

**CITY OF NORTH CANTON  
STARK COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2006**



**Mary Taylor, CPA**  
Auditor of State



CITY OF NORTH CANTON  
STARK COUNTY

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# Mary Taylor, CPA

Auditor of State

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

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

To the Honorable Mayor and City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit and aggregate remaining fund information of the City of North Canton, Stark County, Ohio, (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the City's management in a separate letter dated June 29, 2007.

### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2006-001.

We also noted certain noncompliance or other matters that we reported to the City's management in a separate letter dated June 29, 2007.

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the City's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA  
Auditor of State

June 29, 2007



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Honorable Mayor and City Council:

#### Compliance

We have audited the compliance of the City of North Canton, Stark County, Ohio (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2006. The summary of auditor's results section of the accompanying Schedule of Findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2006.

#### Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **Federal Awards Expenditures Schedule**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the discretely presented component unit and aggregate remaining fund information of City of North Canton, Stark County, Ohio as of and for the year ended December 31, 2006, and have issued our report thereon dated June 29, 2007. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Federal Awards Receipts and Expenditures Schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the management, City Council, federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA  
Auditor of State

June 29, 2007



CITY OF NORTH CANTON  
STARK COUNTY

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

Federal Grantor/ Pass Through Grantor/ Program Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
<i>Passed through the Ohio Department of Transportation</i>				
Highway Planning and Construction Cluster	05	20.205	\$2,220,519	\$2,220,519
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
<i>Direct</i>				
Assistance to Firefighters Grant	05	83.554	<u>36,536</u>	<u>36,536</u>
<b>Total</b>			<b><u><u>\$2,257,055</u></u></b>	<b><u><u>\$2,257,055</u></u></b>

The notes to this schedule are an integral part of this schedule.

**CITY OF NORTH CANTON  
STARK COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**CITY OF NORTH CANTON  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2006**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Highway Planning and Construction Cluster CFDA #20.205
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2006-001**

**Material Noncompliance**

**Ohio Rev. Code Section 5705.39** requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the City to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

Total appropriations exceeded total estimated resources at the beginning of the year as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Major Capital Improvement Fund	\$4,939,195	\$5,945,963	\$1,006,768
Major Issue II Improvement Fund	2,873,929	4,995,791	2,121,862
Major Water Fund	9,586,374	13,370,279	3,783,905
Major Sewer Fund	3,780,349	3,957,628	177,279
Non-major Municipal Road	80,000	360,000	280,000

City Council should monitor appropriations versus estimated resources to help avoid overspending. These budgetary violations were corrected by year end.

**Officials' Response:** The variances noted in the finding were the result of using estimated resource figures that were developed for the 2006 tax budget. Because the tax budget is prepared six months prior to the end of the year, many revenue estimates can change significantly during that time, especially those that deal with reimbursing grants or loans. The 2006 budget, which was adopted in December 2005, was based on the most current revenue estimates and projected fund balances. However, the Certificate of Estimated Resources was not officially amended until January of 2006, at the time year-end balances were certified. I believe this finding is clearly the result of a timing issue and that there was no intent by the City to adopt a budget that exceeded estimated resources. This will not be an issue for 2007 as the City adopted a temporary budget in December 2006 and later adopted a permanent budget in January 2007 that was based on the amended certificate on file with the County at that time.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**CITY OF NORTH CANTON  
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
2005-001	<b>Ohio Rev. Code Section 5705.39</b> - The City had appropriations in excess of available resources in several funds at the beginning of 2005.	No	Not corrected. Refer to Finding Number 2006-001.



**CITY OF NORTH CANTON, OHIO**

**COMPREHENSIVE**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended December 31, 2006**

Julie A. Herr  
Director of Finance

Prepared by the City Finance Department





## **Introductory Section**



**City of North Canton, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2006*  
*Table of Contents*

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# City of NORTH CANTON, OHIO

145 NORTH MAIN STREET  
NORTH CANTON, OHIO 44720-2587  
[www.northcantonohio.com](http://www.northcantonohio.com)

June 29, 2007

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

This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an annual report with Auditor of State within 150 days of year end.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

State statutes require the City to be subjected to an annual examination by the Auditor of State. The Auditor of State's office rendered an opinion on the City's financial statements as of December 31, 2006, and the Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## ***Profile of the Government***

The City acquired its first existence as a recognized political entity when the Village plat was recorded on February 19, 1831 as New Berlin. As a result of sentiment against Germany during World War I, the name of the Village was changed to North Canton on January 31, 1918. The City gained formal status as a City effective January 1, 1962. The City is located in the northern half of Stark County and is approximately 7.15 square miles in size. The City's population was 16,780 in 2006.

The City is a home-rule municipal corporation operating under the laws of the State of Ohio. The City's current charter, its municipal constitution, has been amended seven times since its original adoption on November 8, 1960. The laws of the State of Ohio prevail when conflicts exist between the charter and the state constitution and in matters where the charter is silent. The Charter provides for a "Mayor-Administrator-Council" form of government. The City's charter can only be amended by a majority vote .

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

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

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

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

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

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

### ***Local Economy***

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

For over 100 years, the City has been home to the Hoover Company, the City's largest employer. Over the past several years, employment levels have declined as a result of the downsizing of operations and elimination of corporate offices by the parent company of Hoover, the Maytag Corporation. In early 2006, Maytag and all of its subsidiaries were acquired by the Whirlpool Corporation. Soon thereafter, Whirlpool announced its plans to sell the Hoover Company. On January 31, 2007, Techtronic Industries (TTI), a Hong



Kong based floor care company, acquired the Hoover Company from Whirlpool. On April 2, 2007, TTI announced that it would be closing the North Canton facilities by the end of the third quarter of 2007. TTI also stated that it would honor the current labor agreement which guarantees 800 jobs until June of 2008.

Although the closing of the Hoover Company will certainly have an impact on the financial condition of the City, it is a loss that was not unexpected. State and local agencies, including the Ohio Department of Development and the Stark County Development Board will be assisting in the efforts to redevelop the Hoover property. TTI has hired Omni Companies, a diversified development, management and consulting company based out of Medina, Ohio to locate potential buyers for the property.

While the Hoover Company reduced employment over the last several years, other types of industries grew during this same period. Walsh University, a private four-year school and the City's third largest employer, continues to expand, both in physical size and enrollment. Over the past five years, five buildings have been added to the campus at a value of \$21 million. Also in the last five years, enrollment has increased over 50 percent and is currently at an all-time high. In addition, the medical office business cluster grew as well. This growth is reflected in the construction of satellite facilities of Aultman Hospital and Mercy Medical Center plus increased employment at Windsor Medical Center and North Canton Medical Foundation. Together, these medical facilities house over 800 employees. The remaining business community is made up of approximately 330 businesses involved in banking, insurance, investment, software development, dental and other personal services.

### ***Long-Term Financial Planning***

The City's income tax ordinance provides for 0.30 percent of the first 1 percent tax rate (after paying all costs associated with the collection of the income tax) be used for capital improvements and 0.70 percent of the first 1 percent be used for general operations of the City. The remaining .5 percent of tax may be used for either general operations of the City or capital improvements. In the past, the City has been able to use 50 percent of its income tax collections for capital projects. However, over the past few years, as the cost of general operations has increased at a greater pace than income tax collections, the amount directed to capital improvements has been reduced to the minimum amount allowed. As there are fewer funds for capital projects, the City has looked at other means to finance equipment purchases and road, curb and gutter improvements. These financing options include capital leasing, grants and zero interest loans.

### ***Relevant Financial Policies***

During 2006 the City established a Compensated Absences Fund to accumulate resources for the payout of earned vacation and eligible sick leave to employees who terminate employment with the City. This fund was initially funded with \$200,000 in transfers from the various funds from which employees are paid. The 2007 budget includes additional transfers in the amount of \$214,000. The City is committed to continue funding this liability on an annual basis.

Also during 2006, City Council passed legislation authorizing the transfer of any estate tax collections in excess of \$500,000 in 2006 and \$300,000 thereafter, to the Capital Improvement Fund to fund infrastructure improvements and equipment purchases. This new policy resulted in \$233,313 in estate tax collections being transferred to the Capital Improvement Fund in January of 2007.

### ***Major Initiatives***

The City continues its efforts to promote economic development within the City. During 2006, the City implemented a Municipal Income Tax Program to provide additional incentives to businesses also using Ohio

loan funds or tax credits. In addition, the City is working with its neighboring townships to form agreements to negotiate future Joint Economic Development Districts (JEDD's) and Community Economic Development Agreements (CEDA's). This is the first time that the City and its bordering townships have united together to work on economic development opportunities.

The City has committed \$1.5 million to the North Canton Community Improvement Corporation (CIC) to assist the Corporation's efforts in pursuing economic development opportunities for the City. This funding came from the City's general fund and will be transferred to the CIC on an annual basis over a 15 year period. To date, \$200,000 has been transferred to the CIC.

The City is currently aggressively working on plans to develop and redevelop approximately 35 vacant acres within the community. Grants for environmental assessment and infrastructure needs are being applied for to convert these vacant lands into two high tech office parks. It is expected that both parks could yield over 100,000 square feet of new office space and house an additional 250-300 jobs in the community.

The City continued the expansion of the City's water system. During 2006, the City began construction of Well #9 located on East Maple Street. This well is scheduled to go on line in 2007 and is expected to yield 4 to 6 million gallons of water per day.

Construction of the expansion to the water treatment plant was completed during 2006. The expansion will increase the capacity of the plant to 8.7 million gallons per day. In prior years, the City received a U.S. EPA grant in the amount of \$867,300 to help fund this project. The remainder of the project was funded by a low interest loan through the Ohio EPA Water Supply Revolving Loan Fund.

Construction of a \$1.3 million backwash holding tank and emergency generator for the Water Treatment Plant was also completed in 2006. This project was also funded by a low interest loan through the Water Supply Revolving Loan Fund.

In 2006, the City was awarded a zero percent loan from the Ohio Public Works Commission for a \$1.1 million booster pump station located at Water Tower 2. The City will not receive this money until 2007. This pump station is an important part of the City's plan to expand its water system. This project was bid out in 2006 and is expected to be completed in 2007.

For the first time in the City's history, the City applied for and was awarded Community Development Block Grant Funds for two water line replacement projects. The total amount of CDBG funding awarded for these projects is \$216,825. These projects are to be completed in 2007.

The City's water distribution continues to expand outside the borders of the City. The City will soon begin providing water service to the Akron-Canton Regional Airport and its lessees. In addition, the City will be providing water service to the Gateway Corporate Park which is currently under construction and is located between Lauby Rd and Interstate 77. In January 2006, the City began selling water to Aqua Ohio, per the City's agreement with Aqua Ohio reached in April 2005. This will result in approximately \$250,000 in additional water fees per year.

Construction of the South Main St/Everhard Rd improvements began in the spring of 2006. Eighty percent of the project costs, estimated at \$3 million, will be funded with Federal Surface Transportation funds. The other twenty percent will be funded with State Issue 2 funds. This project entails widening South Main Street to include left turn lanes on to Everhard Road as well as rebuilding the County owned bridge on South Main Street. The design of this project was funded by the City and Stark County. The project is to be completed in early 2007.

Also under construction in 2006 was the continuation of the City's streetscape program on South Main Street, from Maplecrest to Easthill. This project includes rebuilt curbs, sidewalks, roadway, brick work and decorative street lighting. This \$2.3 million project is being partially funded by a \$1.1 million Ohio Public Works Commission grant. The remainder of the funding is from Municipal Road Funds and City funds.

The City continued its commitment to fund infrastructure projects. These projects include road resurfacing, curbs, gutters, and water and sanitary sewer lines. The City began construction of several major infrastructure projects during 2006 including the Bonnett & Lynhurst SW water line and street rehabilitation and McKinley Ave SE water line and street rehabilitation.

In 2004, the voters of North Canton approved two replacement property tax levies for the purpose of funding street improvements and storm sewer improvements in the amount of 1.0 mill each. These two levies generated an additional \$570,000 in 2006 over 2005. Whereas a renewal levy continues to collect revenue at the same level as in the previous year with no increase in tax for voters, a replacement levy replaces the effective rate with the full rate which allows more revenues to be collected. These levies help lessen the burden of funding capital projects with income tax funds.

The success of the City's curbside recycling program continued into 2006. The City received a \$60,000 grant from the Tri-County Solid Waste District to help fund the recycling program. Also in 2006, the success of the City's leaf recycling program continued to grow. The City used grant funds to purchase leaf recycling bags for its residents.

#### *Awards and Acknowledgements*

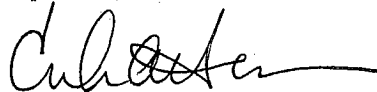
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Canton for its Comprehensive Annual Financial Report for the year ended December 31, 2005. This was the eighteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

I would like to thank the Mayor and Members of Council for their support for continued excellence in financial reporting and disclosure. I also would like to thank the staff from the Auditor of State for their help in preparing the GASB 34 statements. They were cooperative, professional, and efficient and their guidance was extremely valuable.

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

Respectfully submitted,



Julie A. Herr  
Director of Finance

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# 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, 2005

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

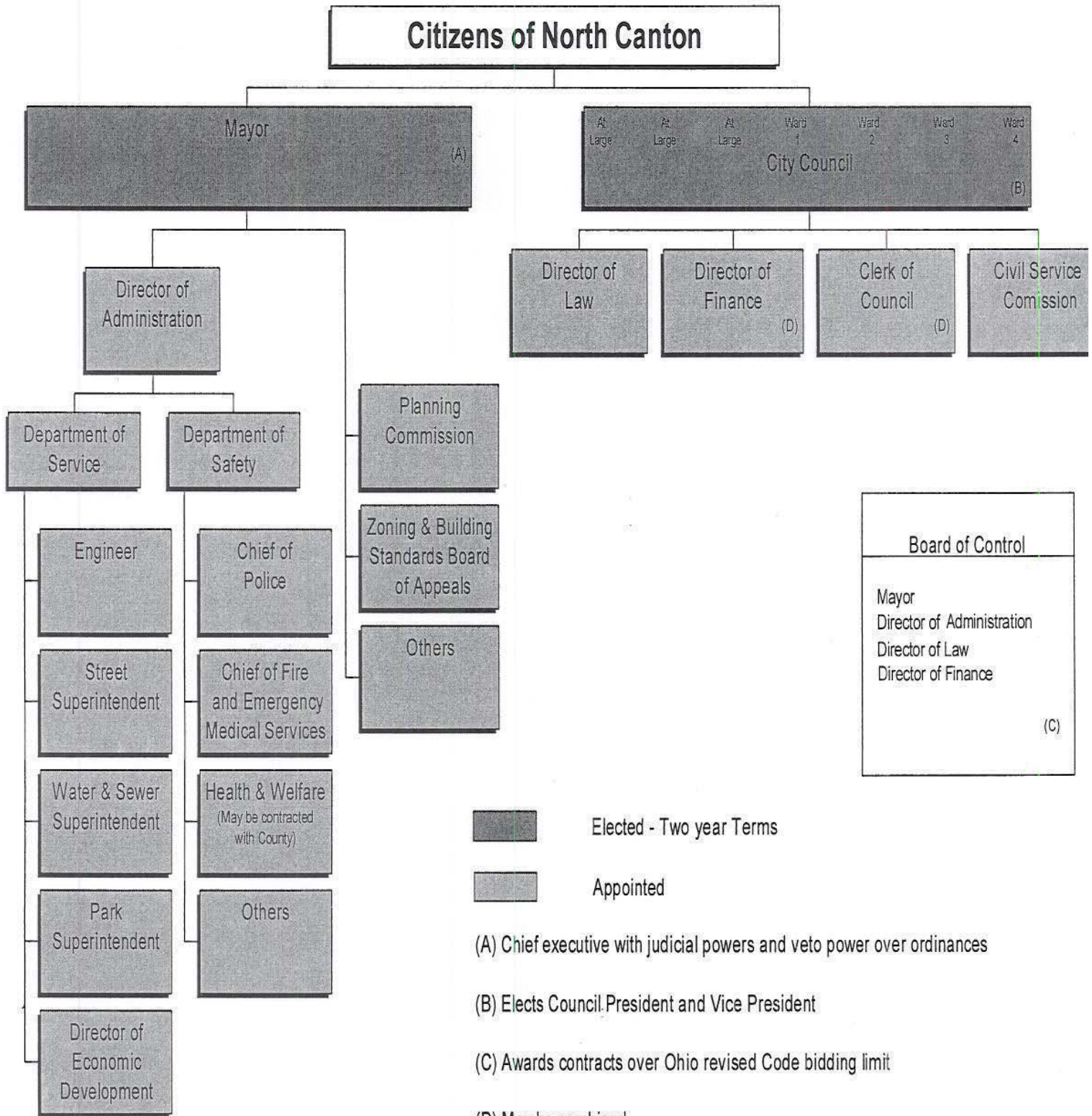


President

Executive Director

# The City of North Canton, Ohio

Charter Government  
Organizational Chart



**CITY OF NORTH CANTON  
LIST OF PRINCIPAL OFFICIALS  
AS OF DECEMBER 31, 2006**

**ELECTED CITY OFFICIALS**

**MAYOR**

HONORABLE DAVID J. HELD

**CITY COUNCIL**

DOUGLAS V. FOLTZ, PRESIDENT  
WARD 1

PATRICK A. DE ORIO, AT-LARGE

SUSAN R. HINES, AT-LARGE

JAMES A. REPACE, AT-LARGE

KATHLEEN A. MAGEL, WARD 2

DOUGLAS A. LANE, WARD 3

JON F. SNYDER, WARD 4

**APPOINTED CITY OFFICIALS**

**DIRECTOR OF ADMINISTRATION**

EARLE E. WISE, JR

**DIRECTOR OF FINANCE**

JULIE A. HERR

**DIRECTOR OF LAW**

RANDY MCFARREN

**CLERK OF COUNCIL**

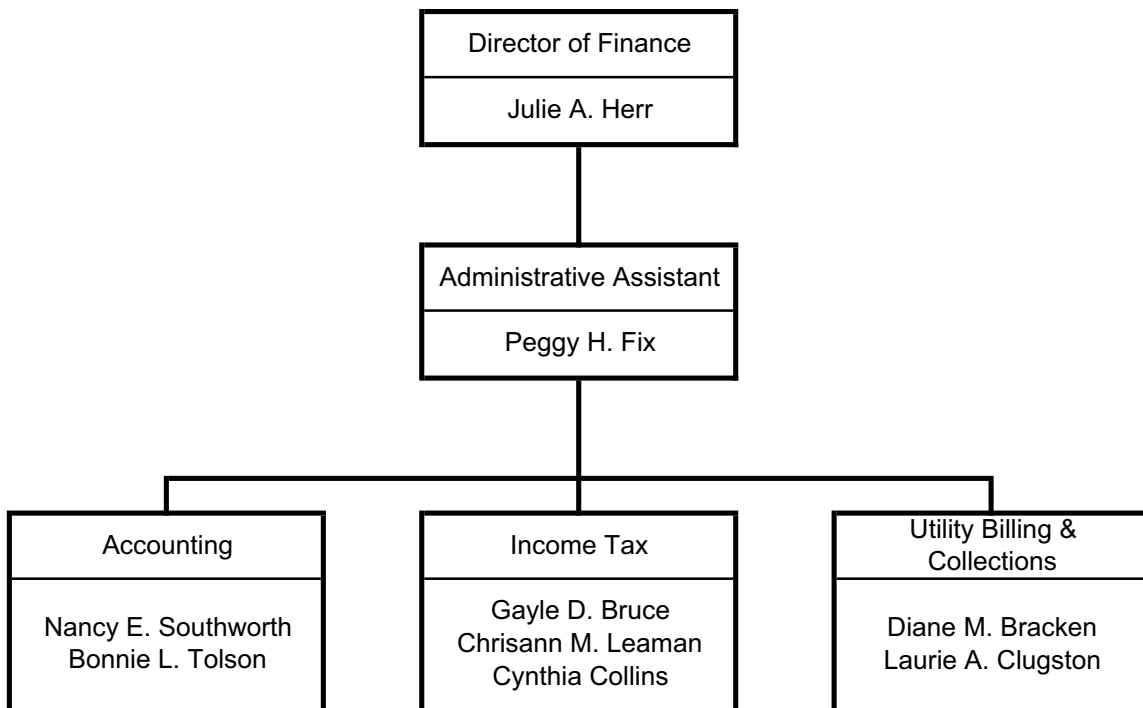
GAIL M. KALPAC

**The City of North Canton, Ohio**

**Department of Finance**

**Organizational Chart**

**As of December 31, 2006**





## **Financial Section**





# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Honorable Mayor and City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit and aggregate remaining fund information of the City of North Canton, Stark County, Ohio, (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the discretely presented component unit and aggregate remaining fund information of the City of North Canton, Stark County, Ohio, as of December 31, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA  
Auditor of State

June 29, 2007

**City of North Canton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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The discussion and analysis for the City of North Canton's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2006. The intent of this discussion is to provide a narrative which describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter and the basic financial statements.

**Financial Highlights**

Financial highlights for 2006 are as follows:

- Total Net Assets increased \$5,563,688 from 2005. Net Assets of governmental activities increased \$4,104,128 from 2005, an increase of 13.2 percent. Net Assets of business-type activities increased \$1,459,560 over 2005, an increase of 5.8 percent.
- Total Assets of the City increased \$5,570,178 or 7.0 percent above the 2005 level.
- Total Liabilities of the City increased \$6,490. This is an increase of 0.28 percent from the previous year.
- Total Capital Assets increased \$5,407,429, an increase of 8.6 percent over 2005.
- Total Outstanding Debt increased \$419,491, an increase of 2.3 percent over 2005.

**Using this Annual Financial Report**

This report consists of a series of financial statements and notes to those statements. These statements are prepared and organized in a manner that allows the reader to look at the financial activities of the City of North Canton as a whole and also allows the reader to obtain a more detailed view of the City's operations, if they prefer.

The Statement of Net Assets and the Statement of Changes in Net Assets provide information from a summary perspective showing the effects of the operations for the year 2006 and how they affected the operations of the City as a whole.

Major Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

***Reporting the City of North Canton as a Whole***

*Statement of Net Assets and Statement of Activities*

The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity. They provide a good resource for an overall evaluation of the City's financial performance "on one page." These statements include all assets and all liabilities using the accrual basis of accounting. The accrual basis of accounting records all revenues when they are earned, not when the actual cash is received, and books expenses when they are incurred, not when the invoices are paid.

**City of North Canton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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These two statements report the City's net assets and changes in those assets. The change in net assets is important since it is an indication of whether the financial position of the City is improving or declining. However, to properly evaluate the operation of the City, certain non-cash items should be taken into consideration. These items would include the current economic situation as a whole, the current tax base for the City and the age and condition of the City buildings and infrastructure.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two major activities:

**Governmental Activities** - Most of the City's programs and services are reported here including general government, police, fire, transportation, public health and welfare and leisure time activities.

**Business-Type Activities** - These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The City's business-type activities are water, sewer, and garbage.

