | 646,880 | 592,556 | 634,074 |
| Other | 52,757 | 15,337 | 9,544 | 12,362 | 11,726 |
| Total Revenue | \$6,941,038 | \$7,544,900 | \$8,176,359 | \$8,801,846 | \$9,111,696 |

| | 1997 | 1998 | 1999 | 2000 | 2001 |
|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| City Income Tax | \$6,251,947 | \$6,877,294 | \$6,357,858 | \$6,911,615 | \$5,352,806 |
| Property Taxes | 976,990 | 1,026,810 | 1,042,921 | 1,030,719 | 1,149,776 |
| Charges for Services | 253,450 | 400,635 | 298,693 | 305,120 | 312,693 |
| Licenses and Permits | 111,371 | 105,826 | 157,475 | 140,905 | 118,623 |
| Fines and Forfeitures | 44,907 | 55,030 | 30,110 | 85,999 | 91,355 |
| Intergovernmental | 2,244,674 | 1,856,415 | 3,099,228 | 3,400,347 | 2,364,205 |
| Ambulance Fee | 0 | 0 | 66,315 | 99,299 | 121,875 |
| Special Assessments | 21,015 | 21,015 | 16,689 | 0 | 0 |
| Contributions/Grants | 0 | 0 | 241,294 | 632,568 | 22,430 |
| Investment Income | 706,318 | 824,450 | 707,892 | 1,019,352 | 835,486 |
| Other | 23,004 | 167,709 | 10,988 | 33,652 | 68,953 |
| Total Revenue | \$10,633,676 | \$11,335,184 | \$12,029,463 | \$13,659,576 | \$10,438,202 |

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

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

Table 3

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 1992 | \$3,990,578 |
| 1993 | 3,992,874 |
| 1994 | 4,678,755 |
| 1995 | 5,075,814 |
| 1996 | 5,165,572 |
| 1997 | 6,251,947 |
| 1998 | 6,877,294 |
| 1999 | 6,357,858 |
| 2000 | 6,911,615 |
| 2001 | 5,352,806 |

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

Table 4

| 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 | Outstanding Delinquent Taxes | Percent of Delinquent Taxes to Tax Levy |
|-----------------|----------------|-------------------------|---------------------------|----------------------------|-----------------------|---|------------------------------|---|
| 1992 | \$994,103 | \$941,993 | 94.76 % | \$9,850 | \$951,843 | 95.75 % | \$42,260 | 4.25 % |
| 1993 | 1,018,730 | 965,267 | 94.75 | 35,964 | 1,001,231 | 98.28 | 17,499 | 1.72 |
| 1994 | 1,013,722 | 982,232 | 96.89 | 11,729 | 993,961 | 98.05 | 19,761 | 1.95 |
| 1995 | 1,068,720 | 1,039,580 | 97.27 | 10,959 | 1,050,539 | 98.30 | 18,181 | 1.70 |
| 1996 | 1,102,115 | 1,063,795 | 96.52 | 22,686 | 1,086,481 | 98.58 | 15,634 | 1.42 |
| 1997 | 1,097,863 | 1,069,650 | 97.43 | 11,155 | 1,080,805 | 98.45 | 17,058 | 1.55 |
| 1998 | 1,155,471 | 1,127,992 | 97.62 | 13,862 | 1,141,854 | 98.82 | 13,617 | 1.18 |
| 1999 | 1,168,384 | 1,137,191 | 97.33 | 14,902 | 1,152,093 | 98.61 | 16,291 | 1.39 |
| 2000 | 1,194,376 | 1,137,052 | 95.20 | 19,721 | 1,156,773 | 96.85 | 37,603 | 3.15 |
| 2001 | 1,308,241 | 1,258,302 | 96.18 | 26,061 | 1,284,363 | 98.17 | 23,878 | 1.83 |