***Reporting on the Most Significant Funds of the City of North Canton***

*Fund Financial Statements*

The analysis of the City's major funds begins on page 8. Fund financial reports give a detailed report of the activities within the funds. The City currently has twenty funds, as presented in this report. These funds are in existence to provide a multitude of services to the citizens of North Canton. Some funds provide for fire protection and for emergency medical service while others provide for streets, water service, and sewer service. There are funds that also provide for the purchase of capital assets and infrastructure. One provides health care for City employees. Each fund is in some ways an entity unto itself. Each fund has a designated revenue stream and restricted uses for the monies within the fund.

In this report, the focus is on six major funds, the General Fund, Capital Improvements Fund, Issue II Fund, Water Fund, Sewer Fund, and Garbage Fund.

***Governmental Funds*** All of the City's major activities (excluding the Utility Department) are reported in the governmental funds. This report shows how monies flow into and out of these funds and also shows what balances are available for future expenditures. The accounting method used to report this activity is the modified accrual method. This method reports cash and like-cash items that can be converted into cash. This shows what level of financial resources are available or will be available to provide the services that the general government provides in the near future. These services include police and fire protection, as well as improving and maintaining the City's streets, parks, and City hall. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the government funds is reconciled in the financial statements.

***Proprietary Funds*** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match, except for residual amounts from internal service funds.

**The City of North Canton as a Whole**

The Statement of Net Assets provides an overall view of the City. Table one shows a summary of the City's net assets for 2006 as they compare to 2005.

**City of North Canton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Assets</b>						
Current and Other Assets	\$12,735,804	\$13,172,864	\$4,801,109	\$4,201,300	\$17,536,913	\$17,374,164
Capital Assets, Net	29,469,468	26,115,336	38,628,240	36,574,943	68,097,708	62,690,279
<b>Total Assets</b>	<b>42,205,272</b>	<b>39,288,200</b>	<b>43,429,349</b>	<b>40,776,243</b>	<b>85,634,621</b>	<b>80,064,443</b>
<b>Liabilities</b>						
Current and Other Liabilities	3,557,571	4,229,494	957,983	1,661,757	4,515,554	5,891,251
<b>Long-Term Liabilities:</b>						
Due Within One Year	2,181,778	2,766,059	4,832,556	3,253,741	7,014,334	6,019,800
Due in More than One Year	1,181,679	1,112,531	10,776,725	10,458,220	11,958,404	11,570,751
<b>Total Liabilities</b>	<b>6,921,028</b>	<b>8,108,084</b>	<b>16,567,264</b>	<b>15,373,718</b>	<b>23,488,292</b>	<b>23,481,802</b>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	26,870,342	22,671,549	22,808,223	22,540,242	49,678,565	45,211,791
<b>Restricted:</b>						
Capital Projects	1,859,062	2,926,256	0	0	1,859,062	2,926,256
Street Construction, Maintenance and Repair	854,455	211,489	0	0	854,455	211,489
Fire Operations	17,550	22,563	0	0	17,550	22,563
Emergency Medical Services	205,388	28,623	0	0	205,388	28,623
Computer Systems	13,719	29,538	0	0	13,719	29,538
Storm Sewer	349,624	99,180	0	0	349,624	99,180
Donations for Supplies	36,864	31,479	0	0	36,864	31,479
Other Purposes	6,614	7,844	0	0	6,614	7,844
Unrestricted	5,070,626	5,151,595	4,053,862	2,862,283	9,124,488	8,013,878
<b>Total Net Assets</b>	<b>\$35,284,244</b>	<b>\$31,180,116</b>	<b>\$26,862,085</b>	<b>\$25,402,525</b>	<b>\$62,146,329</b>	<b>\$56,582,641</b>

Total assets increased in 2006 by \$5,570,178. This was the result of an increase in capital assets of \$5,407,429 and an increase in current assets of \$162,749. Total assets from business type activities increased by \$2,653,106, of which \$2,053,297 was due to an increase in capital assets. Capital assets increased as a result of several major construction projects at the City's Water Treatment Plant, including the completion of the Phase 2 expansion and the construction of a backwash tank and stand-by generator. The remainder of the increase in capital assets is from new and replacement water line and sewer line projects.

Total liabilities increased by \$6,490 in 2006. Total liabilities of governmental activities decreased by \$1,187,056 due to the pay down of short term debt and the final payment of a multi-year settlement agreement. Liabilities of business-type activities increased by \$1,193,546. This increase is attributed to long term debt the City assumed to fund the Water Treatment Plant construction projects noted above.

Total net assets increased by \$5,563,688. This is the result of an increase in total assets offset by a smaller increase in total liabilities.

**City of North Canton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

Table 2 shows the changes in net assets for the year ended December 31, 2006 for both our Governmental activities and our Business-Type activities.

Table 2  
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$1,030,491	\$1,057,209	\$8,056,116	\$7,379,749	\$9,086,607	\$8,436,958
Operating Grants and Contributions	566,265	556,158	60,000	60,000	626,265	616,158
Capital Grants	3,074,345	150,425	821,973	1,639,178	3,896,318	1,789,603
General Revenues:						
Property Taxes	1,808,887	1,233,289	0	0	1,808,887	1,233,289
Municipal Income Taxes	6,263,564	6,589,414	0	0	6,263,564	6,589,414
Grants and Entitlements	1,803,539	1,551,328	0	0	1,803,539	1,551,328
Interest	537,976	295,629	0	0	537,976	295,629
Other	110,979	38,953	23,775	41,163	134,754	80,116
<b>Total Revenues</b>	<b>15,196,046</b>	<b>11,472,405</b>	<b>8,961,864</b>	<b>9,120,090</b>	<b>24,157,910</b>	<b>20,592,495</b>
<b>Program Expenses</b>						
General Government	2,040,584	2,299,022	0	0	2,040,584	2,299,022
Security of Persons and Property						
Police	3,026,053	3,038,460	0	0	3,026,053	3,038,460
Fire	693,324	602,558	0	0	693,324	602,558
Public Health and Welfare	1,311,606	1,290,268	0	0	1,311,606	1,290,268
Transportation	1,075,130	1,988,890	0	0	1,075,130	1,988,890
Community Environment	380,145	397,328	0	0	380,145	397,328
Leisure Time Activities	1,207,578	1,190,514	0	0	1,207,578	1,190,514
Basic Utility Services	1,164,581	287,468	0	0	1,164,581	287,468
Intergovernmental	100,000	100,000	0	0	100,000	100,000
Interest and Fiscal Charges	136,057	83,215	0	0	136,057	83,215
Water	0	0	4,485,688	4,062,394	4,485,688	4,062,394
Sewer	0	0	2,296,527	1,960,523	2,296,527	1,960,523
Garbage	0	0	676,949	584,994	676,949	584,994
<b>Total Expenses</b>	<b>11,135,058</b>	<b>11,277,723</b>	<b>7,459,164</b>	<b>6,607,911</b>	<b>18,594,222</b>	<b>17,885,634</b>
Operating Transfers	43,140	0	(43,140)	0	0	0
<b>Increase in Net Assets</b>	<b>4,104,128</b>	<b>194,682</b>	<b>1,459,560</b>	<b>2,512,179</b>	<b>5,563,688</b>	<b>2,706,861</b>
Net Assets Beginning of Year	31,180,116	30,985,434	25,402,525	22,890,346	56,582,641	53,875,780
Net Assets End of Year	<b>\$35,284,244</b>	<b>\$31,180,116</b>	<b>\$26,862,085</b>	<b>\$25,402,525</b>	<b>\$62,146,329</b>	<b>\$56,582,641</b>

**Governmental Activities**

The funding for governmental activities comes from a number of different sources, the most significant being the municipal income tax. Other prominent sources are property taxes, intergovernmental revenue, charges for services, and investment interest.



**City of North Canton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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The City's income tax was established to be effective January 1, 1956 at a rate of 0.6 percent. This rate was later increased to 1.0 percent effective January 1, 1963 and further increased to 1.5 percent effective February 22, 1971. It is at this level currently. The City also allows a 100 percent credit of taxes paid to other municipalities, up to 1.5 percent of the income taxed in that city. According to the City's Income Tax Ordinance, income tax revenues are to be allocated as follows: after paying all costs associated with the operation of the income tax department, the balance of the first 1.0 percent is to be allocated 30 percent to the capital improvement fund and 70 percent to the general fund. The remaining 0.5 percent shall be allocated for the payment of debt service on bonds outstanding and to the extent not so appropriated, for general municipal operations and capital improvements as determined by Council. On a full accrual basis, the City received income tax revenues of \$6,263,564. This amount reflects the net amount of collections after the final \$558,315 in income tax refunds were paid back to the Maytag Corporation in 2006, pursuant to the revised settlement agreement entered into in January 2005.

The significant increase in Capital Grants is due to a federal Highway Planning Construction grant and State Issue 2 funds the City received for the funding of the South Main St and Everhard Rd widening and bridge replacement project.

The operations of the City's police department and general government account for the largest expenses of the governmental activities, representing approximately 27 percent and 18 percent, respectively, of the total governmental activities expenses. The City's police department is a full-time 24-hour a day, 365-days a year department, with a full-time chief, 6 lieutenants, and 17 patrolmen.

During 2006, the City operated a fire department with a full-time Chief, three full-time fire inspectors/fire-fighters, and 24 part-time fire-fighters. The fire department, which is accounted for in a separate fund, receives a 0.5 mill property tax levy. The remaining amount needed to operate the department is subsidized by the general fund.

The City also operates an emergency medical services (EMS) department, which is a division of the Fire Department and is under the direction of the Chief of Fire and EMS. The department has nine full-time paramedic/EMT's, three of whom are Captains. The remainder of the staffing needs is met by 25 part-time personnel. The EMS department is also accounted for in a separate fund which receives a 1.0 mill property tax levy. Additional funding is derived by billing for transports provided to residents and non-residents of the City. However, residents are only billed to the extent of their insurance coverage. These revenues, which amounted to \$311,999 in 2006, are reported under ambulance fees. The EMS department is also subsidized by the general fund.

***Business-Type Activities***

The City operates a Utility Department that is comprised of water, sewer and garbage services. The largest is the water utility, which includes water administration, a water treatment plant, and water distribution.

The water utility services 8,699 customers, of which, 6,204 are located inside the City, and 2,495 are located outside the City. The City's water rate for inside residential customers starts at \$3.83 per thousand gallons, while rates for outside residential customers start at \$7.20 per thousand gallons. City Council passed legislation in 2004 which provides for automatic rate increases of between 5 and 7 percent on an annual basis, beginning in 2005 through 2009.

**City of North Canton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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The City's water treatment plant treats an average of 3.5 million gallons of water per day with a capacity to treat an additional 2.5 million gallons per day. The raw water is supplied by eight wells throughout the City. The water treatment plant was built in 1971. The construction of improvements and upgrades to the plant was completed in 2005 at a total project cost of \$6.5 million. Construction of the expansion of the water treatment plant was completed in 2006 at a cost of \$4.2 million of which \$867,300 was funded by a U.S. EPA grant. This expansion increases the capacity of the plant to 8.7 million gallons per day.

The City contracts with the City of Canton to provide sewer treatment services. The City does own and maintain sewer lines throughout the City. The City has 6,251 sewer customers. Residential customers pay a flat sewer fee of \$19.00 per month while business customers pay a minimum rate of \$13.30 for 5,000 gallons and then \$2.65 for each additional 1,000 gallons.

The City also operates a garbage utility. The City acts as an agent between the successful bidder for pickup service and City customers in addition to billing and collecting garbage fees.

The revenues and expenses for these three utilities are reported under the Business-Type Activities on Table 2. The revenues come primarily from charges for services. In 2006, charges for services of \$8,056,116 accounted for 90 percent of the revenues. The total expenses for the utilities were \$7,459,164. Revenues exceeded expenses by \$1,459,560 for the Business-Type Activities.

### **The City's Funds**

Information about the City's governmental funds begins on page 16. These funds are reported using the modified accrual method of accounting. All governmental funds had revenues of \$15,194,271 and expenditures of \$14,686,367. The general fund had revenues of \$8,755,767 and expenditures of \$6,870,085. The capital improvements fund had revenues of \$1,422,946 and expenditures of \$1,694,942. The Issue II improvement fund had revenues of \$2,733,947, expenditures of \$2,975,901 and an operating transfer of \$775,880 for the City's share of Issue II projects.

The City's general fund reflected a decrease in fund balance of \$128,818. This decrease is primarily due to the final payment of \$558,315 in refunded taxes owed to the Maytag Corporation and the repayment of the \$1.8 million note, partially offset by an increase in the amount of income taxes allocated to the General Fund.

Information about the City's business-type funds begins on page 21. These funds are accounted for on an accrual basis. The water fund had operating revenues of \$5,204,726 which exceeded operating expenses of \$3,713,189. The sewer fund had operating revenues of \$2,241,021 and expenses of \$2,276,702. The garbage fund had operating revenues of \$634,144 and operating expenses of \$676,949.

### **Budgeting Highlights**

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures, and encumbrances. The most significant budgeted fund is the general fund. The legal level of control is at the fund level. Any budgetary modifications at this level may only be made by ordinance of City Council. During 2006 there were sixteen supplemental appropriations passed by City Council. Administrative control of the budget is maintained through the establishment of detailed line-item budgets. Intra-fund transfers within existing appropriations are permitted after approval from the Finance Committee of Council.

**City of North Canton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

Strong emphasis is placed on fund balances. The Finance Director reviews fund balances on a daily basis. Special attention is paid to the major operating funds, which are the General, Sewer and Water Funds. Council also receives a monthly report showing beginning fund balance for all funds at the beginning of the year, monthly and year-to-date revenues and expenditures, and the current fund balance.

Line item reports are reviewed regularly by the Finance Director. The department heads, as well as the Director of Administration, also monitor their appropriations to ensure the entire operation of the City operates within the appropriations.

For the general fund, original and final budgeted revenues were \$6,454,351 and \$7,112,377, respectively and actual revenue collections were \$7,958,784. The majority of the increase in actual revenue over the original and final budgeted amounts is from income taxes. Original and final budgeted expenditures were \$8,338,297 and \$8,370,172, respectively while actual expenditures were \$8,176,663. Actual expenditures were less than final budgeted expenditures due to several open positions not being filled. The City's ending unencumbered cash balance in the general fund was \$1,039,916 above the final budgeted amount.

**Capital Assets and Debt Administration**

*Capital Assets*

Table 3  
 Capital Assets at December 31  
 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$5,183,113	\$5,127,873	\$909,984	\$816,024	\$6,093,097	\$5,943,897
Construction in Progress	3,927,806	1,426,995	455,529	5,363,385	4,383,335	6,790,380
Buildings	2,957,574	2,925,113	11,530,727	7,731,902	14,488,301	10,657,015
Land Improvements	584,141	607,772	354,086	364,075	938,227	971,847
Equipment	2,090,771	2,154,112	4,210,086	2,835,484	6,300,857	4,989,596
Infrastructure						
Streets	9,332,675	9,362,672	0	0	9,332,675	9,362,672
Water Lines	0	0	15,353,438	14,503,388	15,353,438	14,503,388
Storm Sewers	5,314,665	4,426,334	0	0	5,314,665	4,426,334
Sewer Lines	0	0	5,814,390	4,960,685	5,814,390	4,960,685
Bridges	78,723	84,465	0	0	78,723	84,465
<i>Totals</i>	<u>\$29,469,468</u>	<u>\$26,115,336</u>	<u>\$38,628,240</u>	<u>\$36,574,943</u>	<u>\$68,097,708</u>	<u>\$62,690,279</u>

Total Capital Assets for the City of North Canton for the year ended December 31, 2006 were \$68,097,708, an increase of \$5,407,429 over the 2005 figure of \$62,690,279. \$2,053,297 of this increase was due to projects under the business-type activities, including the completion of construction of the water treatment plant expansion, the construction of a backwash tank and stand-by generator, and numerous water line and sewer line projects. See Note 10 in the financial statements for more information regarding the City's capital assets.

**City of North Canton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

**Debt**

The outstanding debt for the City of North Canton as of December 31, 2006 was \$18,459,281. This balance reflects an increase of \$419,491 from the previous year's balance of \$18,039,790, an increase of 2.3 percent.

Table 4  
 Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Settlement Agreement Payable	\$0	\$558,315	\$0	\$0	\$0	\$558,315
Notes Payable	2,500,000	3,300,000	4,650,000	3,548,000	7,150,000	6,848,000
OWDA Payable	0	0	11,309,281	10,633,475	11,309,281	10,633,475
<i>Total</i>	<u>\$2,500,000</u>	<u>\$3,858,315</u>	<u>\$15,959,281</u>	<u>\$14,181,475</u>	<u>\$18,459,281</u>	<u>\$18,039,790</u>

In June 2006, the City rolled over its \$1.8 million in taxable Real Estate Acquisition Notes into new one year notes for \$1.5 million. These notes were issued at the rate of 5.95 percent and will mature June 27, 2007.

In February 2006, the City issued \$4.3 million in one year water system improvement notes at a rate of 4.50 percent. Of this amount, \$3.0 million was used to pay off existing one year notes. The remainder was used to fund water expansion projects. The City also issued \$1,350,000 in various purpose notes for the purpose of refinancing \$2,048,000 one year notes. These notes were issued at a rate of 4.25 percent and mature August 7, 2007.

The OWDA debt under the business-type activities is the combination of four separate loans, all administered by the Ohio Water Development Authority (OWDA), the last three of which were low-interest loans obtained through the Ohio Drinking Water Assistance Fund. The first OWDA loan is for the construction of a \$1.0 million water storage facility. The loan is to be repaid through user fees over a 10 year period and will be paid off in 2010. The second OWDA loan is for the construction of improvements to the water treatment plant which began in 2004. This loan is to be paid over twenty years with the first repayment made in 2005. The third OWDA loan is for the expansion of the water treatment plant. The fourth OWDA loan is for the construction of a backwash tank and stand by power generator. Both of these loans have a twenty year repayment schedule with the first repayments made in 2006. See Notes 16 and 17 for more information.

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

At the time the 2007 budget was prepared, the status of the Hoover Company's presence in North Canton was still in question. The new owners of the Hoover Company, Techtronic Industries (TTI) had not yet announced their plans for the North Canton facility. In order to prepare for the worst case scenario, City Council adopted a general fund budget for 2007 that was almost \$200,000 below the previous year. Five vacant job openings under governmental activities were left unfilled in the 2007 budget. The budget also included a reduction in operating costs and capital projects. This was the second year in a row that the City has made conscious efforts to reduce its general fund budget in order to prepare for the closing of the Hoover Company.

**City of North Canton, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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The City of North Canton has committed itself to financial excellence. We reported under the GASB Statement 34 reporting requirements earlier than required and are preparing our eighteenth Comprehensive Annual Financial Report. We will be submitting our 2006 CAFR for the Government Finance Officers Certificate of Achievement for Excellence in Financial Reporting.

**Contacting the City's Finance Department**

This report is intended to provide our citizens and anyone interested in the financial aspects of the City of North Canton a general overview of our financial operation. If there are any questions, please contact the Finance Director, Julie A. Herr, City of North Canton, 145 North Main Street, North Canton, Ohio 44720, telephone 330-499-3466 or visit the City's website at [www.northcantonohio.com](http://www.northcantonohio.com).

**BASIC FINANCIAL**

**STATEMENTS**

**City of North Canton, Ohio**  
*Statement of Net Assets*  
December 31, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	North Canton Community Improvement Corporation
<b>Assets</b>				
Cash and Cash Equivalents	\$6,801,392	\$3,409,712	\$10,211,104	\$0
Cash and Cash Equivalents				
In Segregated Accounts	37,401	0	37,401	0
With Fiscal Agents	0	0	0	200,823
With Escrow Agent	1,300,000	0	1,300,000	0
Materials and Supplies Inventory	85,092	80,681	165,773	0
Accrued Interest Receivable	48,258	0	48,258	0
Accounts Receivable	146,169	953,661	1,099,830	0
Intergovernmental Receivable	1,366,710	4,370	1,371,080	0
Prepaid Items	31,578	17,897	49,475	0
Property Taxes Receivable	1,730,592	0	1,730,592	0
Municipal Income Taxes Receivable	1,238,715	0	1,238,715	0
Special Assessment Receivable	3,108	142,313	145,421	0
Internal Balances	(53,211)	53,211	0	0
Deferred Charges	0	139,264	139,264	0
Nondepreciable Capital Assets	9,110,919	1,365,513	10,476,432	0
Depreciable Capital Assets, Net	20,358,549	37,262,727	57,621,276	0
<i>Total Assets</i>	42,205,272	43,429,349	85,634,621	200,823
<b>Liabilities</b>				
Accounts Payable	37,030	35,219	72,249	0
Contracts Payable	412,387	113,324	525,711	0
Accrued Wages	108,989	24,884	133,873	0
Matured Compensated Absences Payable	24,094	0	24,094	0
Intergovernmental Payable	195,249	124,189	319,438	0
Deferred Revenue	1,661,368	0	1,661,368	0
Claims Payable	53,341	0	53,341	0
Accrued Interest Payable	65,113	310,367	375,480	0
Notes Payable	1,000,000	350,000	1,350,000	0
Long-Term Liabilities:				
Due Within One Year	2,181,778	4,832,556	7,014,334	0
Due In More Than One Year	1,181,679	10,776,725	11,958,404	0
<i>Total Liabilities</i>	6,921,028	16,567,264	23,488,292	0
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	26,870,342	22,808,223	49,678,565	0
Restricted for:				
Capital Projects	1,859,062	0	1,859,062	0
Street Construction, Maintenance and Repair	854,455	0	854,455	0
Fire Operations	17,550	0	17,550	0
Emergency Medical Services	205,388	0	205,388	0
Computer Systems	13,719	0	13,719	0
Storm Sewer	349,624	0	349,624	0
Donations for Supplies	36,864	0	36,864	0
Other Purposes	6,614	0	6,614	0
Unrestricted	5,070,626	4,053,862	9,124,488	200,823
<i>Total Net Assets</i>	\$35,284,244	\$26,862,085	\$62,146,329	\$200,823

See accompanying notes to the basic financial statements

**City of North Canton, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2006

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$2,040,584	\$196,809	\$0	\$0
Security of Persons and Property				
Police	3,026,053	9,779	16,964	0
Fire	693,324	0	3,300	36,536
Public Health and Welfare	1,311,606	311,999	7,000	0
Transportation	1,075,130	0	539,001	3,037,809
Community Environment	380,145	131,988	0	0
Leisure Time Activities	1,207,578	379,916	0	0
Basic Utility Services	1,164,581	0	0	0
Intergovernmental	100,000	0	0	0
Interest and Fiscal Charges	136,057	0	0	0
<b>Total Governmental Activities</b>	<b>11,135,058</b>	<b>1,030,491</b>	<b>566,265</b>	<b>3,074,345</b>
<b>Business-Type Activities</b>				
Water	4,485,688	5,181,984	0	513,604
Sewer	2,296,527	2,239,988	0	308,369
Garbage	676,949	634,144	60,000	0
<i>Total Business-Type Activities</i>	<i>7,459,164</i>	<i>8,056,116</i>	<i>60,000</i>	<i>821,973</i>
<b>Total - Primary Government</b>	<b>\$18,594,222</b>	<b>\$9,086,607</b>	<b>\$626,265</b>	<b>\$3,896,318</b>
<b>Component Unit</b>				
North Canton Community Improvement Corporation	\$0	\$0	\$100,000	\$0

General Revenues  
Property Taxes Levied for:  
    General Purposes  
    Fire Operating Levy  
    Emergency Medical Services Levy  
    Storm Sewer Levy  
    Street Levy  
Municipal Income Taxes Levied for  
    General Purposes  
    Capital Improvement  
Grants and Entitlements not Restricted  
to Specific Programs  
Interest  
Other  
  
Total General Revenues  
  
Transfers  
  
Total General Revenues and Transfers  
  
Change in Net Assets  
  
Net Assets Beginning of Year  
  
Net Assets End of Year

See accompanying notes to the basic financial statements



Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activity	Total	North Canton Community Improvement Corporation
(\$1,843,775)	\$0	(\$1,843,775)	\$0
(2,999,310)	0	(2,999,310)	0
(653,488)	0	(653,488)	0
(992,607)	0	(992,607)	0
2,501,680	0	2,501,680	0
(248,157)	0	(248,157)	0
(827,662)	0	(827,662)	0
(1,164,581)	0	(1,164,581)	0
(100,000)	0	(100,000)	0
(136,057)	0	(136,057)	0
(6,463,957)	0	(6,463,957)	0
0	1,209,900	1,209,900	0
0	251,830	251,830	0
0	17,195	17,195	0
0	1,478,925	1,478,925	0
(6,463,957)	1,478,925	(4,985,032)	0
0	0	0	100,000
825,186	0	825,186	0
96,955	0	96,955	0
176,194	0	176,194	0
355,276	0	355,276	0
355,276	0	355,276	0
5,085,423	0	5,085,423	0
1,178,141	0	1,178,141	0
1,803,539	0	1,803,539	0
537,976	0	537,976	820
110,979	23,775	134,754	0
10,524,945	23,775	10,548,720	820
43,140	(43,140)	0	0
10,568,085	(19,365)	10,548,720	820
4,104,128	1,459,560	5,563,688	100,820
31,180,116	25,402,525	56,582,641	100,003
\$35,284,244	\$26,862,085	\$62,146,329	\$200,823

**City of North Canton, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2006*

	General	Capital Improvements	Issue II
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,413,448	\$1,018,071	\$944,625
Cash and Cash Equivalents in Segregated Accounts	0	0	0
Cash and Cash Equivalents with Escrow Agent	1,300,000	0	0
Materials and Supplies Inventory	13,355	0	0
Accrued Interest Receivable	48,258	0	0
Accounts Receivable	0	0	0
Intergovernmental Receivable	930,611	0	0
Prepaid Items	19,485	0	0
Property Taxes Receivable	792,411	0	0
Municipal Income Taxes Receivable	978,481	260,234	0
Special Assessment Receivable	3,108	0	0
<i>Total Assets</i>	<u>\$7,499,157</u>	<u>\$1,278,305</u>	<u>\$944,625</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$18,702	\$0	\$3,250
Contracts Payable	0	10,257	331,608
Accrued Wages	58,159	0	0
Matured Compensated Absences Payable	0	0	0
Intergovernmental Payable	137,418	0	0
Deferred Revenue	2,145,637	125,835	0
Accrued Interest Payable	0	17,236	0
Notes Payable	0	1,000,000	0
<i>Total Liabilities</i>	<u>2,359,916</u>	<u>1,153,328</u>	<u>334,858</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	27,388	648,223	1,211,922
Unreserved:			
Designated for CIC	1,300,000	0	0
Undesignated (Deficit), Reported in:			
General Fund	3,811,853	0	0
Special Revenue Funds	0	0	0
Capital Projects Funds	0	(523,246)	(602,155)
<i>Total Fund Balances</i>	<u>5,139,241</u>	<u>124,977</u>	<u>609,767</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,499,157</u>	<u>\$1,278,305</u>	<u>\$944,625</u>

See accompanying notes to the basic financial statements

**City of North Canton, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2006*

Other Governmental Funds	Total Governmental Funds
\$1,137,496	\$6,513,640
37,401	37,401
0	1,300,000
71,737	85,092
0	48,258
146,169	146,169
436,099	1,366,710
12,093	31,578
938,181	1,730,592
0	1,238,715
0	3,108
<u>\$2,779,176</u>	<u>\$12,501,263</u>
\$15,078	\$37,030
70,522	412,387
50,830	108,989
24,094	24,094
57,831	195,249
1,233,373	3,504,845
0	17,236
0	1,000,000
<u>1,451,728</u>	<u>5,299,830</u>
294,606	2,182,139
0	1,300,000
0	3,811,853
1,032,842	1,032,842
0	(1,125,401)
<u>1,327,448</u>	<u>7,201,433</u>
<u>\$2,779,176</u>	<u>\$12,501,263</u>

<b>Total Governmental Fund Balances</b>	\$7,201,433
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	29,469,468
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Delinquent Property Taxes	14,504
Investment Income	27,765
Intergovernmental	1,199,124
Special Assessment	3,108
Municipal Income Taxes	<u>598,976</u>
Total	1,843,477
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences	(1,764,331)
Capital Lease	(99,126)
Notes Payable	<u>(1,500,000)</u>
Total	(3,363,457)
In the statement of activities, interest is accrued on outstanding liabilities, whereas in governmental funds, an interest expenditure is reported when due.	
Accrued Interest Payable	(47,877)
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.	234,411
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.	<u>(53,211)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$35,284,244</u></u>

**City of North Canton, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Capital Improvements	Issue II
<b>Revenues</b>			
Property and Other Taxes	\$822,877	\$0	\$0
Municipal Income Taxes	5,068,317	1,232,591	0
Charges for Services	277,741	0	0
Licenses and Permits	132,200	0	0
Fines and Forfeitures	37,416	0	0
Intergovernmental	1,634,265	114,088	2,733,947
Interest	549,893	0	0
Rentals	212,202	0	0
Ambulance Fees	0	0	0
Other	20,856	76,267	0
<i>Total Revenues</i>	<u>8,755,767</u>	<u>1,422,946</u>	<u>2,733,947</u>
<b>Expenditures</b>			
Current:			
General Government	1,705,434	0	0
Security of Persons and Property:			
Police	2,891,536	0	0
Fire	0	0	0
Public Health and Welfare	82,198	0	0
Transportation	0	0	0
Community Environment	400,264	0	0
Leisure Time Activities	1,070,636	0	0
Basic Utility Services	0	0	0
Intergovernmental	100,000	0	0
Settlement Agreement	558,315	0	0
Capital Outlay	0	1,590,855	2,975,901
Debt Service:			
Principal Retirement	300,000	44,661	0
Interest and Fiscal Charges	61,702	59,426	0
<i>Total Expenditures</i>	<u>7,170,085</u>	<u>1,694,942</u>	<u>2,975,901</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,585,682</u>	<u>(271,996)</u>	<u>(241,954)</u>
<b>Other Financing Sources (Uses)</b>			
Notes Issued	1,500,000	0	0
Current Refunding	(1,500,000)	0	0
Transfers In	0	0	775,880
Transfers Out	(1,714,500)	(775,880)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,714,500)</u>	<u>(775,880)</u>	<u>775,880</u>
<i>Net Change in Fund Balances</i>	(128,818)	(1,047,876)	533,926
<i>Fund Balances Beginning of Year</i>	<u>5,268,059</u>	<u>1,172,853</u>	<u>75,841</u>
<i>Fund Balances End of Year</i>	<u>\$5,139,241</u>	<u>\$124,977</u>	<u>\$609,767</u>

See accompanying notes to the basic financial statements

**City of North Canton, Ohio**

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2006*

Other Governmental Funds	Total Governmental Funds
\$981,367	\$1,804,244
0	6,300,908
0	277,741
0	132,200
59,145	96,561
915,244	5,397,544
0	549,893
0	212,202
311,999	311,999
13,856	110,979
<u>2,281,611</u>	<u>15,194,271</u>
69,630	1,775,064
7,051	2,898,587
590,204	590,204
1,143,551	1,225,749
1,158,714	1,158,714
0	400,264
277	1,070,913
176,012	176,012
0	100,000
0	558,315
0	4,566,756
0	344,661
0	121,128
<u>3,145,439</u>	<u>14,986,367</u>
<u>(863,828)</u>	<u>207,904</u>
0	1,500,000
0	(1,500,000)
1,797,000	2,572,880
(39,360)	(2,529,740)
<u>1,757,640</u>	<u>43,140</u>
893,812	251,044
<u>433,636</u>	<u>6,950,389</u>
<u>\$1,327,448</u>	<u>\$7,201,433</u>

**Net Change in Fund Balances - Total Governmental Funds** \$251,044

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

Governmental funds report capital outlays as expenditures.

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

Capital Asset Additions	5,149,276	
Current Year Depreciation	<u>(1,789,616)</u>	
<b>Total</b>		<b>3,359,660</b>

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

(5,528)

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

Delinquent Property Taxes	4,643	
Interest	(11,917)	
Special Assessments	(212)	
Grants	46,605	
Municipal Income Taxes	<u>(37,344)</u>	
<b>Total</b>		<b>1,775</b>

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Note Payable	300,000	
Settlement Agreement Payable	558,315	
Capital Lease Payable	<u>44,661</u>	
<b>Total</b>		<b>902,976</b>

In the statement of activities, interest is accrued on outstanding long-term notes payable, whereas in governmental funds, an interest expenditure is reported when due.

(14,929)

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

(387,843)

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

(3,027)

*Change in Net Assets of Governmental Activities*

\$4,104,128

**City of North Canton, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Taxes	\$800,000	\$790,000	\$797,922	\$7,922
Municipal Income Taxes	3,975,000	3,811,390	4,388,665	577,275
Charges for Services	226,000	250,000	277,741	27,741
Licenses and Permits	110,000	110,000	133,506	23,506
Fines and Forfeitures	66,000	52,000	37,416	(14,584)
Intergovernmental	812,301	1,561,987	1,626,844	64,857
Interest	265,000	325,000	463,016	138,016
Rentals	100,000	97,000	212,202	115,202
Other	100,050	115,000	21,472	(93,528)
<i>Total Revenues</i>	<u>6,454,351</u>	<u>7,112,377</u>	<u>7,958,784</u>	<u>846,407</u>
<b>Expenditures</b>				
Current:				
General Government	1,903,841	1,883,404	1,760,638	122,766
Security of Persons and Property:				
Police	2,975,375	2,980,125	2,897,474	82,651
Public Health and Welfare	90,600	88,900	88,811	89
Community Environment	436,291	437,141	396,173	40,968
Leisure Time Activities	1,070,790	1,118,802	1,071,865	46,937
Intergovernmental	0	0	100,000	(100,000)
Debt Service:				
Principal Retirement	1,800,000	1,800,000	1,800,000	0
Interest and Fiscal Charges	61,400	61,800	61,702	98
<i>Total Expenditures</i>	<u>8,338,297</u>	<u>8,370,172</u>	<u>8,176,663</u>	<u>193,509</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	<u>(1,883,946)</u>	<u>(1,257,795)</u>	<u>(217,879)</u>	<u>1,039,916</u>
<b>Other Financing Sources (Uses)</b>				
Notes Issued	1,600,000	1,500,000	1,500,000	0
Transfers Out	(1,785,000)	(1,714,500)	(1,714,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(185,000)</u>	<u>(214,500)</u>	<u>(214,500)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,068,946)	(1,472,295)	(432,379)	1,039,916
<i>Fund Balance Beginning of Year</i>	5,106,569	5,106,569	5,106,569	0
Prior Year Encumbrances Appropriated	20,337	20,337	20,337	0
<i>Fund Balance End of Year</i>	<u>\$3,057,960</u>	<u>\$3,654,611</u>	<u>\$4,694,527</u>	<u>\$1,039,916</u>

See accompanying notes to the basic financial statements

**City of North Canton, Ohio**

*Statement of Fund Net Assets*

*Proprietary Funds*

*December 31, 2006*

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Total	
<b>Assets</b>					
<i>Current Assets</i>					
Equity in Pooled Cash and Cash Equivalents	\$2,207,652	\$904,232	\$297,828	\$3,409,712	\$287,752
Accounts Receivable	769,665	179,854	4,142	953,661	0
Intergovernmental Receivable	4,370	0	0	4,370	0
Materials and Supplies Inventory	77,588	3,093	0	80,681	0
Special Assessment Receivable	1,539	140,774	0	142,313	0
Prepaid Items	15,870	2,027	0	17,897	0
<i>Total Current Assets</i>	<u>3,076,684</u>	<u>1,229,980</u>	<u>301,970</u>	<u>4,608,634</u>	<u>287,752</u>
<i>Noncurrent Assets:</i>					
Deferred Charges	139,264	0	0	139,264	0
Nondepreciable Capital Assets	1,168,604	196,909	0	1,365,513	0
Depreciable Capital Assets, Net	31,220,563	6,042,164	0	37,262,727	0
<i>Total Noncurrent Assets</i>	<u>32,528,431</u>	<u>6,239,073</u>	<u>0</u>	<u>38,767,504</u>	<u>0</u>
<i>Total Assets</i>	<u>35,605,115</u>	<u>7,469,053</u>	<u>301,970</u>	<u>43,376,138</u>	<u>287,752</u>
<b>Liabilities</b>					
<i>Current Liabilities</i>					
Accounts Payable	31,027	4,192	0	35,219	0
Contracts Payable	37,994	19,841	55,489	113,324	0
Accrued Wages and Benefits	22,831	2,053	0	24,884	0
Intergovernmental Payable	28,142	95,896	151	124,189	0
Accrued Interest Payable	304,334	6,033	0	310,367	0
Notes Payable	0	350,000	0	350,000	0
OWDA Loan Payable	532,556	0	0	532,556	0
Claims Payable	0	0	0	0	53,341
<i>Total Current Liabilities</i>	<u>956,884</u>	<u>478,015</u>	<u>55,640</u>	<u>1,490,539</u>	<u>53,341</u>
<i>Long-Term Liabilities:</i>					
Notes Payable	4,300,000	0	0	4,300,000	0
OWDA Loan Payable	10,776,725	0	0	10,776,725	0
<i>Total Long-Term Liabilities</i>	<u>15,076,725</u>	<u>0</u>	<u>0</u>	<u>15,076,725</u>	<u>0</u>
<i>Total Liabilities</i>	<u>16,033,609</u>	<u>478,015</u>	<u>55,640</u>	<u>16,567,264</u>	<u>53,341</u>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	16,919,150	5,889,073	0	22,808,223	0
Unrestricted	2,652,356	1,101,965	246,330	4,000,651	234,411
<i>Total Net Assets</i>	<u>\$19,571,506</u>	<u>\$6,991,038</u>	<u>\$246,330</u>	<u>26,808,874</u>	<u>\$234,411</u>
Some amounts reported for business-type activities in the statement of net assets are different because they include accumulated overpayments to the internal service fund.				53,211	
Net assets of business-type activities				<u>\$26,862,085</u>	

See accompanying notes to the basic financial statements

**City of North Canton, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2006*

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Total	
<b>Operating Revenues</b>					
Charges for Services	\$5,101,071	\$2,036,493	\$634,144	\$7,771,708	\$1,151,861
Tap in Fees	80,913	156,180	0	237,093	0
Special Assessments	0	47,315	0	47,315	0
Other	22,742	1,033	0	23,775	0
<i>Total Operating Revenues</i>	<u>5,204,726</u>	<u>2,241,021</u>	<u>634,144</u>	<u>8,079,891</u>	<u>1,151,861</u>
<b>Operating Expenses</b>					
Personal Services	1,357,617	353,967	49,684	1,761,268	0
Contractual Services	829,839	996,783	589,445	2,416,067	159,048
Materials and Supplies	102,538	608,698	37,820	749,056	0
Depreciation	1,423,195	317,254	0	1,740,449	0
Claims	0	0	0	0	996,728
<i>Total Operating Expenses</i>	<u>3,713,189</u>	<u>2,276,702</u>	<u>676,949</u>	<u>6,666,840</u>	<u>1,155,776</u>
<i>Operating Income (Loss)</i>	<u>1,491,537</u>	<u>(35,681)</u>	<u>(42,805)</u>	<u>1,413,051</u>	<u>(3,915)</u>
<b>Non-Operating Revenues (Expenses)</b>					
Operating Grant	0	0	60,000	60,000	0
Interest and Fiscal Charges	(766,911)	(19,675)	0	(786,586)	0
Loss on Disposal of Capital Assets	(4,850)	0	0	(4,850)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(771,761)</u>	<u>(19,675)</u>	<u>60,000</u>	<u>(731,436)</u>	<u>0</u>
<i>Income Before Transfers and Contributions</i>	719,776	(55,356)	17,195	681,615	(3,915)
Transfers Out	(36,020)	(7,120)	0	(43,140)	0
Capital Contributions	513,604	308,369	0	821,973	0
<i>Change in Net Assets</i>	1,197,360	245,893	17,195	1,460,448	(3,915)
<i>Net Assets Beginning of Year</i>	<u>18,374,146</u>	<u>6,745,145</u>	<u>229,135</u>		<u>238,326</u>
<i>Net Assets End of Year</i>	<u>\$19,571,506</u>	<u>\$6,991,038</u>	<u>\$246,330</u>		<u>\$234,411</u>

Some amounts reported for business-type activities in the statement of activities are different because a portion of the net expense of the internal service fund is reported with business-type activities.

(888)

Change in net assets of business-type activities

\$1,459,560

See accompanying notes to the basic financial statements





**City of North Canton, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
*For the Year Ended December 31, 2006*

	Business-	
	Water	Sewer
<b>Increase (Decreases) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers	\$5,112,839	\$2,195,082
Cash Received from Interfund Services	0	0
Cash Received from Other Operating Sources	28,445	1,033
Cash Payments to Suppliers for Goods and Services	(1,117,880)	(1,847,541)
Cash Payments to Employees for Services and Benefits	(1,681,999)	(417,715)
Cash Payments for Claims	0	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>2,341,405</u>	<u>(69,141)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Noncapital Grants Received	0	0
Transfers Out	(36,020)	(7,120)
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>(36,020)</u>	<u>(7,120)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Sale of Notes	4,300,000	350,000
Proceeds from OWDA Loan	1,142,665	0
Capital Grants Received	497,947	308,369
Payments for Capital Acquisitions	(3,010,864)	(666,454)
Principal Payments - Notes	(3,000,000)	(548,000)
Principal Payments - OWDA Loan	(466,859)	0
Interest Payments - Notes	(97,229)	(22,471)
Interest Payments - OWDA Loan	(462,767)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(1,097,107)</u>	<u>(578,556)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	1,208,278	(654,817)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>999,374</u>	<u>1,559,049</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$2,207,652</u></u>	<u><u>\$904,232</u></u>

<u>Type Activities - Enterprise Funds</u>		<u>Governmental Activities - Internal Service Fund</u>
<u>Garbage</u>	<u>Totals</u>	
\$631,480	\$7,939,401	\$0
0	0	1,151,861
0	29,478	0
(614,558)	(3,579,979)	(159,048)
(49,870)	(2,149,584)	0
0	0	(983,463)
<u>(32,948)</u>	<u>2,239,316</u>	<u>9,350</u>
60,000	60,000	0
0	(43,140)	0
<u>60,000</u>	<u>16,860</u>	<u>0</u>
0	4,650,000	0
0	1,142,665	0
0	806,316	0
0	(3,677,318)	0
0	(3,548,000)	0
0	(466,859)	0
0	(119,700)	0
0	(462,767)	0
<u>0</u>	<u>(1,675,663)</u>	<u>0</u>
27,052	580,513	9,350
<u>270,776</u>	<u>2,829,199</u>	<u>278,402</u>
<u>\$297,828</u>	<u>\$3,409,712</u>	<u>\$287,752</u>

(continued)

**City of North Canton, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds (continued)*  
*For the Year Ended December 31, 2006*

	Business-	
	Water	Sewer
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>		
<i>Operating Income (Loss)</i>	\$1,491,537	(\$35,681)
<i>Adjustments:</i>		
Depreciation	1,423,195	317,254
(Increase)Decrease in Assets:		
Accounts Receivable	(62,446)	(2,898)
Special Assessment Receivable	(996)	(42,008)
Prepays	(4,402)	510
Materials and Supplies Inventory	(15,318)	(3,093)
Increase (Decrease) in Liabilities:		
Accounts Payable	10,523	(23,519)
Contracts Payable	(166,111)	(225,052)
Accrued Wages and Benefits	2,574	(585)
Matured Compensated Absences Payable	(20,734)	0
Compensated Absences Payable	(316,030)	(62,456)
Intergovernmental Payable	(387)	8,387
Claims Payable	0	0
<i>Total Adjustments</i>	849,868	(33,460)
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$2,341,405	(\$69,141)

**Noncash Activities**

During 2006, the water enterprise fund received water lines from developers valued at \$121,278.

See accompanying notes to the basic financial statements

<u>Type Activities - Enterprise Funds</u>		<u>Governmental Activities - Internal Service Fund</u>
<u>Garbage</u>	<u>Totals</u>	
<u>(\$42,805)</u>	<u>\$1,413,051</u>	<u>(\$3,915)</u>
0	1,740,449	0
(2,664)	(68,008)	0
0	(43,004)	0
0	(3,892)	0
0	(18,411)	0
(1,330)	(14,326)	
13,700	(377,463)	0
0	1,989	0
0	(20,734)	0
0	(378,486)	0
151	8,151	0
<u>0</u>	<u>0</u>	<u>13,265</u>
<u>9,857</u>	<u>826,265</u>	<u>13,265</u>
<u>(\$32,948)</u>	<u>\$2,239,316</u>	<u>\$9,350</u>

**City of North Canton**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*December 31, 2006*

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**Assets**

Cash and Cash Equivalents in Segregated Accounts	<u><u>\$61,460</u></u>
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**Liabilities**

Deposits Held and Due to Others	<u><u>\$61,460</u></u>
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See accompanying notes to the basic financial statements

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 1 – Description of the City and Reporting Entity**

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

***Reporting Entity***

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of North Canton this includes the departments that provide the following services: police, fire, emergency medical, parks and recreation, water and sewer, rubbish collection, street construction, maintenance and repair, and general administrative services.

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. The City has one component unit.

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

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

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

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 2 - Summary of Significant Accounting Policies**

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

***A. Basis of Presentation***

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

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

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

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

***B. Fund Accounting***

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The City's funds are classified as either governmental, proprietary or fiduciary.



**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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

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

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

**Issue II Fund** The issue II capital projects fund accounts for grant monies received from the Ohio Public Works Commission plus city matching funds. Expenditures are restricted to specific projects within the City.

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

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

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

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

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

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

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

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

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

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

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

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and rentals.

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

***E. Cash and Cash Equivalents***

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

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

Cash held by the City, for the funding of the Community Improvement Corporation (CIC), is included on the financial statements as "cash and cash equivalents with fiscal agent".

During fiscal year 2006, investments were limited to Federal National Mortgage Association Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes and STAROhio.

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2006.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2006 amounted to \$549,893, which includes \$325,458 assigned from other City funds.