Source: Stark County, Ohio, Auditor's Office

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

Table 5

| Year | Real Property | | Public Utility Property | Personal Property | Total |
|------|------------------------|----------------|-------------------------|-------------------|----------------|
| | Estimated Actual Value | Assessed Value | Assessed Value | Assessed Value | Assessed Value |
| 1992 | \$500,274 | \$175,096 | \$15,883 | \$21,845 | \$212,824 |
| 1993 | 507,869 | 177,754 | 15,872 | 24,025 | 217,651 |
| 1994 | 519,963 | 181,987 | 15,912 | 24,260 | 222,159 |
| 1995 | 566,754 | 198,364 | 16,140 | 27,081 | 241,585 |
| 1996 | 577,423 | 202,098 | 15,108 | 29,318 | 246,524 |
| 1997 | 586,383 | 205,234 | 14,365 | 29,170 | 248,769 |
| 1998 | 662,483 | 231,869 | 13,823 | 28,023 | 273,715 |
| 1999 | 674,026 | 235,909 | 13,799 | 28,719 | 278,427 |
| 2000 | 693,637 | 242,773 | 12,079 | 28,524 | 283,376 |
| 2001 | 819,469 | 286,814 | 12,074 | 30,382 | 329,270 |

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

Table 6

| Collection Year | General Fund | Fire | Emergency Medical Service | Street | Storm Sewer | City Total | North Canton Schools | North Canton Library | County | Township | Total |
|-----------------|--------------|--------|---------------------------|--------|-------------|------------|----------------------|----------------------|--------|----------|---------|
| 1992 | \$2.40 | \$0.50 | \$1.00 | \$1.00 | \$1.00 | \$5.90 | \$57.20 | \$0.00 | \$9.40 | \$0.10 | \$72.60 |
| 1993 | 2.40 | 0.50 | 1.00 | 1.00 | 1.00 | 5.90 | 57.20 | 0.50 | 9.40 | 0.10 | 73.10 |
| 1994 | 2.40 | 0.50 | 1.00 | 1.00 | 1.00 | 5.90 | 57.20 | 0.50 | 9.40 | 0.10 | 73.10 |
| 1995 | 2.40 | 0.50 | 1.00 | 1.00 | 1.00 | 5.90 | 61.90 | 0.50 | 8.40 | 0.10 | 76.80 |
| 1996 | 2.40 | 0.50 | 1.00 | 1.00 | 1.00 | 5.90 | 61.90 | 0.50 | 10.30 | 0.10 | 78.70 |
| 1997 | 2.40 | 0.50 | 1.00 | 1.00 | 1.00 | 5.90 | 61.90 | 0.50 | 9.80 | 0.10 | 78.20 |
| 1998 | 2.40 | 0.50 | 1.00 | 1.00 | 1.00 | 5.90 | 61.90 | 0.50 | 10.10 | 0.10 | 78.50 |
| 1999 | 2.40 | 0.50 | 1.00 | 1.00 | 1.00 | 5.90 | 61.20 | 0.50 | 10.10 | 0.10 | 77.80 |
| 2000 | 2.40 | 0.50 | 1.00 | 1.00 | 1.00 | 5.90 | 61.20 | 0.50 | 10.10 | 0.10 | 77.80 |
| 2001 | 2.40 | 0.50 | 1.00 | 1.00 | 1.00 | 5.90 | 61.10 | 0.50 | 10.10 | 0.10 | 77.70 |

Source: Stark County, Ohio, Auditor's Office

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

Table 7

| <u>Year</u> | <u>Total Assessments Billed</u> | <u>Total Assessments Collected</u> | <u>Ratio of Collections To Amount Due</u> | <u>Total Outstanding Assessments</u> |
|-------------|---|--|---|--|
| 1992 | \$72,475 | \$67,349 | 92.93 % | \$5,126 |
| 1993 | 63,342 | 58,243 | 91.95 | 5,099 |
| 1994 | 59,237 | 56,005 | 94.54 | 3,232 |
| 1995 | 31,613 | 30,468 | 96.38 | 1,145 |
| 1996 | 23,291 | 22,260 | 95.57 | 1,031 |
| 1997 | 21,881 | 21,015 | 96.04 | 866 |
| 1998 | 21,476 | 21,015 | 97.85 | 461 |
| 1999 | 16,228 | 16,689 | 102.84 | 0 |
| 2000 | 2,621 | 2,371 | 90.46 | 250 |
| 2001 | 1,866 | 1,792 | 96.03 | 74 |