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

***G. Inventory***

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

***H. Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$1,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records or necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

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

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

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
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***I. Interfund Balances***

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

***J. Compensated Absences***

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

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

***K. Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary funds financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the governmental fund financial statements when due.

***L. Fund Balance Reserve and Designation***

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

***M. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$3,341,063 of restricted net assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes includes monies for law enforcement and education and mayor's court.

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
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The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

***N. Operating Revenues and Expenses***

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

***O. Internal Activity***

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***P. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

***Q. Estimates***

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

***R. Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. Budgetary information for the Mayor's Court special revenue fund is not maintained because it is not included in the entity for which the "appropriated budget" is adopted. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund level for all funds. Budgetary modification may only be made by resolution of the City Council at the legal level of control. The Finance Director has been authorized to allocate appropriations to the department and object level within each fund. Budgetary statements are presented beyond that legal level of control for information purposes only.

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
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The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

**Note 3 – Changes in Accounting Principles**

For 2006, the City has implemented GASB Statement No. 44, “Economic Condition Reporting: The Statistical Section” and GASB Statement No. 47, “Accounting for Termination Benefits.”

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information the State and local governments present as supplementary information in the statistical section.

GASB Statement No. 47 establishes standards of accounting and financial reporting for termination benefits.

The implementation of GASB Statement No. 47 did not materially affect the presentation of the financial statements of the City.

**Note 4 – Compliance**

Contrary to Ohio Revised Code Section 5705.39, the following fund had original appropriations in excess of certified available resources. These budgetary violations were corrected by year end.

Fund	Original Revenues Plus Carryover	Original Appropriations	Excess
<b>Major Funds</b>			
<i>Capital Projects Funds</i>			
Capital Improvement	\$4,939,195	\$5,945,963	\$1,006,768
Issue II Improvement	2,873,929	4,995,791	2,121,862
<i>Enterprise Funds</i>			
Water Fund	9,586,374	13,370,279	3,783,905
Sewer Fund	3,780,349	3,957,628	177,279
<b>Non Major Funds</b>			
<i>Special Revenue Fund</i>			
Municipal Road	80,000	360,000	280,000

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 5 - Budgetary Basis of Accounting**

While the City is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

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

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

Net Change in Fund Balance	
	<u>General</u>
GAAP Basis	(\$128,818)
Adjustment for Revenue Accruals	(659,971)
Beginning Fair Value Adjustment for Investments	(119,850)
Ending Fair Value Adjustment for Investments	(17,162)
Adjustment for Expenditure Accruals	529,505
Adjustment for Encumbrances	<u>(36,083)</u>
Budget Basis	<u><u>(\$432,379)</u></u>

**Note 6 - Deposits and Investments**

State statues classify monies held by the City into three categories:

Active monies are public monies determined to be necessary to meet current demands upon the City treasury. Active monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.



**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
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Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAROhio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bond of any municipal corporation, village, county, township or other political subdivision of this State, as to which there is not default of principal, interest, or coupons; and,
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

#### Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end,

**City of North Canton, Ohio**  
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\$2,414,150 of the City's bank balance of \$2,714,150 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. However, the City's charter requires eligible securities held by a financial institution have a market value of at least 110% in excess of deposits being secured.

Investments

As of December 31, 2006, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-2	3 or more
Federal National Mortgage Association Notes	\$3,949,509	\$2,789,200	\$964,060	\$196,249
Federal Home Loan Bank Notes	1,299,033	200,000	949,736	149,297
Repurchase Agreement				
Federal Home Loan Mortgage Corporation Notes	1,141,717	1,141,717	0	0
First American Treasury Obligation	61,028	61,028	0	0
STAROhio	2,580,208	2,580,208	0	0
Total Investments	<u>\$9,031,495</u>	<u>\$6,772,153</u>	<u>\$1,913,796</u>	<u>\$345,546</u>

**Interest Rate Risk.** State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity. The City had no investment policy that would further limit investment choices.

**Credit Risk.** The Federal National Mortgage Association Notes carry a rating of AAA by Fitch. The Federal Home Loan Bank Notes carry a rating of AAA by Standard and Poor's. The Federal Home Loan Mortgage Corporation Notes, which is the security underlying the repurchase agreement, carry a AAA rating by Standard and Poor's. The First American Treasury Obligation carries a rating of AAA by Standard and Poor's. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy dealing with credit risk.

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent, but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Concentration of Credit Risk.** The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2006:

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Investment Issuer	Percentage of Investments
Federal National Mortgage Association Notes	43.73 %
Federal Home Loan Bank Notes	14.38
Federal Home Loan Mortgage Corporation Notes	12.64
First American Treasury Obligation	0.67
STAROhio	28.56

**Note 7 - Receivables**

Receivables at December 31, 2006, consisted primarily of municipal income taxes, property and other taxes, accounts, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full and are expected to be collected with-in one year.

**A. Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2006 for real and public utility property taxes represents collections of 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006 on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes which became a lien December 31, 2005, are levied after October 1, 2006, and collected in 2007 real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tax rate for all City operations for the year ended December 31, 2006 was \$5.90 per 1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$353,205,470
Tangible Personal Property	23,869,790
Public Utility	9,822,620
Total Valuation	\$386,897,880

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of North Canton. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2006 and for which there is an enforceable legal claim. In the general, fire operating levy, EMS levy, storm sewer levy and street levy funds the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2006 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

***B. Intergovernmental Receivable***

A summary of intergovernmental receivables follows:

Governmental Activities	
Estate Tax	\$449,278
Local Government State Support	392,270
Homestead and Rollback	88,341
Grants	722
Fire Operating Levy	9,048
Emergency Medical Service Levy	16,388
Law Enforcement	320
Enforcement Education	437
Street Construction Maintenance and Repair	269,508
Storm Sewer Levy	37,994
Street Improvement Levy	37,994
Municipal Road	64,410
Total	\$1,366,710
Business-Type Activities	
Water	\$4,370

***C. Municipal Income Taxes***

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

According to the City's Income Tax Ordinance, income tax revenues are to be allocated as follows: after paying all costs associated with the operation of the income tax department, the balance of the first 1.0 percent is to be allocated 30 percent to the capital improvement fund and 70 percent to the general fund.

**City of North Canton, Ohio**  
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The remaining 0.5 percent shall be allocated for the payment of debt service on bonds outstanding and to the extent not so appropriated, for general municipal operations and capital improvements as determined by Council. Additional increases in the income tax rate would require voter approval.

**Note 8 - 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 2006, the City contracted with Arch Insurance Company for general liability, buildings and contents, automobile, crime, contractor's equipment, public officials' liability and police and professional liability insurance. Travelers Property Casualty Company of America provides coverage for boiler and machinery, while Hartford Life and Accident covers emergency medical service and fire, accidental disability and death insurance. The City also purchases umbrella coverage from Arch Insurance Company with a general aggregate of \$5,000,000. Ohio Farmers provides performance bonds for all officials.

Public officials liability has a deductible of \$10,000, building and contents have a deductible of \$1,000, and vehicles have a \$500 deductible for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past six years. There has not been a significant reduction in coverage from the prior year.

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

The City has elected to provide employee medical/surgical benefits through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical/surgical plan with a \$100 single and \$200 family deductible for in-network providers and a \$250 single and \$500 family deductible for out-of-network providers. The City uses a third party administrator to review, process and pay all claims on behalf of the City.

The City purchases stop-loss coverage for claims in excess of \$40,000 per employee per year and an aggregate of \$1,000,000. The City pays into the self-insurance internal service fund \$881 for family coverage or \$338 for individual coverage per employee per month which represents the entire premium required. This premium is paid by the fund that pays the salary of the employee and is based on historical cost information.

The claims liability of \$53,341 reported in the Internal Service fund at December 31, 2006 is estimated by a third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amounts in 2005 and 2006 are:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2005	\$109,888	\$883,514	\$953,326	\$40,076
2006	40,076	996,728	983,463	53,341

**City of North Canton, Ohio**  
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**Note 9 - Operating Lease**

In July 2003, the City acquired the premises known as Arrowhead Country Club for \$4.2 million. This area, approximately 105 acres, includes a golf course, clubhouse and pool. The City intends to keep the property operating as a golf course. In December 2003, the City entered into a triple-net lease agreement with a golf course operator, effective January 1, 2004. A triple-net lease means the lessee is responsible for operations, insurance and taxes. The lease agreement is for an initial term of five years with an option to extend it an additional five years. The lessee is responsible for the complete operations of the golf course and clubhouse. The lessee is also required to make \$50,000 in capital improvements in each of the first four years of the lease. The assets involved in the lease are as follows:

	Governmental Activities
Asset:	
Land	\$1,780,214
Buildings	1,648,340
Land Improvements	592,759
Equipment	176,749
Subtotal	4,198,062
Less: Accumulated Depreciation	(323,520)
Total	\$3,874,542

The future minimum lease payments under this non-cancelable lease as of December 31, 2006 are the following:

	Minimum Commitment
\$2,007	\$109,500
2008	159,500
Total	\$269,000

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 10 – Capital Assets**

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance 12/31/2005	Additions	Deductions	Balance 12/31/2006
<b>Governmental Activities</b>				
Capital Assets, not being depreciated				
Land	\$5,127,873	\$55,240	\$0	\$5,183,113
Construction in Progress	1,426,995	3,395,184	(894,373)	3,927,806
<i>Total Capital Assets, not being depreciated</i>	<u>6,554,868</u>	<u>3,450,424</u>	<u>(894,373)</u>	<u>9,110,919</u>
<i>Capital Assets, being depreciated</i>				
Buildings	6,395,254	226,098	0	6,621,352
Land Improvements	766,563	20,244	0	786,807
Equipment	5,737,485	415,622	(32,762)	6,120,345
Infrastructure				
Streets Subsystem	17,467,146	832,634	0	18,299,780
Storm Sewers Subsystem	7,257,287	1,098,627	(3,075)	8,352,839
Bridge Subsystem	203,000	0	0	203,000
<i>Total Capital Assets, being depreciated</i>	<u>37,826,735</u>	<u>2,593,225</u>	<u>(35,837)</u>	<u>40,384,123</u>
Less Accumulated Depreciation:				
Buildings	(3,470,141)	(193,637)	0	(3,663,778)
Land Improvements	(158,791)	(43,875)	0	(202,666)
Equipment	(3,583,373)	(473,434)	27,233	(4,029,574)
Infrastructure				
Streets Subsystem	(8,104,474)	(862,631)	0	(8,967,105)
Storm Sewers Subsystem	(2,830,953)	(210,297)	3,076	(3,038,174)
Bridge Subsystem	(118,535)	(5,742)	0	(124,277)
<i>Total Accumulated Depreciation</i>	<u>(18,266,267)</u>	<u>(1,789,616) *</u>	<u>30,309</u>	<u>(20,025,574)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>19,560,468</u>	<u>803,609</u>	<u>(5,528)</u>	<u>20,358,549</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$26,115,336</u>	<u>\$4,254,033</u>	<u>(\$899,901)</u>	<u>\$29,469,468</u>

\* Depreciation expense was charged to governmental activities as follows:

General Government	\$185,877
Security of Persons and Property	
Police	126,171
Fire	94,854
Public Health and Welfare	74,042
Transportation	970,983
Community Environment	1,374
Leisure Time Activities	126,018
Basic Utility Services	210,297
Total Depreciation Expense	<u>\$1,789,616</u>

**City of North Canton, Ohio**  
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	Restated Balance 12/31/2005	Additions	Deductions	Balance 12/31/2006
<b>Business-Type Activities</b>				
Capital Assets, not being depreciated				
Land	\$816,024	\$93,960	\$0	\$909,984
Construction in Progress	5,363,385	424,605	(5,332,461)	455,529
<i>Total Capital Assets, not being depreciated</i>	<u>6,179,409</u>	<u>518,565</u>	<u>(5,332,461)</u>	<u>1,365,513</u>
<i>Capital Assets, being depreciated</i>				
Buildings	11,785,044	4,219,945	0	16,004,989
Land Improvements	402,108	6,080	0	408,188
Equipment	3,907,983	1,823,498	(6,441)	5,725,040
Infrastructure				
Water Lines	20,941,024	1,447,175	(39,639)	22,348,560
Sewer Lines	10,353,664	1,115,794	(9,137)	11,460,321
<i>Total Capital Assets, being depreciated</i>	<u>47,389,823</u>	<u>8,612,492</u>	<u>(55,217)</u>	<u>55,947,098</u>
Less Accumulated Depreciation:				
Buildings	(4,053,142)	(421,119)	0	(4,474,261)
Land Improvements	(38,033)	(16,069)	0	(54,102)
Equipment	(1,072,499)	(448,899)	6,441	(1,514,957)
Infrastructure				
Water Lines	(6,437,636)	(592,274)	34,789	(6,995,121)
Sewer Lines	(5,392,979)	(262,088)	9,137	(5,645,930)
<i>Total Accumulated Depreciation</i>	<u>(16,994,289)</u>	<u>(1,740,449)</u>	<u>50,367</u>	<u>(18,684,371)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>30,395,534</u>	<u>6,872,043</u>	<u>(4,850)</u>	<u>37,262,727</u>
<i>Business-Type Activities Capital Assets, Net</i>	<u>\$36,574,943</u>	<u>\$7,390,608</u>	<u>(\$5,337,311)</u>	<u>\$38,628,240</u>

**Note 11 - Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.



**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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For the year ended December 31, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The City's contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$448,073, \$497,415 and \$479,611, respectively; 88.76 percent has been contributed for 2006 and 100 percent for 2005 and 2004. Contributions to the member-directed plan for 2006 were \$6,296 made by the City and \$4,136 made by the plan members.

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

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 2006, 2005, and 2004 were \$190,940, \$171,981 and \$174,213 respectively, equal to the required contributions for each year. The full amount has been contributed for 2005 and 2004. 73.77 percent has been contributed for 2006 with the remainder being reported as a liability.

**Note 12 - Postemployment Benefits**

***A. Ohio Public Employees Retirement System***

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$219,166. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

***B. Police and Firemen's Disability and Pension Fund***

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. 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 full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$125,939 for police. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

**Note 13 – Other Postemployment Benefits**

***A. Compensated Absences***

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

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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

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

**B. Insurance**

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

The City of 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 is recognized as an expenditure/expense when the insurance premiums are paid. For 2006, the cost totaled \$525.

**Note 14 - Contractual Commitments**

The City had the following contractual commitments outstanding at December 31, 2006:

Project	Contract Amount	Amount Paid	Remaining on Contract
Road Improvements	\$5,081,254	\$3,213,333	\$1,867,921
Storm Sewer Improvements	368,585	23,388	345,197
Water Distribution Projects	1,479,923	208,343	1,271,580
Water Treatment Plant Improvements	669,283	471,442	197,841
Water System Expansion	137,400	111,378	26,022
Sanitary Sewer Improvements	161,173	11,800	149,373
Park and Recreation Improvements	85,412	15,236	70,176
	<u>\$7,983,030</u>	<u>\$4,054,920</u>	<u>\$3,928,110</u>

**Note 15 – Capital Lease**

The City entered into a lease agreement for an ambulance. This lease meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Lease." Capital leases were capitalized at the present value of the minimum lease payments at the time the lease was entered into.

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

The asset acquired through the capital lease is as follows:

	Governmental Activities
Asset:	
Equipment	\$143,787
Less: Accumulated depreciation	(15,976)
Total	\$127,811

The lease provides for minimum, annual lease payments as follows:

	Governmental Activities
2007	51,649
2008	51,649
Total Minimum Lease Payment	103,298
Less: Amount Representing Interest	(4,172)
Present Value of Minimum Lease Payment	\$99,126

**Note 16 - Notes Payable**

Changes in the City's note activity for the year ended December 31, 2006, were as follows:

	Balance 12/31/2005	Issued	Retired	Balance 12/31/2006
<b>Governmental Activities</b>				
Various Improvement Note	\$1,500,000	\$1,000,000	(\$1,500,000)	\$1,000,000
<b>Business-Type Activities</b>				
Water System Improvement Note	\$300,000	\$0	(\$300,000)	\$0
Sewer System Improvement Note	548,000	0	(548,000)	0
Sewer System Improvement Note	0	350,000	0	350,000
<b>Total Business-Type Activities</b>	\$848,000	\$350,000	(\$848,000)	\$350,000

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

In August, 2006 the City issued \$1.0 million in Various Purpose Notes for street improvements. These notes were issued at a rate of 4.25 percent and will mature in August, 2007.

During 2006, the water system note liability was paid off.

The sewer system improvement note liability is reflected in the sewer revenue fund which received the proceeds. The note was issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued. This note was issued at a rate of 4.25 percent and will mature in August, 2007. All of the proceeds have been spent as of December 31, 2006.

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2006

**Note 17 - Long-Term Obligations**

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

	Balance 12/31/2005	Issued	Retired	Balance 12/31/2006	Amounts Due In One Year
<b>Business-Type Activities</b>					
<b>OWDA Loans</b>					
2000 \$1,300,000 6.41%					
Water Storage System	\$578,200	\$0	(\$101,534)	\$476,666	\$108,147
2003 \$6,786,024 3.65%					
Water Treatment Plant Improvement	6,530,632	0	(220,627)	6,310,005	253,286
2004 \$3,200,000 3.76%					
Water Treatment Plant Improvement	2,921,577	101,110	(114,200)	2,908,487	107,616
2005 \$1,699,579 3.25%					
Water Treatment Backwash Tank	603,066	1,041,555	(30,498)	1,614,123	63,507
<b>Other Long-Term Liabilities</b>					
Notes Payable - Water System 4.25%	2,700,000	4,300,000	(2,700,000)	4,300,000	4,300,000
Compensated Absences	378,486	0	(378,486)	0	0
<b>Total Business-Type Activities</b>	<b>\$13,711,961</b>	<b>\$5,442,665</b>	<b>(\$3,545,345)</b>	<b>\$15,609,281</b>	<b>\$4,832,556</b>
<b>Governmental Activities</b>					
<b>Long-Term Liabilities</b>					
Compensated Absences	\$1,376,488	\$410,367	(\$22,524)	\$1,764,331	\$633,036
Real Estate Acquisition Note 4.95%	1,800,000	1,500,000	(1,800,000)	1,500,000	1,500,000
Capital Lease	143,787	0	(44,661)	99,126	48,742
Settlement Agreement Payable (1999-2001)	558,315	0	(558,315)	0	0
<b>Total Governmental Activities</b>	<b>\$3,878,590</b>	<b>\$1,910,367</b>	<b>(\$2,425,500)</b>	<b>\$3,363,457</b>	<b>\$2,181,778</b>

In February 2000, the City entered into a \$1,300,000 loan agreement with the Ohio Water Development Authority (OWDA) for the purpose of financing the construction of an underground water storage system. The 6.41 percent loan is to be repaid over a ten-year period from the water fund.

In January 2003, the City was approved for a construction loan through the Water Supply Revolving Loan Fund, which is administered by the Ohio Environmental Protection Agency, for the purpose of funding the improvements and upgrades to the City's Water Treatment Plant. The loan, which is administered by the Ohio Water Development Authority, is at a rate of 3.65 percent and is to be repaid over 20 years. The total amount of the loan, including capitalized interest, is estimated to be \$7.2 million. In January, 2004, the City received a construction loan through the Water Supply Revolving Loan Fund for the purpose of funding the expansion to the City's Water Treatment Plant. The loan is at a rate of 3.76 percent and is to be repaid over 20 years. It is estimated the loan will be for \$3.2 million, repayments began in 2005. In July, 2005, the City received a construction loan through the Water Supply Revolving Loan Fund for the purpose of funding the expansion to the City's Water Treatment Plant. The loan is at a rate of 3.25 percent and is to be repaid over 20 years. It is estimated the loan will be for \$1.7 million with repayment to begin in 2006.

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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The water system improvement note liability is reflected in the water fund which received the proceeds. The note was issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued. This note was issued at a rate of 4.25 percent and will mature in February, 2007. All of the proceeds have been spent as of December 31, 2006.

In June 2006, the City issued \$1.5 million in Real Estate Acquisition Notes for the purpose of funding half of the cost of the property known as Arrowhead Country Club. These notes were issued at a rate of 4.95 percent and will mature in June 2007.

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

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 was paid back to Maytag in three annual installments of \$359,336 each November beginning in 2001 and ending in 2003. The tax refund due as a result of amending the 1999 tax return, as well as the overpayment in estimated taxes for the 2000 and 2001 returns, amounted to \$2,114,126. This amount will be credited to future tax periods and any portion not fully utilized by tax year 2003, due in 2004, will be refunded to Maytag within 90 days of the filing. The balance of this credit after the 2003 tax filing was \$2,058,315. In December 2004, City council approved an amended settlement agreement with Maytag officials to extend the final repayment of the \$2,058,315 credit. The final payment of \$558,315 was paid in 2006. The settlement agreement payable was paid out of the general fund.

The City's overall legal debt margin was \$38,124,277 at December 31, 2006. Principal and interest requirements to retire the outstanding debt at December 31, 2006, are as follows:

Year	OWDA Loans	
	Principal	Interest
2007	532,556	418,355
2008	555,094	395,817
2009	578,658	372,254
2010	603,297	347,614
2011	489,873	324,041
2012-2026	8,549,803	2,330,533
Total	\$11,309,281	\$4,188,614

From time to time, the City has issued Industrial Revenue Bonds to provide assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans; ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2006, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$14,900,000.

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 18 – Interfund Transfers**

The general fund transfers monies to other funds for general operations.

<b>Transfer To</b>	<b>Transfer From</b>					<b>Total</b>
	<i>Governmental Activities</i>			<i>Business - Type Activities</i>		
	General Fund	Capital Improvements Fund	Non Major Funds	Water Revenue	Sewer Revenue	
<i>Governmental Activities</i>						
<b>Major Funds</b>						
Issue II Fund	\$0	\$775,880	\$0	\$0	\$0	\$775,880
<b>Nonmajor Funds</b>						
Street Construction, Maintenance and Repair Fund	520,000	0	0	0	0	520,000
Fire Operating Levy Fund	380,000	0	0	0	0	380,000
Emergency Medical Services Levy Fund	697,000	0	0	0	0	697,000
Compensated Absences Fund	117,500	0	39,360	36,020	7,120	200,000
Total Nonmajor Funds	1,714,500	0	39,360	36,020	7,120	1,797,000
Grand Total	\$1,714,500	\$775,880	\$39,360	\$36,020	\$7,120	\$2,572,880

**Note 19 - Jointly Governed Organizations**

**A. Stark Council of Governments**

The City participates in the Stark Council of Governments (the "Council") which is a statutorily created political subdivision of the State. The Council is jointly governed among Stark County and its municipalities and townships which direct the operations of the Stark County Metropolitan Narcotics Unit and the Stark County Crime Laboratory. Of the 27 board members, the City has one appointed member. Each member's control over the operation of the Council is limited to its representation on the board. The board exercises total authority over the operation of the Council including budgeting, appropriation, contracting, and designating management. The City does not have an equity interest in the Council. The Council is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City did not contribute any funds to the Council in 2006. Complete financial statements can be obtained from the Stark Council of Governments, P.O. Box 21451 Canton, Ohio 44701-1451.

**B. 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 \$88,811 to the Health District in 2006. Complete financial statements can be obtained from the Stark County Combined General Health District, 3951 Convenience Circle NW, Canton, Ohio 44718.

**City of North Canton, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 20 - Litigation**

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

**Note 21 – North Canton Community Improvement Corporation (CIC)**

***A. Description of Reporting Entity***

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

***B. Summary of Significant Accounting Policies***

*Basis of Accounting* The Financial Statements of the CIC are prepared using the accrual basis of accounting.

*Federal Income Tax* The CIC is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

*Estimates* The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reported period. Actual results could differ from these estimates.

**Note 22 - Subsequent Events**

On February 14, 2007, the City issued \$4,415,000 in General Obligation Water System Improvement Bonds. These bonds were issued to replace a \$4,300,000 one-year note. The first interest payment is scheduled for June 1, 2007. The interest rates on the twenty-year bonds range from 4.0% to 4.125%.

On June 27, 2007, the City issued \$1,500,000 in one-year taxable Real Estate Acquisition Notes at a rate of 5.25 percent to replace the one-year notes that matured on June 27, 2007.



**Combining Statements  
and Individual Fund Schedules**

## Combining Statements – Nonmajor Governmental Funds

### *Nonmajor Special Revenue Funds*

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

***Street Construction, Maintenance and Repair Fund*** - The street construction, maintenance and repair special revenue fund accounts for the portion of state gasoline tax and motor vehicle registration fees designated for the maintenance of the streets within the City.

***Fire Operating Levy Fund*** – This fund accounts for property taxes levied for the partial operation of the fire department.

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

***Computer Fund*** – This fund accounts for fees charged to any case processed through Mayor’s Court for computer services needed for the operation of the court system.

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

***Storm Sewer Levy Fund*** – This fund accounts for property taxes levied to maintain, improve or construct storm sewers within the City.

***Street Levy Fund*** – This fund accounts for property taxes levied to subsidize improvement of streets within the City.

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

***Law Enforcement Trust Fund*** – This fund accounts for money collected from federal forfeitures that is to be used for specific law enforcement purposes.

***General Trust Fund*** - This fund accounts for donations to the City.

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

***Compensated Absences Fund*** - To account for the accumulation of resources for accumulated sick leave and vacation leave, upon the termination of employment of employees in the City.



**City of North Canton, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2006*

	Street Construction, Maintenance and Repair	Fire Operating Levy	Emergency Medical Services Levy	Computer	Enforcement and Education
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$241,078	\$54,372	\$84,105	\$13,794	\$5,320
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	0
Materials and Supplies Inventory	68,697	0	3,040	0	0
Accounts Receivable	0	0	146,169	0	0
Intergovernmental Receivable	269,508	9,048	16,388	0	437
Prepaid Items	4,909	4,026	2,484	0	0
Property Taxes Receivable	0	91,200	164,859	0	0
<i>Total Assets</i>	<u>\$584,192</u>	<u>\$158,646</u>	<u>\$417,045</u>	<u>\$13,794</u>	<u>\$5,757</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$114	\$11,080	\$3,809	\$75	\$0
Contracts Payable	0	0	0	0	0
Accrued Wages	6,055	24,648	20,127	0	0
Matured Compensated Absences Payable	0	0	0	0	0
Intergovernmental Payable	10,581	17,864	29,386	0	0
Deferred Revenue	223,533	97,263	175,989	0	0
<i>Total Liabilities</i>	<u>240,283</u>	<u>150,855</u>	<u>229,311</u>	<u>75</u>	<u>0</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	9,107	780	24	1,570	0
Unreserved, Undesignated (Deficit)	334,802	7,011	187,710	12,149	5,757
<i>Total Fund Balances (Deficit)</i>	<u>343,909</u>	<u>7,791</u>	<u>187,734</u>	<u>13,719</u>	<u>5,757</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$584,192</u>	<u>\$158,646</u>	<u>\$417,045</u>	<u>\$13,794</u>	<u>\$5,757</u>

Storm Sewer Levy	Street Levy	Municipal Road	Law Enforcement Trust	General Trust	Mayor's Court	Compensated Absences	Total Nonmajor Governmental Funds
\$297,938	\$235,889	\$5,000	\$0	\$0	\$0	\$200,000	\$1,137,496
0	0	0	282	36,864	255	0	37,401
0	0	0	0	0	0	0	71,737
0	0	0	0	0	0	0	146,169
37,994	37,994	64,410	320	0	0	0	436,099
674	0	0	0	0	0	0	12,093
341,061	341,061	0	0	0	0	0	938,181
<u>\$677,667</u>	<u>\$614,944</u>	<u>\$69,410</u>	<u>\$602</u>	<u>\$36,864</u>	<u>\$255</u>	<u>\$200,000</u>	<u>\$2,779,176</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,078
612	5,500	64,410	0	0	0	0	70,522
0	0	0	0	0	0	0	50,830
0	0	0	0	0	0	24,094	24,094
0	0	0	0	0	0	0	57,831
368,294	368,294	0	0	0	0	0	1,233,373
<u>368,906</u>	<u>373,794</u>	<u>64,410</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,094</u>	<u>1,451,728</u>
72,549	82,350	128,226	0	0	0	0	294,606
236,212	158,800	(123,226)	602	36,864	255	175,906	1,032,842
<u>308,761</u>	<u>241,150</u>	<u>5,000</u>	<u>602</u>	<u>36,864</u>	<u>255</u>	<u>175,906</u>	<u>1,327,448</u>
<u>\$677,667</u>	<u>\$614,944</u>	<u>\$69,410</u>	<u>\$602</u>	<u>\$36,864</u>	<u>\$255</u>	<u>\$200,000</u>	<u>\$2,779,176</u>

**City of North Canton, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2006*

	Street Construction, Maintenance and Repair	Fire Operating Levy	Emergency Medical Services Levy	Computer	Enforcement and Education
<b>Revenues</b>					
Property and Other Taxes	\$0	\$96,763	\$175,870	\$0	\$0
Fines and Forfeitures	0	0	0	3,461	2,988
Intergovernmental	536,417	58,694	31,329	0	0
Ambulance Fees	0	0	311,999	0	0
Other	2,152	64	0	0	0
<i>Total Revenues</i>	<u>538,569</u>	<u>155,521</u>	<u>519,198</u>	<u>3,461</u>	<u>2,988</u>
<b>Expenditures</b>					
Current:					
General Government	0	0	0	19,280	0
Security of Persons and Property:					
Police	0	0	0	0	3,527
Fire	0	587,313	0	0	0
Public Health and Welfare	0	0	1,142,944	0	0
Transportation	788,340	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Basic Utility Services	0	0	0	0	0
<i>Total Expenditures</i>	<u>788,340</u>	<u>587,313</u>	<u>1,142,944</u>	<u>19,280</u>	<u>3,527</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(249,771)</u>	<u>(431,792)</u>	<u>(623,746)</u>	<u>(15,819)</u>	<u>(539)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	520,000	380,000	697,000	0	0
Transfers Out	(19,080)	(6,360)	(13,920)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>500,920</u>	<u>373,640</u>	<u>683,080</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	251,149	(58,152)	59,334	(15,819)	(539)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>92,760</u>	<u>65,943</u>	<u>128,400</u>	<u>29,538</u>	<u>6,296</u>
<i>Fund Balances End of Year</i>	<u>\$343,909</u>	<u>\$7,791</u>	<u>\$187,734</u>	<u>\$13,719</u>	<u>\$5,757</u>

Storm Sewer Levy	Street Levy	Municipal Road	Law Enforcement Trust	General Trust	Mayor's Court	Compensated Absences	Total Nonmajor Governmental Funds
\$354,367	\$354,367	\$0	\$0	\$0	\$0	\$0	\$981,367
0	0	0	98	0	52,598	0	59,145
49,515	49,515	189,774	0	0	0	0	915,244
0	0	0	0	0	0	0	311,999
0	0	0	0	11,640	0	0	13,856
403,882	403,882	189,774	98	11,640	52,598	0	2,281,611
0	0	0	0	0	50,350	0	69,630
0	0	0	1,044	2,480	0	0	7,051
0	0	0	0	2,891	0	0	590,204
0	0	0	0	607	0	0	1,143,551
0	180,600	189,774	0	0	0	0	1,158,714
0	0	0	0	277	0	0	277
151,918	0	0	0	0	0	24,094	176,012
151,918	180,600	189,774	1,044	6,255	50,350	24,094	3,145,439
251,964	223,282	0	(946)	5,385	2,248	(24,094)	(863,828)
0	0	0	0	0	0	200,000	1,797,000
0	0	0	0	0	0	0	(39,360)
0	0	0	0	0	0	200,000	1,757,640
251,964	223,282	0	(946)	5,385	2,248	175,906	893,812
56,797	17,868	5,000	1,548	31,479	(1,993)	0	433,636
\$308,761	\$241,150	\$5,000	\$602	\$36,864	\$255	\$175,906	\$1,327,448

## **Agency Fund**

***Deposits and Fees Fund*** - This fund accounts for monies put on deposit with the City in accordance with various City ordinances.



**City of North Canton, Ohio**  
*Statement of Changes in Assets and Liabilities*  
*Agency Fund*  
*For the Year Ended December 31, 2006*

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	<u>Beginning Balance 12/31/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance 12/31/06</u>
<b>Deposits and Fees</b>				
Assets				
Cash and Cash Equivalents In Segregated Accounts	<u>\$87,757</u>	<u>\$150,843</u>	<u>\$177,140</u>	<u>\$61,460</u>
Liabilities				
Deposits Held and Due to Others	<u>\$87,757</u>	<u>\$150,843</u>	<u>\$177,140</u>	<u>\$61,460</u>

**Individual Fund Schedules of Revenues, Expenditures/Expenses  
and Changes in Fund Balances/Fund Equity –  
Budget (Non-GAAP Basis) and Actual**

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Taxes	\$800,000	\$790,000	\$797,922	\$7,922
Municipal Income Taxes	3,975,000	3,811,390	4,388,665	577,275
Charges for Services	226,000	250,000	277,741	27,741
Licenses and Permits	110,000	110,000	133,506	23,506
Fines and Forfeitures	66,000	52,000	37,416	(14,584)
Intergovernmental	812,301	1,561,987	1,626,844	64,857
Interest	265,000	325,000	463,016	138,016
Rentals	100,000	97,000	212,202	115,202
Other	100,050	115,000	21,472	(93,528)
<i>Total Revenues</i>	<u>6,454,351</u>	<u>7,112,377</u>	<u>7,958,784</u>	<u>846,407</u>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive:				
Mayor:				
Personal Services	103,200	89,600	84,085	5,515
Contractual Services	10,117	10,117	3,702	6,415
Materials and Supplies	1,103	1,103	1,085	18
Capital Outlay	2,085	2,085	1,727	358
Total Mayor	<u>116,505</u>	<u>102,905</u>	<u>90,599</u>	<u>12,306</u>
Director of Administration:				
Personal Services	170,877	170,677	163,757	6,920
Contractual Services	16,153	19,853	16,533	3,320
Materials and Supplies	2,012	2,307	2,226	81
Capital Outlay	2,285	2,285	2,281	4
Total Director of Administration	<u>191,327</u>	<u>195,122</u>	<u>184,797</u>	<u>10,325</u>
Director of Finance:				
Personal Services	174,856	172,560	169,025	3,535
Contractual Services	30,134	28,930	24,697	4,233
Materials and Supplies	4,200	4,200	4,017	183
Capital Outlay	7,955	7,955	3,463	4,492
Total Director of Finance	<u>217,145</u>	<u>213,645</u>	<u>201,202</u>	<u>12,443</u>
Electronic Data Processing:				
Contractual Services	7,441	8,441	6,228	2,213
Materials and Supplies	400	400	54	346
Capital Outlay	2,200	2,200	500	1,700
Total Electronic Data Processing	<u>10,041</u>	<u>11,041</u>	<u>6,782</u>	<u>4,259</u>
Director of Law:				
Personal Services	71,520	72,820	72,006	814
Contractual Services	47,685	89,569	85,790	3,779
Materials and Supplies	6,226	7,257	7,212	45
Capital Outlay	1,000	1,000	525	475
Total Director of Law	<u>\$126,431</u>	<u>\$170,646</u>	<u>\$165,533</u>	<u>\$5,113</u>

(continued)

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
City Council:				
Personal Services	\$209,200	\$207,700	\$200,464	\$7,236
Contractual Services	27,746	28,221	25,122	3,099
Materials and Supplies	1,828	2,028	2,021	7
Capital Outlay	4,585	4,210	3,217	993
Total City Council	243,359	242,159	230,824	11,335
Civil Service Commission:				
Personal Services	7,100	7,100	6,687	413
Contractual Services	4,734	11,604	6,429	5,175
Materials and Supplies	183	183	89	94
Total Civil Service Commission	12,017	18,887	13,205	5,682
City Hall Maintenance:				
Personal Services	19,754	20,184	18,651	1,533
Contractual Services	134,080	137,178	128,105	9,073
Materials and Supplies	7,186	4,186	3,495	691
Capital Outlay	1,000	1,000	112	888
Total City Hall Maintenance	162,020	162,548	150,363	12,185
Department of Engineering:				
Personal Services	229,728	226,034	210,772	15,262
Contractual Services	81,337	83,101	71,074	12,027
Materials and Supplies	9,988	9,988	8,678	1,310
Capital Outlay	25,500	25,500	20,678	4,822
Total Department of Engineering	346,553	344,623	311,202	33,421
Income Tax Administration:				
Personal Services	212,010	201,060	200,679	381
Contractual Services	32,988	36,028	34,937	1,091
Materials and Supplies	7,200	6,000	5,788	212
Capital Outlay	8,699	4,199	4,001	198
Total Income Tax Administration	260,897	247,287	245,405	1,882
Other General Government:				
Personal Services	75,000	42,455	42,139	316
Contractual Services	133,546	120,185	107,766	12,419
Capital Outlay	1,000	1,001	1	1,000
Other	8,000	10,900	10,820	80
Total Other General Government	217,546	174,541	160,726	13,815
Total General Government	1,903,841	1,883,404	1,760,638	122,766
Security of Persons and Property:				
Police:				
Personal Services	2,697,352	2,683,122	2,613,475	69,647
Contractual Services	196,462	205,842	195,348	10,494
Materials and Supplies	73,761	83,361	81,895	1,466
Capital Outlay	7,800	7,800	6,756	1,044
Total Security of Persons and Property	\$2,975,375	\$2,980,125	\$2,897,474	\$82,651

(continued)

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public Health and Welfare:				
County Health Department:				
Contractual Services	\$90,600	\$88,900	\$88,811	\$89
Community Environment:				
Permits and Inspections:				
Personal Services	289,650	289,150	266,546	22,604
Contractual Services	28,000	27,780	22,008	5,772
Materials and Supplies	4,436	5,006	3,621	1,385
Capital Outlay	8,600	8,600	3,934	4,666
Total Permits and Inspections	330,686	330,536	296,109	34,427
Planning Commission:				
Contractual Services	585	1,585	1,394	191
Materials and Supplies	200	200	200	0
Total Planning Commission	785	1,785	1,594	191
Zoning and Building:				
Contractual Services	200	179	73	106
Materials and Supplies	0	21	20	1
Total Zoning and Building	200	200	93	107
Economic Development:				
Personal Services	75,620	80,230	76,706	3,524
Contractual Services	21,750	16,540	14,640	1,900
Materials and Supplies	1,750	2,350	1,610	740
Capital Outlay	5,500	5,500	5,421	79
Total Economic Development	104,620	104,620	98,377	6,243
Total Community Environment	436,291	437,141	396,173	40,968
Leisure Time Activities:				
Dogwood Shelter:				
Contractual Services	15,572	14,472	12,889	1,583
Capital Outlay	1,000	1,000	0	1,000
Total Dogwood Shelter	16,572	15,472	12,889	2,583
Swimming Pool:				
Personal Services	133,330	148,430	148,019	411
Contractual Services	50,741	73,991	71,672	2,319
Materials and Supplies	27,673	33,873	33,405	468
Capital Outlay	10,700	8,700	8,696	4
Total Swimming Pool	222,444	264,994	261,792	3,202
Park Department:				
Personal Services	399,403	398,943	392,318	6,625
Contractual Services	95,255	99,565	94,316	5,249
Materials and Supplies	18,164	21,014	18,255	2,759
Capital Outlay	16,400	16,400	9,375	7,025
Total Park Department	\$529,222	\$535,922	\$514,264	\$21,658

(continued)

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civic Center:				
Personal Services	\$128,505	\$128,205	\$126,638	\$1,567
Contractual Services	53,884	52,356	43,441	8,915
Materials and Supplies	5,055	5,055	2,937	2,118
Capital Outlay	1,000	1,000	0	1,000
Total Civic Center	188,444	186,616	173,016	13,600
Recreation Department:				
Personal Services	89,664	89,964	89,175	789
Contractual Services	9,265	10,155	8,882	1,273
Materials and Supplies	5,290	5,790	4,194	1,596
Capital Outlay	1,000	1,000	0	1,000
Total Recreation Department	105,219	106,909	102,251	4,658
Recreation Program:				
Personal Services	600	600	0	600
Contractual Services	5,058	5,058	4,556	502
Materials and Supplies	3,231	3,231	3,097	134
Total Recreation Program	8,889	8,889	7,653	1,236
Total Leisure Time Activities	1,070,790	1,118,802	1,071,865	46,937
Intergovernmental	0	0	100,000	(100,000)
Debt Service:				
Principal Retirement	1,800,000	1,800,000	1,800,000	0
Interest and Fiscal Charges	61,400	61,800	61,702	98
Total Debt Service	1,861,400	1,861,800	1,861,702	98
<i>Total Expenditures</i>	8,338,297	8,370,172	8,176,663	193,509
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(1,883,946)	(1,257,795)	(217,879)	1,039,916
<b>Other Financing Sources (Uses)</b>				
Notes Issued	1,600,000	1,500,000	1,500,000	0
Transfer Out	(1,785,000)	(1,714,500)	(1,714,500)	0
<i>Total Other Financing Sources (Uses)</i>	(185,000)	(214,500)	(214,500)	0
<i>Net Change in Fund Balance</i>	(2,068,946)	(1,472,295)	(432,379)	1,039,916
<i>Fund Balance Beginning of Year</i>	5,106,569	5,106,569	5,106,569	0
Prior Year Encumbrances Appropriated	20,337	20,337	20,337	0
<i>Fund Balance End of Year</i>	\$3,057,960	\$3,654,611	\$4,694,527	\$1,039,916

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Capital Improvements Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Municipal Income Taxes	\$1,200,000	\$1,250,000	\$1,250,000	\$0
Intergovernmental	0	151,125	249,979	98,854
Other	0	73,462	76,267	2,805
<i>Total Revenues</i>	<u>1,200,000</u>	<u>1,474,587</u>	<u>1,576,246</u>	<u>101,659</u>
<b>Expenditures</b>				
Capital Outlay:				
Contractual Services	196,490	124,021	123,163	858
Capital Outlay	3,356,092	3,444,308	2,420,014	1,024,294
Total Capital Outlay	<u>3,552,582</u>	<u>3,568,329</u>	<u>2,543,177</u>	<u>1,025,152</u>
Debt Service:				
Principal Retirement	1,546,875	1,568,645	1,566,428	2,217
Interest and Fiscal Charges	70,626	71,656	70,365	1,291
Total Debt Service	<u>1,617,501</u>	<u>1,640,301</u>	<u>1,636,793</u>	<u>3,508</u>
<i>Total Expenditures</i>	<u>5,170,083</u>	<u>5,208,630</u>	<u>4,179,970</u>	<u>1,028,660</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	<u>(3,970,083)</u>	<u>(3,734,043)</u>	<u>(2,603,724)</u>	<u>1,130,319</u>
<b>Other Financing Sources (Uses)</b>				
Notes Issued	1,000,000	1,000,000	1,000,000	0
Proceeds from Capital Lease	0	940,000	0	(940,000)
Operating Transfers - Out	(775,880)	(775,880)	(775,880)	0
<i>Total Other Financing Sources</i>	<u>224,120</u>	<u>1,164,120</u>	<u>224,120</u>	<u>(940,000)</u>
<i>Net Change in Fund Balance</i>	<u>(3,745,963)</u>	<u>(2,569,923)</u>	<u>(2,379,604)</u>	<u>190,319</u>
<i>Fund Balance Beginning of Year</i>	2,150,181	2,150,181	2,150,181	0
Prior Year Encumbrances Appropriated	589,014	589,014	589,014	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$1,006,768)</u>	<u>\$169,272</u>	<u>\$359,591</u>	<u>\$190,319</u>

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Issue II Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$2,686,321	\$4,168,431	\$2,748,481	(\$1,419,950)
<b>Expenditures</b>				
Capital Outlay:				
Capital Outlay	4,995,791	4,995,791	4,314,124	681,667
<i>Excess of Revenues Under Expenditures</i>	(2,309,470)	(827,360)	(1,565,643)	(738,283)
<b>Other Financing Sources</b>				
Transfers In	0	775,880	775,880	0
<i>Net Change in Fund Balance</i>	(2,309,470)	(51,480)	(789,763)	(738,283)
<i>Fund Balance Beginning of Year</i>	(2,623,103)	(2,623,103)	(2,623,103)	0
Prior Year Encumbrances Appropriated	2,810,711	2,810,711	2,810,711	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$2,121,862)</u>	<u>\$136,128</u>	<u>(\$602,155)</u>	<u>(\$738,283)</u>



**City of North Canton, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Water Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$4,817,000	\$4,882,000	\$5,031,926	\$149,926
Tap-In Fees	70,000	70,000	80,913	10,913
Intergovernmental	0	1,554,397	497,947	(1,056,450)
Other	0	0	28,445	28,445
OWDA Loan Issued	0	1,218,561	1,142,665	(75,896)
Notes Issued	2,600,000	4,300,000	4,300,000	0
<i>Total Revenues</i>	<u>7,487,000</u>	<u>12,024,958</u>	<u>11,081,896</u>	<u>(943,062)</u>
<b>Expenses</b>				
Personal Services	1,779,964	1,740,624	1,681,999	58,625
Contractual Services	2,065,300	2,148,507	2,015,595	132,912
Materials and Supplies	163,396	246,270	227,414	18,856
Capital Outlay	4,505,989	4,326,105	3,729,062	597,043
Debt Service:				
Principal Retirement	3,486,635	3,466,912	3,466,859	53
Interest and Fiscal Charges	518,995	599,018	559,996	39,022
<i>Total Expenses</i>	<u>12,520,279</u>	<u>12,527,436</u>	<u>11,680,925</u>	<u>846,511</u>
<i>Excess of Revenues</i>				
<i>Under Expenses</i>	(5,033,279)	(502,478)	(599,029)	(96,551)
Transfers In	250,000	0	0	0
Transfers Out	0	(36,020)	(36,020)	0
<i>Net Change in Fund Equity</i>	(4,783,279)	(538,498)	(635,049)	(96,551)
<i>Fund Equity (Deficit) Beginning of Year</i>	(511,690)	(511,690)	(511,690)	0
Prior Year Encumbrances Appropriated	1,511,064	1,511,064	1,511,064	0
<i>Fund Equity (Deficit) End of Year</i>	<u>(\$3,783,905)</u>	<u>\$460,876</u>	<u>\$364,325</u>	<u>(\$96,551)</u>