Source: Stark County Ohio, Auditor's Office

**City of North Canton, Ohio
 Legal Debt Margin
 December 31, 2001**

Table 8

| | | |
|---|--------------------|---------------------|
| Total Assessed Value | | \$329,270,549 |
| <u>Legal 10.5% Debt Margin</u> | | |
| Overall debt limitation - 10.5% of assessed valuation | | 34,573,408 |
| Gross indebtedness authorized by council | <u>\$1,300,000</u> | |
| Debt within 10.5% limitation | | <u>0</u> |
| Legal debt margin within 10.5% limitation | | <u>\$34,573,408</u> |
| <u>Legal 5.5% Debt Margin</u> | | |
| Unvoted debt limitation - 5.5% of assessed valuation | | \$18,109,880 |
| Gross indebtedness authorized by council | <u>\$1,300,000</u> | |
| Debt within 5.5% limitation | | <u>0</u> |
| Legal debt margin within 5.5% limitation | | <u>\$18,109,880</u> |

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

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

Table 9

| Year | Gross Revenue (2) | Operating Expenses (3) | Available for Debt Service | Debt Service Requirements | | | Coverage |
|------|-------------------|------------------------|----------------------------|---------------------------|-----------|-----------|----------|
| | | | | Principal | Interest | Total | |
| 1992 | \$2,838,604 | \$1,612,012 | \$1,226,592 | \$305,000 | \$108,025 | \$413,025 | 2.97 |
| 1993 | 2,733,946 | 1,647,280 | 1,086,666 | 315,000 | 89,750 | 404,750 | 2.68 |
| 1994 | 2,761,037 | 1,897,763 | 863,274 | 80,000 | 11,800 | 91,800 | 9.40 |
| 1995 | 2,834,246 | 1,701,859 | 1,132,387 | 104,000 | 7,100 | 111,100 | 10.19 |
| 1996 | 2,353,114 | 2,048,456 | 304,658 | 0 | 0 | 0 | N.A. |
| 1997 | 2,569,991 | 2,303,444 | 266,547 | 0 | 0 | 0 | N.A. |
| 1998 | 2,616,877 | 2,418,328 | 198,549 | 0 | 0 | 0 | N.A. |
| 1999 | 2,451,473 | 2,958,825 | (507,352) | 0 | 0 | 0 | N.A. |
| 2000 | 3,105,973 | 2,853,850 | 252,123 | 0 | 0 | 0 | N.A. |
| 2001 | 3,334,252 | 2,664,126 | 670,126 | 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 | |
| 1992 | \$779,168 | \$861,417 | (\$82,249) | \$7,000 | \$2,350 | \$9,350 | -8.80 |
| 1993 | 842,794 | 781,773 | 61,021 | 8,000 | 2,000 | 10,000 | 6.10 |
| 1994 | 817,384 | 851,273 | (33,889) | 8,000 | 1,600 | 9,600 | (3.53) |
| 1995 | 1,060,280 | 1,023,883 | 36,397 | 0 | 0 | 0 | N.A. |
| 1996 | 1,184,086 | 1,143,998 | 40,088 | 0 | 0 | 0 | N.A. |
| 1997 | 1,542,056 | 1,606,029 | (63,973) | 0 | 0 | 0 | N.A. |
| 1998 | 1,305,079 | 1,423,339 | (118,260) | 0 | 0 | 0 | N.A. |
| 1999 | 1,697,642 | 1,366,311 | 331,331 | 0 | 0 | 0 | N.A. |
| 2000 | 1,596,125 | 733,409 | 862,716 | 0 | 0 | 0 | N.A. |
| 2001 | 1,632,487 | 1,299,000 | 333,487 | 0 | 0 | 0 | N.A. |