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Sewer Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$1,860,000	\$2,060,000	\$2,033,049	(\$26,951)
Tap-In Fees	106,000	118,000	156,180	38,180
Intergovernmental	0	0	308,369	308,369
Special Assessments	5,300	5,300	5,853	553
Other	0	290,000	1,033	(288,967)
Notes Issued	250,000	350,000	350,000	0
<i>Total Revenues</i>	<u>2,221,300</u>	<u>2,823,300</u>	<u>2,854,484</u>	<u>31,184</u>
<b>Expenses</b>				
Personal Services	439,568	436,618	417,715	18,903
Contractual Services	1,361,356	1,369,786	1,357,492	12,294
Materials and Supplies	611,672	616,072	612,448	3,624
Capital Outlay	972,172	847,709	821,800	25,909
Debt Service:				
Principal Retirement	548,000	548,000	548,000	0
Interest and Fiscal Charges	24,860	24,860	22,471	2,389
<i>Total Expenses</i>	<u>3,957,628</u>	<u>3,843,045</u>	<u>3,779,926</u>	<u>63,119</u>
<i>Excess of Revenues</i>				
<i>Under Expenses</i>	(1,736,328)	(1,019,745)	(925,442)	94,303
Transfers Out	0	(7,120)	(7,120)	0
<i>Net Change in Fund Equity</i>	(1,736,328)	(1,026,865)	(932,562)	94,303
<i>Fund Equity Beginning of Year</i>	302,468	302,468	302,468	0
Prior Year Encumbrances Appropriated	1,256,581	1,256,581	1,256,581	0
<i>Fund Equity (Deficit) End of Year</i>	<u>(\$177,279)</u>	<u>\$532,184</u>	<u>\$626,487</u>	<u>\$94,303</u>

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenses and Changes  
in Fund Equity - Budget (Non-GAAP Basis) and Actual  
Garbage Service Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$550,000	\$550,000	\$631,480	\$81,480
Intergovernmental	0	0	60,000	60,000
<i>Total Revenues</i>	550,000	550,000	691,480	141,480
<b>Expenses</b>				
Personal Services	55,200	50,990	49,870	1,120
Contractual Services	611,583	634,015	632,167	1,848
Materials and Supplies	16,523	38,123	37,820	303
<i>Total Expenses</i>	683,306	723,128	719,857	3,271
<i>Net Change in Fund Equity</i>	(133,306)	(173,128)	(28,377)	144,751
<i>Fund Equity Beginning of Year</i>	213,146	213,146	213,146	0
Prior Year Encumbrances Appropriated	57,630	57,630	57,630	0
<i>Fund Equity End of Year</i>	\$137,470	\$97,648	\$242,399	\$144,751

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Street Construction, Maintenance and Repair Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$630,000	\$565,000	\$533,332	(\$31,668)
Other	0	0	2,152	2,152
<i>Total Revenues</i>	<u>630,000</u>	<u>565,000</u>	<u>535,484</u>	<u>(29,516)</u>
<b>Expenditures</b>				
Current:				
Transportation:				
Personal Services	648,300	646,300	578,935	67,365
Contractual Services	116,805	117,805	91,454	26,351
Materials and Supplies	350,334	349,666	189,591	160,075
Capital Outlay	16,000	16,000	13,422	2,578
<i>Total Expenditures</i>	<u>1,131,439</u>	<u>1,129,771</u>	<u>873,402</u>	<u>256,369</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(501,439)</u>	<u>(564,771)</u>	<u>(337,918)</u>	<u>226,853</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	550,000	520,000	520,000	0
Transfers Out	0	(19,080)	(19,080)	0
<i>Total Other Financing Sources (Uses)</i>	<u>550,000</u>	<u>500,920</u>	<u>500,920</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	48,561	(63,851)	163,002	226,853
<i>Fund Balance Beginning of Year</i>	25,048	25,048	25,048	0
Prior Year Encumbrances Appropriated	51,361	51,361	51,361	0
<i>Fund Balance End of Year</i>	<u>\$124,970</u>	<u>\$12,558</u>	<u>\$239,411</u>	<u>\$226,853</u>

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire Operating Levy Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$96,000	\$93,000	\$93,778	\$778
Intergovernmental	10,898	50,939	58,694	7,755
Other	0	400	64	(336)
<i>Total Revenues</i>	106,898	144,339	152,536	8,197
<b>Expenditures</b>				
Current:				
Security of Person and Property:				
Fire:				
Personal Services	411,770	422,370	414,873	7,497
Contractual Services	91,904	103,190	97,290	5,900
Materials and Supplies	20,440	21,790	20,821	969
Capital Outlay	58,394	57,694	57,144	550
<i>Total Expenditures</i>	582,508	605,044	590,128	14,916
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(475,610)	(460,705)	(437,592)	23,113
<b>Other Financing Sources (Uses)</b>				
Transfers In	420,000	380,000	380,000	0
Transfers Out	0	(6,360)	(6,360)	0
<i>Total Other Financing Sources (Uses)</i>	420,000	373,640	373,640	0
<i>Net Change in Fund Balance</i>	(55,610)	(87,065)	(63,952)	23,113
<i>Fund Balance Beginning of Year</i>	106,460	106,460	106,460	0
Prior Year Encumbrances Appropriated	732	732	732	0
<i>Fund Balance End of Year</i>	\$51,582	\$20,127	\$43,240	\$23,113

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Emergency Medical Services Levy Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property and Other Taxes	\$170,000	\$162,000	\$170,612	\$8,612
Ambulance Fees	350,000	273,000	285,668	12,668
Intergovernmental	24,643	33,416	31,329	(2,087)
<i>Total Revenues</i>	<u>544,643</u>	<u>468,416</u>	<u>487,609</u>	<u>19,193</u>
<b>Expenditures</b>				
Current:				
Public Health and Welfare:				
Personal Services	1,071,395	1,083,215	1,048,014	35,201
Contractual Services	79,081	78,937	68,295	10,642
Materials and Supplies	33,353	33,653	31,875	1,778
Capital Outlay	15,397	12,520	11,539	981
<i>Total Expenditures</i>	<u>1,199,226</u>	<u>1,208,325</u>	<u>1,159,723</u>	<u>48,602</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	<u>(654,583)</u>	<u>(739,909)</u>	<u>(672,114)</u>	<u>67,795</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	650,000	697,000	697,000	0
Transfers Out	0	(13,920)	(13,920)	0
<i>Total Other Financing Sources (Uses)</i>	<u>650,000</u>	<u>683,080</u>	<u>683,080</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(4,583)	(56,829)	10,966	67,795
<i>Fund Balance Beginning of Year</i>	69,340	69,340	69,340	0
Prior Year Encumbrances Appropriated	2,932	2,932	2,932	0
<i>Fund Balance End of Year</i>	<u>\$67,689</u>	<u>\$15,443</u>	<u>\$83,238</u>	<u>\$67,795</u>

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Computer Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$6,500	\$5,000	\$3,615	(\$1,385)
<b>Expenditures</b>				
Current:				
General Government:				
Computer:				
Contractual Services	8,600	8,600	5,915	2,685
Materials and Supplies	4,000	4,000	798	3,202
Capital Outlay	4,785	17,565	14,092	3,473
<i>Total Expenditures</i>	<u>17,385</u>	<u>30,165</u>	<u>20,805</u>	<u>9,360</u>
<i>Net Change in Fund Balance</i>	(10,885)	(25,165)	(17,190)	7,975
<i>Fund Balance Beginning of Year</i>	28,599	28,599	28,599	0
Prior Year Encumbrances Appropriated	<u>2,385</u>	<u>2,385</u>	<u>2,385</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$20,099</u></u>	<u><u>\$5,819</u></u>	<u><u>\$13,794</u></u>	<u><u>\$7,975</u></u>

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Enforcement and Education Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$1,500	\$1,500	\$2,551	\$1,051
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police:				
Contractual Services	3,000	3,000	1,761	1,239
Materials and Supplies	3,000	3,000	1,766	1,234
Capital Outlay	1,000	1,000	0	1,000
<i>Total Expenditures</i>	7,000	7,000	3,527	3,473
<i>Net Change in Fund Balance</i>	(5,500)	(5,500)	(976)	4,524
<i>Fund Balance Beginning of Year</i>	6,296	6,296	6,296	0
<i>Fund Balance End of Year</i>	\$796	\$796	\$5,320	\$4,524



**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Storm Sewer Levy Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$370,000	\$365,000	\$343,606	(\$21,394)
Intergovernmental	20,373	27,982	49,515	21,533
<i>Total Revenues</i>	390,373	392,982	393,121	139
<b>Expenditures</b>				
Current:				
Basic Utility Services:				
Storm Sewers:				
Personal Services	75,000	75,000	40,000	35,000
Contractual Services	56,545	54,500	44,696	9,804
Materials and Supplies	37,000	37,000	6,218	30,782
Capital Outlay	257,820	244,220	133,499	110,721
<i>Total Expenditures</i>	426,365	410,720	224,413	186,307
<i>Net Change in Fund Balance</i>	(35,992)	(17,738)	168,708	186,446
<i>Fund Balance Beginning of Year</i>	21,203	21,203	21,203	0
Prior Year Encumbrances Appropriated	34,865	34,865	34,865	0
<i>Fund Balance End of Year</i>	\$20,076	\$38,330	\$224,776	\$186,446

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Street Levy Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property and Other Taxes	\$370,000	\$365,000	\$343,606	(\$21,394)
Intergovernmental	20,373	27,982	49,515	21,533
<i>Total Revenues</i>	<u>390,373</u>	<u>392,982</u>	<u>393,121</u>	<u>139</u>
<b>Expenditures</b>				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Personal Services	55,000	55,000	30,000	25,000
Contractual Services	29,955	34,655	34,054	601
Materials and Supplies	30,000	25,300	14,006	11,294
Capital Outlay	280,000	280,000	187,425	92,575
<i>Total Expenditures</i>	<u>394,955</u>	<u>394,955</u>	<u>265,485</u>	<u>129,470</u>
<i>Net Change in Fund Balance</i>	(4,582)	(1,973)	127,636	129,609
<i>Fund Balance Beginning of Year</i>	6,448	6,448	6,448	0
Prior Year Encumbrances Appropriated	13,955	13,955	13,955	0
<i>Fund Balance End of Year</i>	<u>\$15,821</u>	<u>\$18,430</u>	<u>\$148,039</u>	<u>\$129,609</u>

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Municipal Road Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$75,000	\$313,000	\$125,364	(\$187,636)
<b>Expenditures</b>				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Capital Outlay	<u>360,000</u>	<u>318,000</u>	<u>318,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(285,000)	(5,000)	(192,636)	(187,636)
<i>Fund Balance Beginning of Year</i>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$280,000)</u>	<u>\$0</u>	<u>(\$187,636)</u>	<u>(\$187,636)</u>

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Law Enforcement Trust Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police:				
Materials and Supplies	1,326	1,326	1,044	282
<i>Net Change in Fund Balance</i>	(1,326)	(1,326)	(1,044)	282
<i>Fund Balance Beginning of Year</i>	1,326	1,326	1,326	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$282</u>	<u>\$282</u>

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Trust Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other	\$1,300	\$1,500	\$11,640	\$10,140
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive:				
Materials and Supplies	3,500	3,500	0	3,500
Security of Persons and Property:				
Police:				
Materials and Supplies	13,916	13,916	2,480	11,436
Fire:				
Materials and Supplies	10,824	10,824	2,891	7,933
Total Security of Persons and Property	24,740	24,740	5,371	19,369
Public Health and Welfare:				
E.M.S.:				
Materials and Supplies	1,751	1,751	607	1,144
Leisure Time Activities:				
Park Department:				
Materials and Supplies	1,488	1,488	277	1,211
<i>Total Expenditures</i>	31,479	31,479	6,255	25,224
<i>Net Change in Fund Balance</i>	(30,179)	(29,979)	5,385	35,364
<i>Fund Balance Beginning of Year</i>	31,479	31,479	31,479	0
<i>Fund Balance End of Year</i>	<u>\$1,300</u>	<u>\$1,500</u>	<u>\$36,864</u>	<u>\$35,364</u>

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Compensated Absences Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	0	0
<b>Other Financing Sources</b>				
Transfers In	200,000	200,000	200,000	0
<i>Net Change in Fund Balance</i>	200,000	200,000	200,000	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$0</u>

**City of North Canton, Ohio**  
*Schedule of Revenues, Expenses and Changes  
in Fund Equity - Budget (Non-GAAP Basis) and Actual  
Insurance Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$1,137,600	\$1,195,000	\$1,151,861	(\$43,139)
<b>Expenses</b>				
Contractual Services	170,100	161,100	159,048	2,052
Claims	1,000,000	1,009,000	983,463	25,537
<i>Total Expenses</i>	<u>1,170,100</u>	<u>1,170,100</u>	<u>1,142,511</u>	<u>27,589</u>
<i>Net Change in Fund Equity</i>	(32,500)	24,900	9,350	(15,550)
<i>Fund Equity Beginning of Year</i>	<u>278,402</u>	<u>278,402</u>	<u>278,402</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$245,902</u>	<u>\$303,302</u>	<u>\$287,752</u>	<u>(\$15,550)</u>

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## **Statistical Section**



# Statistical Section

This part of the City of North Canton, Ohio's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	<b>S3-S9</b>
<b>Revenue Capacity</b>  These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax, and the municipal income tax.	<b>S10-S17</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>S18-S21</b>
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>S22-S24</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	<b>S25-S28</b>

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

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**City of North Canton, Ohio**

*Net Assets By Component*

*Last Five Years*

*(Accrual Basis of Accounting)*

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$26,870,342	\$22,671,549	\$22,785,936	\$21,759,290	\$19,705,944
Restricted:					
Capital Projects	1,859,062	2,926,256	1,560,922	2,246,120	2,709,155
Street Construction, Maintenance and Repair	854,455	211,489	280,980	305,021	0
Fire Operations	17,550	22,563	52,635	3,535	0
Emergency Medical Services	205,388	28,623	124,284	2,924	0
Computer Systems	13,719	29,538	27,848	23,557	0
Storm Sewer	349,624	99,180	79,103	92,479	0
Donations for Supplies	36,864	31,479	30,354	30,181	0
Other Purposes	6,614	7,844	9,552	7,914	470,757
Unrestricted	5,070,626	5,151,595	6,033,820	7,321,637	11,424,916
<i>Total Governmental Activities Net Assets</i>	<u>35,284,244</u>	<u>31,180,116</u>	<u>30,985,434</u>	<u>31,792,658</u>	<u>34,310,772</u>
Business Type - Activities					
Invested in Capital Assets, Net of Related Debt	22,808,223	22,540,242	19,996,103	18,375,752	18,341,581
Unrestricted	4,053,862	2,862,283	2,894,243	2,945,175	2,360,344
<i>Total Business-Type Activities Net Assets</i>	<u>26,862,085</u>	<u>25,402,525</u>	<u>22,890,346</u>	<u>21,320,927</u>	<u>20,701,925</u>
Primary Government					
Invested in Capital Assets, Net of Related Debt	\$49,678,565	\$45,211,791	\$42,782,039	\$40,135,042	\$38,047,525
Restricted	3,343,276	3,356,972	2,165,678	2,711,731	3,179,912
Unrestricted	9,124,488	8,013,878	8,928,063	10,266,812	13,785,260
<i>Total Primary Government Net Assets</i>	<u>\$62,146,329</u>	<u>\$56,582,641</u>	<u>\$53,875,780</u>	<u>\$53,113,585</u>	<u>\$55,012,697</u>

**City of North Canton, Ohio**

*Changes in Net Assets*

*Last Five Years*

*(Accrual Basis of Accounting)*

	2006	2005	2004	2003	2002
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$196,809	\$250,259	\$173,109	\$183,565	\$234,426
Security of Persons and Property:					
Police	9,779	11,741	8,136	10,158	9,632
Fire	0	0	0	0	0
Public Health and Welfare	311,999	314,046	233,047	98,081	113,046
Transportation	0	0	0	0	0
Community Environment	131,988	104,782	108,151	123,536	101,617
Leisure Time Activities	379,916	376,381	310,922	310,183	327,248
Subtotal - Charges for Services	<u>1,030,491</u>	<u>1,057,209</u>	<u>833,365</u>	<u>725,523</u>	<u>785,969</u>
Operating Grants and Contributions:					
General Government	0	3,750	0	0	15,000
Security of Persons and Property:					
Police	16,964	22,463	18,595	13,082	32,497
Fire	3,300	8,568	3,043	500	1,300
Public Health and Welfare	7,000	4,000	10,699	4,301	4,200
Transportation	539,001	517,377	500,117	537,318	384,861
Leisure Time Activities	0	0	0	0	6,889
Subtotal - Operating Grants and Contributions	<u>566,265</u>	<u>556,158</u>	<u>532,454</u>	<u>555,201</u>	<u>444,747</u>
Capital Grants and Contributions:					
Security of Persons and Property:					
Fire	36,536	0	46,019	0	0
Transportation	3,037,809	150,425	154,015	170,000	0
Subtotal - Capital Grants and Contributions	<u>3,074,345</u>	<u>150,425</u>	<u>200,034</u>	<u>170,000</u>	<u>0</u>
<i>Total Governmental Activities Program Revenues</i>	<u>4,671,101</u>	<u>1,763,792</u>	<u>1,565,853</u>	<u>1,450,724</u>	<u>1,230,716</u>
Business-Type Activities:					
Charges for Services:					
Water	5,181,984	4,760,279	3,893,098	3,745,362	3,872,276
Sewer	2,239,988	2,060,530	1,963,871	1,760,248	1,646,419
Garbage	634,144	558,940	553,006	547,304	543,940
Subtotal - Charges for Services	<u>8,056,116</u>	<u>7,379,749</u>	<u>6,409,975</u>	<u>6,052,914</u>	<u>6,062,635</u>
Operating Grants and Contributions					
Garbage	60,000	60,000	60,000	60,000	72,734
Capital Grants and Contributions					
Water	513,604	1,015,828	867,300	760,702	396,322
Sewer	308,369	623,350	867,300	168,634	55,432
Subtotal - Capital Grants and Contributions	<u>821,973</u>	<u>1,639,178</u>	<u>867,300</u>	<u>929,336</u>	<u>451,754</u>
<i>Total Business-Type Activities Program Revenues</i>	<u>8,938,089</u>	<u>9,078,927</u>	<u>7,337,275</u>	<u>7,042,250</u>	<u>6,587,123</u>
<i>Total Primary Government Program Revenues</i>	<u>\$13,609,190</u>	<u>\$10,842,719</u>	<u>\$8,903,128</u>	<u>\$8,492,974</u>	<u>\$7,817,839</u>

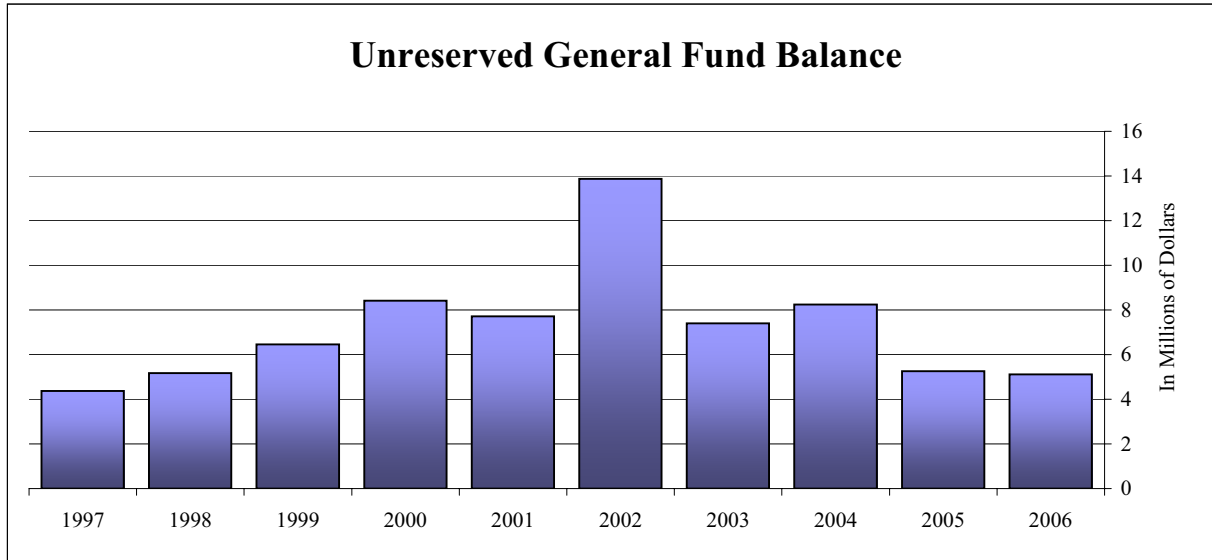
(continued)

**City of North Canton, Ohio**  
*Changes in Net Assets (continued)*  
*Last Five Years*  
*(Accrual Basis of Accounting)*

	2006	2005	2004	2003	2002
<b>Expenses</b>					
<b>Governmental Activities:</b>					
General Government	\$2,040,584	\$2,299,022	\$2,320,121	\$1,743,780	\$2,186,090
Security of Persons and Property:					
Police	3,026,053	3,038,460	2,989,872	2,731,740	2,729,059
Fire	693,324	602,558	698,556	619,487	544,630
Other	0	0	0	114,293	0
Public Health and Welfare	1,311,606	1,290,268	1,265,192	1,216,486	1,073,559
Transportation	1,075,130	1,988,890	2,392,977	3,791,505	2,711,933
Community Environment	380,145	397,328	312,279	302,185	297,363
Leisure Time Activities	1,207,578	1,190,514	1,100,428	1,086,524	1,004,002
Basic Utility Services	1,164,581	287,468	323,784	408,540	110,410
Intergovernmental	100,000	100,000	0	0	0
Interest and Fiscal Charges	136,057	83,215	40,583	13,344	0
<i>Total Governmental Activities Expenses</i>	<u>11,135,058</u>	<u>11,277,723</u>	<u>11,443,792</u>	<u>12,027,884</u>	<u>10,657,046</u>
<b>Business-Type Activities</b>					
Water	4,485,688	4,062,394	3,291,706	3,845,882	3,205,456
Sewer	2,296,527	1,960,523	1,998,674	2,008,828	1,825,042
Garbage	676,949	584,994	571,971	605,023	634,401
<i>Total Business-Type Activities Expenses</i>	<u>7,459,164</u>	<u>6,607,911</u>	<u>5,862,351</u>	<u>6,459,733</u>	<u>5,664,899</u>
<i>Total Primary Government Program Expenses</i>	<u>18,594,222</u>	<u>17,885,634</u>	<u>17,306,143</u>	<u>18,487,617</u>	<u>16,321,945</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	(6,463,957)	(9,513,931)	(9,877,939)	(10,577,160)	(9,426,330)
Business-Type Activities	1,478,925	2,471,016	1,474,924	582,517	922,224
<i>Total Primary Government Net Expense</i>	<u>(4,985,032)</u>	<u>(7,042,915)</u>	<u>(8,403,015)</u>	<u>(9,994,643)</u>	<u>(8,504,106)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
<b>Governmental Activities</b>					
Taxes:					
Property and Other Local Taxes Levied For:					
General Purposes	\$825,186	\$780,276	\$791,294	\$738,731	\$700,039
Fire Operating Levy	96,955	91,580	94,888	98,558	92,400
Emergency Medical Services Levy	176,194	166,613	173,177	180,248	169,164
Storm Sewer Levy	355,276	97,410	102,581	109,187	102,227
Street Levy	355,276	97,410	102,581	109,187	102,227
Municipal Income Taxes levied for:					
General Purposes	5,085,423	4,013,121	6,072,113	5,545,734	5,918,556
Capital Improvement	1,178,141	2,576,293	0	0	0
Grants and Entitlements not Restricted to					
Specific Programs	1,803,539	1,551,328	1,405,706	1,011,055	2,142,714
Interest	537,976	295,629	190,782	201,285	510,963
Gain on Sale of Capital Assets	0	0	0	0	0
Other	110,979	38,953	137,593	65,061	76,875
Transfers	43,140	0	0	0	0
<i>Total Governmental Activities</i>	<u>10,568,085</u>	<u>9,708,613</u>	<u>9,070,715</u>	<u>8,059,046</u>	<u>9,815,165</u>
<b>Business-Type Activities</b>					
Interest	0	0	5,317	4,951	9,282
Gain on Sale of Capital Assets	0	11,286	0	0	500
Miscellaneous	23,775	29,877	89,178	31,534	58,118
Transfers	(43,140)	0	0	0	0
<i>Total Business-Type Activities</i>	<u>(19,365)</u>	<u>41,163</u>	<u>94,495</u>	<u>36,485</u>	<u>67,900</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>10,548,720</u>	<u>9,749,776</u>	<u>9,165,210</u>	<u>8,095,531</u>	<u>9,883,065</u>
<b>Change in Net Assets</b>					
Governmental Activities	4,104,128	194,682	(807,224)	(2,518,114)	388,835
Business-Type Activities	1,459,560	2,512,179	1,569,419	619,002	990,124
<i>Total Primary Government Change in Net Assets</i>	<u>\$5,563,688</u>	<u>\$2,706,861</u>	<u>\$762,195</u>	<u>(\$1,899,112)</u>	<u>\$1,378,959</u>

**City of North Canton, Ohio**  
*Fund Balances, Governmental Funds*  
*Last Ten Years*  
*(Modified Accrual Basis of Accounting)*

	2006	2005	2004	2003	2002
<b>General Fund</b>					
Reserved	\$27,388	\$13,292	\$58,705	\$38,997	\$20,655
Unreserved	5,111,853	5,254,767	8,247,016	7,400,788	13,872,575
<b>Total General Fund</b>	<u>5,139,241</u>	<u>5,268,059</u>	<u>8,305,721</u>	<u>7,439,785</u>	<u>13,893,230</u>
<b>All Other Governmental Funds</b>					
Reserved	2,154,751	2,997,278	365,087	697,752	320,953
Unreserved, Undesignated, Reported in:					
Special Revenue funds	1,032,842	379,908	654,623	387,022	545,406
Debt Service funds	0	0	0	0	0
Capital Projects funds	(1,125,401)	(1,694,856)	1,212,427	1,655,263	2,391,491
<b>Total All Other Governmental Funds</b>	<u>2,062,192</u>	<u>1,682,330</u>	<u>2,232,137</u>	<u>2,740,037</u>	<u>3,257,850</u>
<b>Total Governmental Funds</b>	<u>\$7,201,433</u>	<u>\$6,950,389</u>	<u>\$10,537,858</u>	<u>\$10,179,822</u>	<u>\$17,151,080</u>

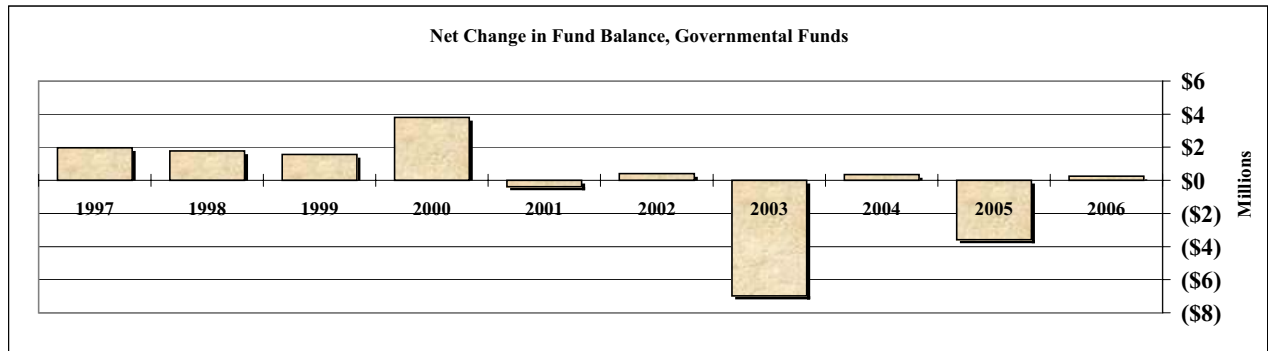




2001	2000	1999	1998	1997
\$63,203	\$176,508	\$33,377	\$63,851	\$60,691
7,716,798	8,419,097	6,452,955	5,172,989	4,372,393
7,780,001	8,595,605	6,486,332	5,236,840	4,433,084
453,943	1,357,082	847,956	375,446	553,059
1,697,313	1,422,031	1,199,997	1,304,851	1,375,940
0	0	0	0	0
6,814,783	5,754,350	4,799,652	4,845,619	3,618,158
8,966,039	8,533,463	6,847,605	6,525,916	5,547,157
\$16,746,040	\$17,129,068	\$13,333,937	\$11,762,756	\$9,980,241

**City of North Canton, Ohio**  
*Changes in Fund Balances, Governmental Funds*  
*Last Ten Years*  
*(Modified Accrual Basis of Accounting)*

	2006	2005	2004	2003	2002	2001
<b>Revenues</b>						
Taxes	\$8,105,152	\$7,362,787	\$7,306,072	\$6,885,984	\$7,044,991	\$6,502,582
Charges for Services	277,741	481,565	310,922	310,183	327,248	312,693
Licenses and Permits	132,200	0	108,151	123,536	101,617	118,623
Fines and Forfeitures	96,561	164,104	179,365	193,723	24,458	91,355
Intergovernmental	5,397,544	1,806,389	2,171,045	1,750,283	2,486,668	2,364,205
Special Assessments	0	0	0	0	0	0
Interest	549,893	304,147	162,281	181,586	510,963	835,486
Contributions and Donations	0	6,250	0	0	15,000	22,430
Rentals	212,202	96,054	0	0	0	0
Ambulance Fees	311,999	314,046	233,047	98,081	113,046	121,875
Other	110,979	38,953	137,593	65,036	76,875	68,953
<i>Total Revenues</i>	<i>15,194,271</i>	<i>10,574,295</i>	<i>10,608,476</i>	<i>9,608,412</i>	<i>10,700,866</i>	<i>10,438,202</i>
<b>Expenditures</b>						
Current:						
General Government	1,775,064	2,112,916	1,985,704	5,775,155	1,861,834	1,758,108
Security of Persons and Property:						2,884,587
Police	2,898,587	2,914,728	2,773,795	2,571,194	2,521,968	N/A
Fire	590,204	532,590	527,577	494,508	494,655	N/A
Other	0	0	0	114,293	0	N/A
Public Health and Welfare	1,225,749	1,255,865	1,191,434	1,159,512	1,071,837	921,120
Transportation	1,158,714	1,330,351	1,285,060	1,339,514	1,094,539	917,127
Community Environment	400,264	393,027	323,573	286,643	277,441	302,995
Leisure Time Activities	1,070,913	1,043,587	947,010	949,013	871,033	858,485
Basic Utility Services	176,012	116,710	130,038	114,688	150,837	25,009
Intergovernmental	100,000	100,000	0	0	0	0
Settlement Agreement	558,315	1,500,000	0	359,336	359,336	0
Capital Outlay	4,566,756	2,978,281	2,873,416	3,429,899	1,592,346	3,171,010
Debt Service:						
Principal Retirement	344,661	2,213	0	0	0	0
Interest and Fiscal Charges	121,128	78,017	12,833	13,344	0	0
<i>Total Expenditures</i>	<i>14,986,367</i>	<i>14,358,285</i>	<i>12,050,440</i>	<i>16,607,099</i>	<i>10,295,826</i>	<i>10,838,441</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>207,904</i>	<i>(3,783,990)</i>	<i>(1,441,964)</i>	<i>(6,998,687)</i>	<i>405,040</i>	<i>(400,239)</i>
<b>Other Financing Sources (Uses)</b>						
Proceeds from Sale of Capital Assets	0	50,521	0	27,429	0	17,211
Notes Issued	1,500,000	1,800,000	1,800,000	0	0	0
Current Refunding	(1,500,000)	(1,800,000)	0	0	0	0
Inception of Capital Lease	0	146,000	0	0	0	0
Transfers In	2,572,880	1,515,000	3,895,000	4,380,000	4,100,000	6,530,000
Transfers Out	(2,529,740)	(1,515,000)	(3,895,000)	(4,380,000)	(4,100,000)	(6,530,000)
<i>Total Other Financing Sources (Uses)</i>	<i>43,140</i>	<i>196,521</i>	<i>1,800,000</i>	<i>27,429</i>	<i>0</i>	<i>17,211</i>
<i>Net Change in Fund Balances</i>	<i>\$251,044</i>	<i>(\$3,587,469)</i>	<i>\$358,036</i>	<i>(\$6,971,258)</i>	<i>\$405,040</i>	<i>(\$383,028)</i>
Debt Service as a Percentage of Noncapital Expenditures	4.74%	0.56%	0.11%	0.08%	0.00%	0.00%



2000	1999	1998	1997
\$7,942,334	\$7,400,779	\$7,904,104	\$7,228,937
305,120	298,693	400,635	253,450
140,905	157,475	105,826	111,371
85,999	30,110	55,030	44,907
3,400,249	3,099,228	1,856,415	2,244,674
0	16,689	21,015	21,015
1,019,352	707,892	824,450	706,318
632,568	241,294	0	0
0	0	0	0
99,299	66,315	0	0
33,652	10,988	167,709	23,004
<u>13,659,478</u>	<u>12,029,463</u>	<u>11,335,184</u>	<u>10,633,676</u>
1,601,772	1,461,342	1,540,090	1,401,131
2,468,042	2,565,366	2,431,410	2,084,016
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
865,914	833,863	770,643	679,551
932,547	763,267	692,319	686,623
234,491	237,267	243,869	200,379
718,856	719,554	676,052	607,922
35,271	21,020	13,150	7,291
0	0	0	0
0	0	0	0
3,007,454	3,923,594	3,167,891	2,988,106
0	0	0	0
0	16,013	17,545	18,288
<u>9,864,347</u>	<u>10,541,286</u>	<u>9,552,969</u>	<u>8,673,307</u>
3,795,131	1,488,177	1,782,215	1,960,369
0	83,004	300	15,916
0	0	0	0
0	0	0	0
0	0	0	0
7,890,000	7,350,478	7,659,000	6,747,300
<u>(7,890,000)</u>	<u>(7,350,478)</u>	<u>(7,659,000)</u>	<u>(6,747,300)</u>
0	83,004	300	15,916
<u>\$3,795,131</u>	<u>\$1,571,181</u>	<u>\$1,782,515</u>	<u>\$1,976,285</u>
0.00%	0.15%	0.18%	0.21%

**City of North Canton, Ohio**  
*Assessed Valuation and Estimated True Values of Taxable Property*  
*Last Ten Years*

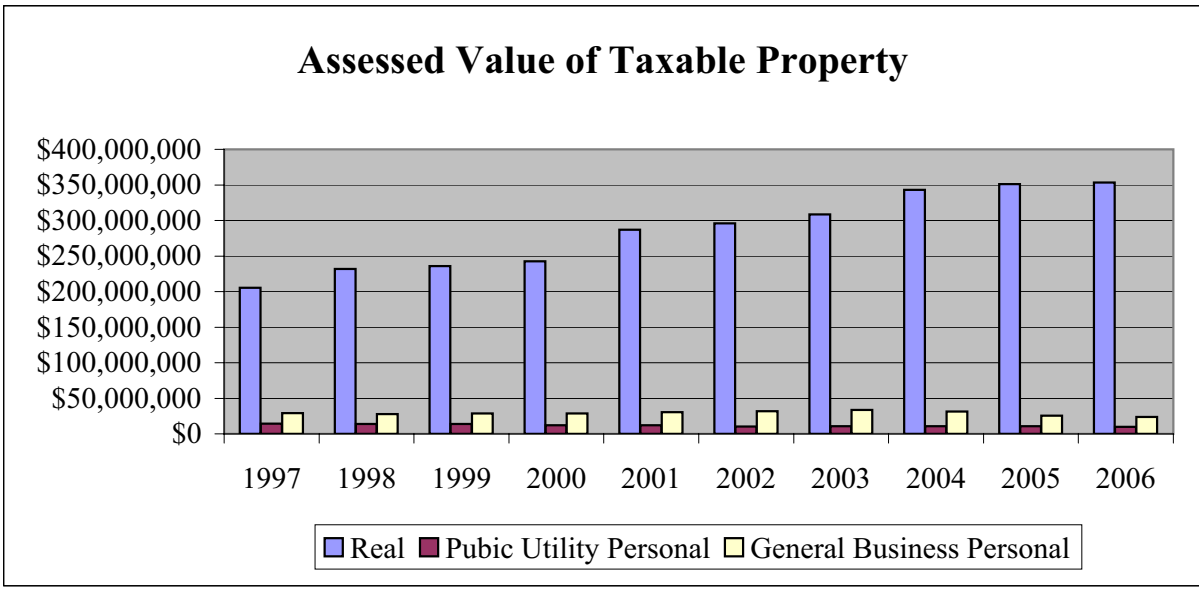
Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2006	\$282,557,950	\$70,647,520	\$1,009,158,486	\$9,822,620	\$11,162,068
2005	277,423,330	73,768,930	1,003,406,457	10,739,360	12,203,818
2004	271,203,360	72,036,110	980,684,200	10,721,710	12,183,761
2003	238,943,530	69,795,160	882,110,543	10,576,570	12,018,830
2002	231,878,880	63,981,410	845,315,114	10,191,570	11,581,330
2001	224,901,890	61,912,310	819,469,143	12,074,480	13,721,000
2000	187,997,750	54,775,480	693,637,800	12,078,680	13,725,773
1999	182,996,150	52,912,370	674,024,343	13,799,260	15,680,977
1998	179,704,980	52,164,050	662,482,943	13,823,400	15,708,409
1997	160,640,110	44,593,720	586,382,371	14,365,720	16,324,682

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

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

Tangible Personal Property					
General Business		Total			Weighted Average Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$23,869,790	\$127,305,547	\$386,897,880	\$1,147,626,101	33.71%	\$5.15
25,771,993	103,087,972	387,703,613	1,118,698,247	34.66	3.74
31,315,868	125,263,472	385,277,048	1,118,131,433	34.46	3.78
33,454,806	133,819,224	352,770,066	1,027,948,596	34.32	3.58
32,028,573	128,114,292	338,080,433	985,010,736	34.32	3.45
30,381,869	121,527,476	329,270,549	954,717,619	34.49	3.36
28,524,156	114,096,624	283,376,066	821,460,197	34.50	3.03
28,719,301	114,877,204	278,427,081	804,582,524	34.61	3.02
28,022,860	112,091,440	273,715,290	790,282,792	34.64	3.07
29,169,749	116,678,996	248,769,299	719,386,049	34.58	2.82



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

	2006	2005	2004	2003
<b>Unvoted Millage</b>				
Operating	\$2.4000	\$2.4000	\$2.4000	\$2.4000
<b>Voted Millage</b>				
2005 Storm Sewer	1.0000	1.0000	1.0000	1.0000
2005 Street Improvement	1.0000	1.0000	1.0000	1.0000
1982 Ambulance & E.M.S	1.0000	1.0000	1.0000	1.0000
1983 Fire	0.5000	0.5000	0.5000	0.5000
<i>Total Voted Millage</i>	3.5000	3.5000	3.5000	3.5000
<b>Total Millage</b>	\$5.9000	\$5.9000	\$5.9000	\$5.9000

**Overlapping Rates by Taxing District**

<b>North Canton City School District</b>				
Residential/Agricultural Real	\$29.6110	\$29.6110	\$29.8692	\$29.8252
Commerical/Industrial and Public Utility Real	37.7864	37.7864	37.7094	37.3465
General Business and Public Utility Personal	65.8000	65.8000	65.8000	65.5000
<b>Stark County</b>				
Residential/Agricultural Real	7.3694	7.3694	7.7612	7.8060
Commerical/Industrial and Public Utility Real	8.3378	8.3378	9.2125	9.2372
General Business and Public Utility Personal	10.1000	10.1000	11.5000	11.5000
<b>Plain Township</b>				
Residential/Agricultural Real	0.1000	0.1000	0.1000	0.1000
Commerical/Industrial and Public Utility Real	0.1000	0.1000	0.1000	0.1000
General Business and Public Utility Personal	0.1000	0.1000	1.0000	1.0000
<b>Special Taxing Districts (1)</b>				
Residential/Agricultural Real	0.7232	0.7232	0.7315	0.7355
Commerical/Industrial and Public Utility Real	0.8281	0.8281	0.8276	0.8286
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000

Source: County Auditor

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

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

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

(1) North Canton Library, Stark County Park District

2002	2001	2000	1999	1998	1997
\$2.4000	\$2.4000	\$2.4000	\$2.4000	\$2.4000	\$2.4000
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.5000	0.5000	0.5000	5.0000	0.5000	0.5000
3.5000	3.5000	3.5000	8.0000	3.5000	3.5000
\$5.9000	\$5.9000	\$5.9000	\$10.4000	\$5.9000	\$5.9000

\$32.5882	\$32.5882	\$28.3145	\$31.2400	\$32.5935	\$34.9567
38.3893	38.3893	33.7798	36.8045	37.5879	44.7492
65.5000	65.5000	61.1000	61.2000	61.9000	61.9000

6.6084	6.6084	7.4150	7.0878	6.8156	7.6418
7.4910	7.4910	8.3657	7.8046	7.5855	9.1265
9.6000	9.6000	11.0000	9.6000	9.6000	9.6000

0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000

0.6883	0.6883	0.6921	0.7996	0.8202	0.5899
0.7751	0.7751	0.7618	0.8494	0.8514	0.6648
1.0000	1.0000	1.0000	1.0000	1.0000	0.7000

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

Year	Total Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections
2006	\$1,984,367	\$1,932,148	97.37%	\$45,467	\$1,977,615
2005	1,440,031	1,404,479	97.53	28,300	1,432,779
2004	1,456,096	1,414,519	97.14	21,076	1,435,595
2003	1,389,753	1,343,805	96.69	27,305	1,371,110
2002	1,337,631	1,277,950	95.54	21,724	1,299,674
2001	1,308,241	1,258,302	96.18	26,061	1,284,363
2000	1,194,376	1,137,052	95.20	19,721	1,156,773
1999	1,168,384	1,137,191	97.33	14,902	1,152,093
1998	1,155,471	1,141,854	98.82	13,862	1,155,716
1997	1,097,863	1,069,650	97.43	11,155	1,080,805

Source: County Auditor

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

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



<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
99.66%	\$6,752	0.34%
99.50	7,252	0.50
98.59	20,501	1.41
98.66	18,643	1.34
97.16	37,957	2.84
98.17	23,878	1.83
96.85	37,603	3.15
98.61	16,291	1.39
100.02	13,617	1.18
98.45	17,058	1.55

**City of North Canton, Ohio**  
*Principal Taxpayers - Real Estate Tax*  
*Current Year and Nine Years Ago*

<i>2006</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Maytag Corporation	\$8,108,700	2.30 %
McKinley Development Leasing Co Ltd	5,361,290	1.52
Versailles Gardens Ltd	4,809,250	1.36
Albrecht Incorporated	2,547,410	0.72
Waterford at St Luke	2,456,520	0.70
Potsdamer Platz LLC	2,290,690	0.65
Berlin Commons Ltd	1,966,720	0.56
Willamsburg Apartments Ltd	1,882,590	0.53
Ceta Group Limited Partnership	1,549,070	0.44
McKinley-Applegrove Ltd	1,356,450	0.38
<b>Total</b>	<b>\$32,328,690</b>	<b>9.15 %</b>
<b>Total Assessed Valuation</b>	<b>\$353,205,470</b>	

<i>1997</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Hoover Company	\$17,724,980	8.64 %
Ohio Bell Telephone	7,934,640	3.87
Maytag Corporation	7,303,220	3.56
Ohio Power Company	4,219,860	2.06
Marilyn E. Lemmon	2,936,760	1.43
Albrecht Incorporated	2,420,470	1.18
Versailles Gardens	1,973,930	0.96
East Ohio Gas Company	1,667,650	0.80
DIY Home Warehouse, Inc.	1,474,760	0.72
Waterford at St Luke	1,381,490	0.67
<b>Total</b>	<b>\$49,037,760</b>	<b>23.89 %</b>
<b>Total Assessed Valuation</b>	<b>\$205,233,830</b>	

Source: County Auditor

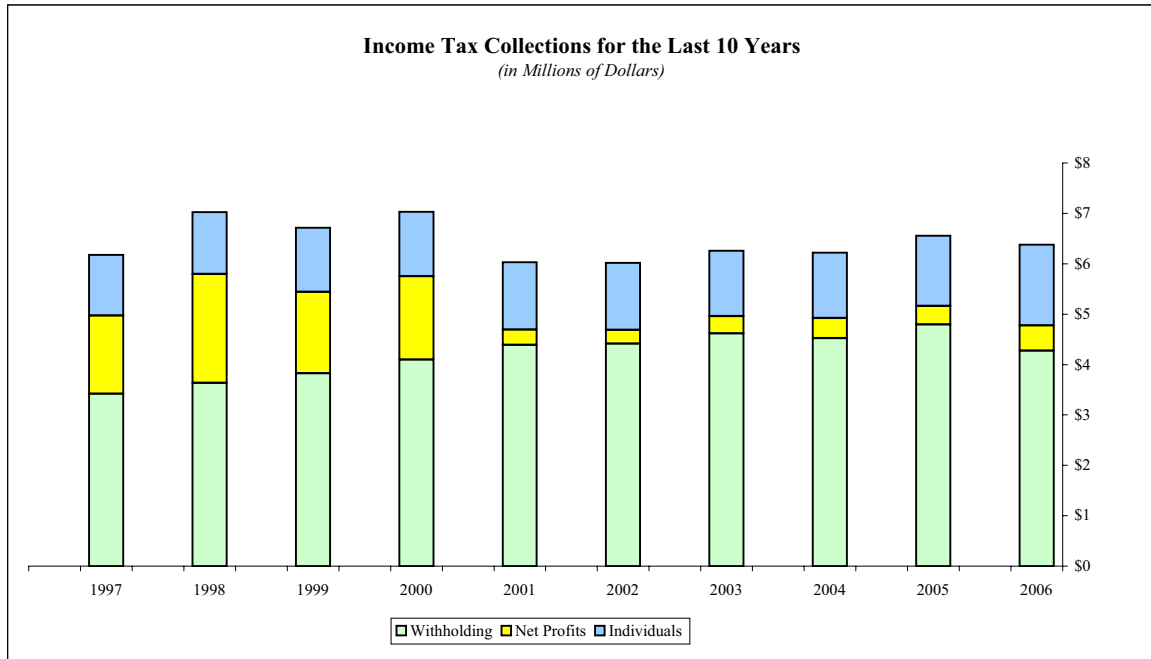
(1) The amounts presented represent the assessed values upon which 2006 and 1997 collections were based.