Source: City of North Canton, Ohio Department of Finance

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

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

**City of North Canton, Ohio
 Computation of Overlapping Debt
 December 31, 2001**

Table 11

| Jurisdiction | Net Debt Outstanding | Percentage Applicable to City of North Canton (1) | Amount Applicable to City of North Canton |
|-----------------------------------|----------------------|---|---|
| City of North Canton | \$1,300,000 | 100.00 % | \$1,300,000 |
| Stark County | 3,861,869 | 5.14 | 198,500 |
| Jackson Local School District | 37,148,629 | 0.49 | 182,028 |
| North Canton City School District | 19,969,795 | 52.90 | 10,564,022 |
| Plain Local School District | 675,000 | 4.02 | 27,135 |
| Plain Township | 1,080,000 | 34.69 | 374,652 |
| Stark County Library | 6,540,000 | 0.78 | 51,012 |
| Total | | | \$12,697,349 |

Source: Ohio Municipal Advisory Council, Independence, Ohio 44131

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

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

Table 12

| Year | Population (1) | Median Age (2) | School Enrollment (Public) (3) | Unemploy- ment Rate (4) |
|------|-------------------|----------------------|--------------------------------------|-------------------------------|
| 1992 | 15,376 | N. A. | 4,052 | 7.70 % |
| 1993 | 15,486 | N. A. | 4,160 | 6.80 |
| 1994 | 15,720 | N. A. | 4,170 | 5.90 |
| 1995 | 15,735 | N. A. | 4,254 | 5.00 |
| 1996 | 15,736 | N. A. | 4,346 | 5.40 |
| 1997 | 15,740 | N. A. | 4,472 | 4.80 |
| 1998 | 15,750 | N. A. | 4,630 | 4.10 |
| 1999 | 15,790 | N. A. | 4,635 | 4.50 |
| 2000 | 16,369 | 42.3 | 4,714 | 3.80 |
| 2001 | 16,369 | 42.3 | 4,654 | 4.00 |

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

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

Table 13

| Year | Commercial Construction (1) | | Residential Construction (1) | | Bank Deposits in Thousands (2) |
|------|-----------------------------|-------------|------------------------------|-------------|--------------------------------|
| | Number of Permits | Value | Number of Permits | Value | |
| 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 (3) |
| 1996 | 23 | 22,381,394 | 415 | 12,087,768 | 1,570,223 (3) |
| 1997 | 31 | 13,283,305 | 426 | 7,172,166 | 1,623,273 (3) |
| 1998 | 31 | 7,182,504 | 387 | 15,524,616 | 843,638 |
| 1999 | 69 | 15,805,041 | 420 | 23,429,735 | 916,844 |
| 2000 | 101 | 19,727,804 | 421 | 14,704,616 | 1,021,596 |
| 2001 | 97 | 13,464,027 | 320 | 13,758,743 | 1,029,891 |

Source: Permits and Inspection Department.

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

(3) 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 Property Taxpayers
December 31, 2001**

Table 14

| Name of Taxpayer | Type of Business | Assessed Valuation | Percent of Total Assessed Valuation |
|---|-------------------|----------------------|-------------------------------------|
| <u>Real Property</u> | | | |
| Maytag Corporation | Manufacturer | \$8,751,220 | 2.66 % |
| Versailles Gardens | Apartment Complex | 4,251,040 | 1.29 |
| Albrecht Incorporated | Shopping Center | 2,315,010 | 0.70 |
| Waterford at Saint Luke | Assisted Living | 1,864,950 | 0.57 |
| Berlin Commons Ltd | Shopping Center | 1,661,540 | 0.50 |
| First Friends Church of Canton | Church | 1,498,540 | 0.46 |
| Williamsburg Apartments Ltd | Apartment Complex | 1,462,240 | 0.44 |
| CETA Group Limited Partnership | Retail | 1,328,150 | 0.40 |
| Canton Plaza Associates | Shopping Center | 1,140,860 | 0.35 |
| Beckford Place Apartments | Apartment Complex | 1,097,680 | 0.33 |
| Total | | 25,371,230 | 7.70 |
| Total Assessed Valuation - Real | | <u>\$286,814,200</u> | <u>87.10 %</u> |
| <u>Tangible Personal Property (other than Public Utilities)</u> | | | |
| Hoover Company | Manufacturer | \$18,992,070 | 5.77 % |
| Spitzer Chevrolet Company | Auto Sales | 797,400 | 0.24 |
| KMart Corporation | Retail | 755,620 | 0.23 |
| Willis Motor Company | Auto Sales | 601,810 | 0.18 |
| Time Warner Entertainment Company | Communications | 571,030 | 0.17 |
| IBM Credit Corporation | Financing Company | 506,690 | 0.15 |
| Harry London Candies, Inc. | Retail | 421,310 | 0.13 |
| Marc Glassman Inc. | Retail | 347,490 | 0.11 |
| Lane Drug Co. | Retail | 335,440 | 0.10 |
| Fred W. Albrecht Grocery Company | Grocery | 327,170 | 0.10 |
| Total | | 23,656,030 | 7.18 |
| Total Assessed Valuation - Tangible Personal | | <u>\$30,381,869</u> | <u>9.23 %</u> |
| <u>Public Utility (Tangible Personal Property)</u> | | | |
| Ohio Bell Telephone | Manufacturer | \$5,392,400 | 1.64 % |
| Ohio Power Company | Utility | 4,094,980 | 1.24 |
| East Ohio Gas Company | Utility | 519,340 | 0.16 |
| Total | | 10,006,720 | 3.04 |
| Total Assessed Valuation - Public Utilities | | <u>\$12,074,480</u> | <u>3.67 %</u> |
| Total Assessed Valuation - All Categories | | <u>\$329,270,549</u> | <u>100.00 %</u> |

Source: Stark County, Ohio, Auditor's Office

**City of North Canton, Ohio
Miscellaneous Statistics
December 31, 2001**

Table 15

| | |
|---|---------------------------------------|
| Date of Incorporation | January 1, 1962 |
| Form of Government | Mayor-Council |
| Area: | 6.230 Square Miles 3,987,000 Acres |
| Miles of Streets | 93.00 |
| Number of Street Lights | 1,127 |
| Number of Traffic Lights | 23 |
| 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 | 3 |
| Part Time | 30 |
| Police Protection: | |
| Number of Stations | 1 |
| Number of Policemen and Officers: | |
| Full Time | 25 |
| Part Time | 2 |
| Employees: | |
| Full Time | 114 |
| Part Time | 76 |
| Municipal Water Department: | |
| Number of Consumers | 8,263 |
| Miles of Water Mains | 122.00 |
| Average Daily Gallons Sold Per Consumer | 291 |
| Sewers: | |
| Number of Sanitary Sewer Customers | 5,881 |
| Miles of Sanitary Sewers | 61.28 |
| Miles of Storm Sewers | 46.00 |

continued

**City of North Canton, Ohio
Miscellaneous Statistics
December 31, 2001**

Table 15

| | | |
|-----------------------------------|---------|----------------|
| Building Permits Issued: | | |
| Residential | 320 | |
| Commercial | 97 | |
| Recreation and Culture: | | |
| Number of Parks | 11 | (191.35 Acres) |
| Number of Public Libraries | 1 | |
| Number of Volumes: | | |
| Book Volumes | 100,108 | |
| Talking Cassettes | 4,384 | |
| Music Cassettes and Compact Discs | 9,008 | |
| Video Cassettes | 10,037 | |
| Compact Disc ROMS | 1,288 | |
| DVDs | 854 | |
| Education: | | |
| Attendance Centers | 8 | |
| Number of Classrooms | 277 | |
| Number of Administrators | 22 | |
| Number of Teachers | 309 | |
| Number of Students | 4,654 | |



STATE OF OHIO
OFFICE OF THE AUDITOR

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CITY OF NORTH CANTON

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 23, 2002**