**City of North Canton, Ohio**  
*Income Tax Revenue Base and Collections (Cash Basis)*  
*Last Ten Years*

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2006	1.50%	\$6,377,273	\$4,274,631	67.03%	\$502,516	7.88%	\$1,600,126	25.09%
2005	1.50	6,553,223	4,793,884	73.15	370,626	5.66	1,388,713	21.19
2004	1.50	6,223,014	4,522,215	72.67	401,058	6.44	1,299,741	20.89
2003	1.50	6,261,167	4,616,733	73.74	343,013	5.48	1,301,421	20.79
2002	1.50	6,020,440	4,416,695	73.36	271,153	4.50	1,332,592	22.13
2001	1.50	6,028,800	4,390,066	72.82	305,080	5.06	1,333,654	22.12
2000	1.50	7,028,669	4,099,958	58.33	1,650,857	23.49	1,277,854	18.18
1999	1.50	6,717,215	3,828,749	57.00	1,611,701	23.99	1,276,765	19.01
1998	1.50	7,026,645	3,638,939	51.79	2,156,592	30.69	1,231,114	17.52
1997	1.50	6,173,103	3,418,814	55.38	1,550,751	25.12	1,203,538	19.50

Source: The City of North Canton Income Tax Department.

Note: The City is prohibited by statute from presenting information regarding individual taxpayers. The total tax collected amounts represents the gross amount collected before the Maytag refund payment.



**City of North Canton, Ohio**

*Legal Debt Margin*

*Last Ten Years*

	2006	2005	2004	2003
Total Assessed Property Value	<u>\$386,897,880</u>	<u>\$387,703,613</u>	<u>\$385,277,048</u>	<u>\$352,770,066</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>40,624,277</u>	<u>40,708,879</u>	<u>40,454,090</u>	<u>37,040,857</u>
Debt Outstanding:				
Real Estate Acquisition Note	\$1,500,000	\$1,800,000	\$1,800,000	\$2,100,000
Various Improvement Note	1,000,000	1,500,000	0	0
Special Assessment Bonds				
Water Notes	4,300,000	3,000,000	2,850,000	1,875,000
Sewer Notes	350,000	548,000	0	0
OWDA Loans	<u>11,309,281</u>	<u>10,633,475</u>	<u>9,204,935</u>	<u>4,498,059</u>
Total Gross Indebtedness	18,459,281	17,481,475	13,854,935	8,473,059
Less:				
Special Assessment Bonds	0	0	0	0
Water Notes	(4,300,000)	(3,000,000)	(2,850,000)	(1,875,000)
Sewer Notes	(350,000)	(548,000)	0	0
OWDA Loans	<u>(11,309,281)</u>	<u>(10,633,475)</u>	<u>(9,204,935)</u>	<u>(4,498,059)</u>
Total Net Debt Applicable to Debt Limit	<u>2,500,000</u>	<u>3,300,000</u>	<u>1,800,000</u>	<u>2,100,000</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$38,124,277</u>	<u>\$37,408,879</u>	<u>\$38,654,090</u>	<u>\$34,940,857</u>
Legal Debt Margin as a Percentage of the Debt Limit	93.85%	91.89%	95.55%	94.33%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$21,279,383</u>	<u>\$21,323,699</u>	<u>\$21,190,238</u>	<u>\$19,402,354</u>
Total Gross Indebtedness	<u>18,459,281</u>	<u>17,481,475</u>	<u>13,854,935</u>	<u>8,473,059</u>
Less:				
Special Assessment Bonds	0	0	0	0
Water Notes	(4,300,000)	(3,000,000)	(2,850,000)	(1,875,000)
Sewer Notes	(350,000)	(548,000)	0	0
OWDA Loans	<u>(11,309,281)</u>	<u>(10,633,475)</u>	<u>(9,204,935)</u>	<u>(4,498,059)</u>
Net Debt Within 5 ½ % Limitations	<u>2,500,000</u>	<u>3,300,000</u>	<u>1,800,000</u>	<u>2,100,000</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$18,779,383</u>	<u>\$18,023,699</u>	<u>\$19,390,238</u>	<u>\$17,302,354</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	88.25%	84.52%	91.51%	89.18%

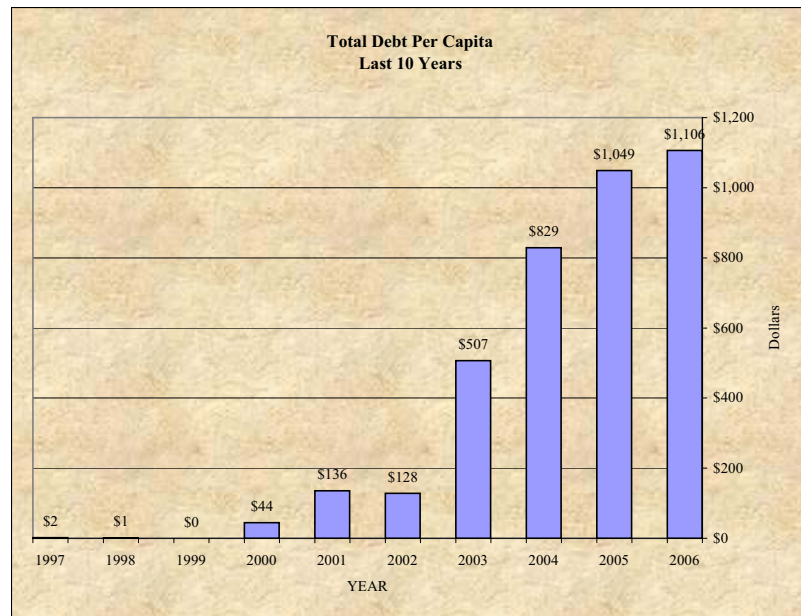
Source: City Financial Records

2002	2001	2000	1999	1998	1997
<u>\$338,080,433</u>	<u>\$329,270,549</u>	<u>\$283,376,066</u>	<u>\$278,427,081</u>	<u>\$273,715,290</u>	<u>\$248,769,299</u>
<u>35,498,445</u>	<u>34,573,408</u>	<u>29,754,487</u>	<u>29,234,844</u>	<u>28,740,105</u>	<u>26,120,776</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
	0	0	0	15,000	30,000
1,250,000	1,300,000	0	0	0	0
0	0	0	0	0	0
847,048	925,935	728,324	0	0	0
<u>2,097,048</u>	<u>2,225,935</u>	<u>728,324</u>	<u>0</u>	<u>15,000</u>	<u>30,000</u>
0	0	0	0	(15,000)	(30,000)
(1,250,000)	(1,300,000)	0	0	0	0
0	0	0	0	0	0
(847,048)	(925,935)	(728,324)	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$35,498,445</u>	<u>\$34,573,408</u>	<u>\$29,754,487</u>	<u>\$29,234,844</u>	<u>\$28,740,105</u>	<u>\$26,120,776</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<u>\$18,594,424</u>	<u>\$18,109,880</u>	<u>\$15,585,684</u>	<u>\$15,313,489</u>	<u>\$15,054,341</u>	<u>\$13,682,311</u>
<u>2,097,048</u>	<u>2,225,935</u>	<u>728,324</u>	<u>0</u>	<u>15,000</u>	<u>30,000</u>
0	0	0	0	(15,000)	(30,000)
(1,250,000)	(1,300,000)	0	0	0	0
0	0	0	0	0	0
(847,048)	(925,935)	(728,324)	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$18,594,424</u>	<u>\$18,109,880</u>	<u>\$15,585,684</u>	<u>\$15,313,489</u>	<u>\$15,054,341</u>	<u>\$13,682,311</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**City of North Canton, Ohio**  
*Ratio of Outstanding Debt to  
 Total Personal Income and Debt Per Capita  
 Last Ten Years*

Year	Governmental Activities			Business-Type Activities		Total Debt	Percentage of Personal Income	Per Capita
	Notes Payable	Capital Leases	Special Assessment Bonds	Notes Payable	OWDA Loans			
2006	\$2,500,000	\$99,126	\$0	\$4,650,000	\$11,309,281	\$18,558,407	4.60%	\$1,106
2005	3,300,000	143,787	0	3,548,000	10,633,475	17,625,262	4.36	1,049
2004	1,800,000	0	0	2,850,000	9,204,935	13,854,935	3.45	829
2003	2,100,000	0	0	1,875,000	4,498,059	8,473,059	2.11	507
2002	0	0	0	1,250,000	847,048	2,097,048	0.53	128
2001	0	0	0	1,300,000	924,935	2,224,935	0.57	136
2000	0	0	0	0	728,324	728,324	0.19	44
1999	0	0	0	0	0	0	0.00	0
1998	0	0	15,000	0	0	15,000	0.01	1
1997	0	0	30,000	0	0	30,000	0.01	2

Note: Population and Personal Income data are presented on page S22.



**City of North Canton, Ohio**  
*Computation of Direct and Overlapping Governmental Activities Debt*  
*December 31, 2006*

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City</u>
<b>Direct - City of North Canton</b>			
Capital Leases	\$99,126	100.00 %	\$99,126
General Obligation Notes	<u>2,500,000</u>	100.00	<u>2,500,000</u>
<i>Total Direct Debt</i>	<u>2,599,126</u>		<u>2,599,126</u>
<b>Overlapping</b>			
North Canton City School District	15,839,795	49.66 %	7,866,042
Jackson Local School District	74,749,314	0.53	396,171
Plain Local School District	58,779,913	6.50	3,820,694
Plain Township	<u>1,000,000</u>	36.05	<u>360,500</u>
<i>Total Overlapping Debt</i>	<u>150,369,022</u>		<u>12,443,408</u>
<b>Total</b>	<u><u>\$152,968,148</u></u>		<u><u>\$15,042,534</u></u>

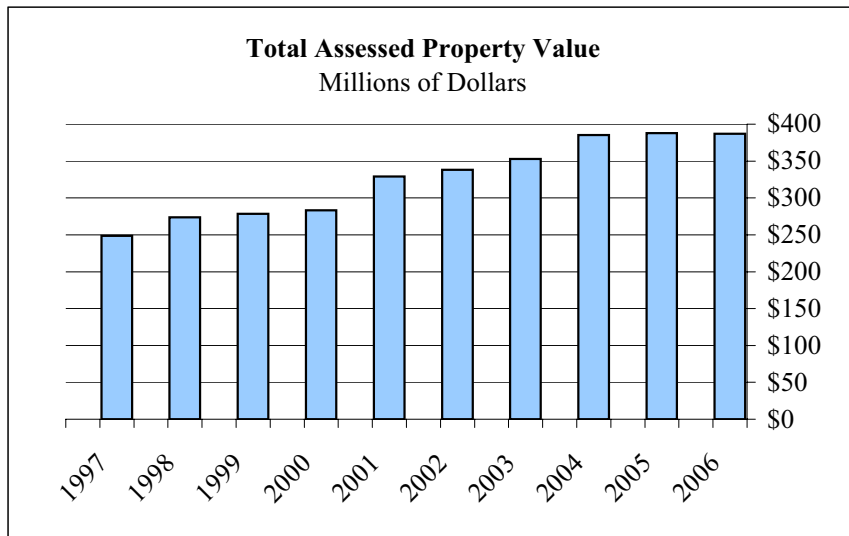
Source: County Auditor

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

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

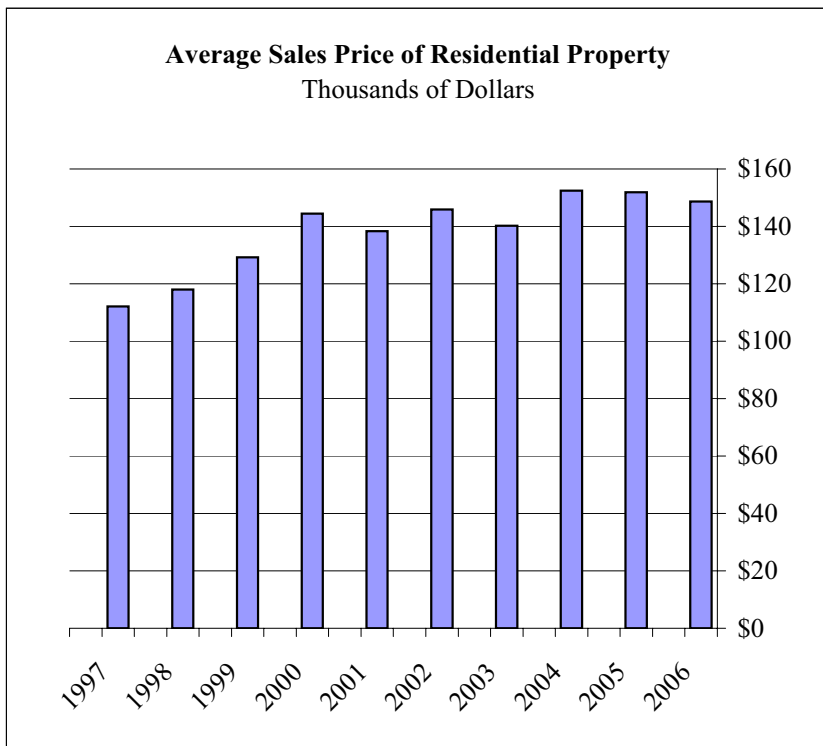
Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2006	16,780	\$403,475,100	\$24,045	\$42,013	42.3
2005	16,796	403,859,820	24,045	42,013	42.3
2004	16,722	402,080,490	24,045	42,013	42.3
2003	16,722	402,080,490	24,045	42,013	42.3
2002	16,369	393,592,605	24,045	42,013	42.3
2001	16,369	393,592,605	24,045	42,013	42.3
2000	16,369	393,592,605	24,045	42,013	42.3
1999	15,750	297,816,750	18,909	32,369	39.5
1998	15,750	297,816,750	18,909	32,369	39.5
1997	15,740	297,627,660	18,909	32,369	39.5

- (1) Source: U. S. Census
  - (a) Years 2000 through 2006 - 2000 Federal Census
  - (b) Years 1997 through 1999 - 1990 Federal Census
- (2) North Canton City Schools
- (3) Source: County Planning Commission
- (4) Source: County Auditor
- (5) Computation of per capita personal income multiplied by population





Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Stark County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
33.6%	5,008	5.8%	\$148,683	\$386,897,880
33.6	4,963	6.4	151,889	387,703,613
33.6	4,980	6.6	152,500	385,277,048
33.6	4,933	6.5	140,266	352,770,066
33.6	4,872	5.5	145,865	338,080,433
33.6	4,654	4.0	138,336	329,270,549
33.6	4,714	3.8	144,495	283,376,066
29.8	4,635	4.5	129,257	278,427,081
29.8	4,630	4.1	117,949	273,715,290
29.8	4,472	4.8	112,109	248,769,299



**City of North Canton, Ohio**  
Principal Employers  
Current Year and Seven Years Ago

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

<b>1999</b>	
Employer	Employees
Hoover Company	3,511
North Canton Board of Education	932
Walsh University	850
St Lukes Home for the Aged	483
North Canton Medical Foundation	383
City of North Canton	233
Fred W. Albrecht Grocery	187
Windsor Medical Center	171
Firestone Star Market	122
Brookwood Management Company Inc	102
<b>Total</b>	<b>6,974</b>
<b>Total Employment within the City</b>	<b>n/a</b>

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

Note: Information prior to 1999 not available

**City of North Canton, Ohio**  
*Full-Time Equivalent City Government Employees by Function/Program*  
*Last Five Years (1)*

Function/Program	2006	2005	2004	2003	2002
<b>General Government</b>					
Council	5.50	5.50	5.50	5.50	5.50
Mayor's Office	1.50	1.50	1.50	1.50	1.50
Law	0.50	0.50	0.50	0.50	0.50
Finance	4.00	4.00	4.00	4.00	4.00
Tax	3.00	3.00	3.00	3.50	3.00
Administration	2.00	2.00	2.00	2.00	2.00
City Hall Maintenance	0.50	0.50	0.50	0.50	1.50
Engineer	5.50	6.50	5.50	5.00	6.00
<b>Security of Persons and Property</b>					
Police - Administration	1.00	1.50	1.50	1.50	1.50
Police - Officers	25.00	26.50	26.50	26.50	26.50
Police - Crossing Guards	7.50	6.00	6.00	6.00	6.50
Dispatchers/Chief Dispatcher	7.50	7.50	8.00	8.50	8.50
Fire Inspectors	4.00	4.00	4.00	4.00	4.00
Fire Fighters	12.00	12.00	13.00	13.00	16.00
<b>Public Health Services</b>					
Emergency Medical Services	21.50	23.00	22.50	21.00	23.00
<b>Leisure Time Activities</b>					
Municipal Pool	19.00	18.00	18.50	17.00	17.00
Civic Center	3.00	3.50	2.50	2.50	2.00
Recreation	2.00	2.00	2.50	2.00	2.00
Parks Maintenance	6.50	6.50	6.50	6.50	7.00
<b>Community Development</b>					
Permits & Inspection	4.00	4.00	4.00	4.00	4.00
Economic Development	1.50	1.00	0.00	0.00	0.00
<b>Transportation</b>					
Street M&R	10.00	12.00	12.50	12.00	12.00
<b>Basic Utility Services</b>					
Water Administration	4.00	4.00	4.50	4.00	4.50
Water Distribution	8.00	7.50	7.50	7.50	7.50
Water Treatment Plant	13.00	12.00	12.00	12.00	12.00
Sewer Collection	4.00	4.00	4.00	4.00	4.00
<b>Totals:</b>	<u>176.00</u>	<u>178.50</u>	<u>178.50</u>	<u>174.50</u>	<u>182.00</u>

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

**Method:** Using 1.0 for each full-time employee and 0.50 for each part-time. Seasonal employees are not included.

(1) Information prior to 2002 is not available

**City of North Canton, Ohio**  
*Capital Assets Statistics by Function/Program*  
*Last Ten Years*

Function/Program	2006	2005	2004	2003
<b>General Government</b>				
Square Footage Occupied	31,517	31,517	31,517	31,517
Vehicles	8	9	9	8
<b>Police</b>				
Stations	1	1	1	1
Square Footage of Building	11,960	11,960	11,960	11,960
Vehicles	13	13	13	13
<b>Fire</b>				
Stations	1	1	1	1
Square Footage of Building	8,989	8,989	8,989	8,989
Vehicles	11	11	11	10
<b>Emergency Medical Services</b>				
Stations	1	1	1	1
Square Footage of Building	8,970	8,970	8,970	8,970
Vehicles	6	6	5	5
<b>Recreation</b>				
Number of Parks	13	12	12	12
Number of Pools	1	1	1	1
Number of Tennis Courts	11	11	11	11
Number of Basketball Courts	8	8	8	8
Number of Park Shelters	7	6	6	6
Vehicles	11	11	11	11
<b>Public Service Department</b>				
Streets (miles)	95.46	95.46	93.70	93.70
Vehicles	18	18	18	18
<b>Water Department</b>				
Water Lines (miles)	127.93	127.34	126.27	124.90
Square Footage of Water Treatment Plant	32,125	26,925	20,640	20,640
Vehicles	17	17	16	16
<b>Wastewater</b>				
Sanitary Sewers (miles)	64.06	63.70	62.48	62.30
Storm Sewers (miles)	48.30	47.41	47.41	47.30
Vehicles	9	9	9	9

2002	2001	2000	1999	1998	1997
31,517 8	31,517 8	31,517 7	31,517 7	31,517 7	23,917 7
1 11,960 13	1 11,960 12	1 11,960 12	1 11,960 12	1 11,960 11	1 11,960 11
1 8,989 10	1 8,989 10	1 8,989 10	1 8,989 10	1 8,989 10	1 8,989 10
1 8,970 5	1 8,970 5	1 8,970 5	1 8,970 5	1 8,970 5	1 8,970 5
12 1 11 8 6 11	12 1 11 8 6 11	11 1 11 8 6 11	11 1 11 8 5 10	10 1 10 7 5 10	10 1 10 7 5 10
93.30 18	93.00 18	83.69 17	81.68 16	81.68 16	80.78 16
123.00 20,640 16	122.00 20,640 16	119.64 20,640 16	117.84 20,640 16	109.94 20,640 16	108.83 20,640 16
61.60 46.50 8	61.28 46.00 8	61.28 45.64 8	60.23 44.25 8	59.58 41.52 8	58.47 40.30 8

**City of North Canton, Ohio**  
*Operating Indicators by Function/Program*  
*Last Five Years (1)*

Function/Program	2006	2005	2004	2003	2002
<b>General Government</b>					
Number of Ordinances and Resolutions Passed	141	218	162	156	124
Number of Planning Commission Agenda Items	21	32	15	44	130
Number of Zoning Board of Appeals Agenda Items	18	22	15	13	9
Number of checks/vouchers issued	3,825	4,052	3,944	3,906	4,078
Interest earnings for fiscal year (cash basis)	\$463,016	\$319,590	\$206,055	\$339,932	\$572,469
General Fund Receipts (cash basis in thousands)	\$9,500	\$7,417	\$10,771	\$10,703	\$9,857
General Fund Expenditures (cash basis in thousands)	\$9,915	\$9,926	\$12,230	\$14,443	\$10,076
General Fund Cash Balances (in thousands)	\$4,695	\$5,107	\$7,540	\$8,954	\$12,612
<b>Income Tax Department</b>					
Number of Individual Returns	8,385	8,288	8,090	8,008	8,359
Number of Business Returns	1,270	1,239	1,202	1,154	1,131
Annual number of reconciliations of withholdings processed	1,519	1,536	1,532	1,127	1,086
<b>Building Department Indicators</b>					
Construction Permits Issued	381	455	489	484	512
Estimated Value of Construction	\$25,389,738	\$19,587,769	\$22,572,034	\$27,442,926	\$18,806,846
Inspections Conducted	771	782	980	1,097	985
<b>Security of Persons &amp; Property</b>					
<b>Police</b>					
Total Calls for Services	31,276	32,295	33,863	35,205	39,149
Traffic Violations	1,628	2,006	2,221	2,117	2,597
Motor Vehicle Accidents	561	614	677	653	623
Total Arrests	482	483	468	434	433
<b>Fire/Emergency Medical Services</b>					
EMS Calls	1,612	1,824	1,760	1,866	1,757
EMS Transports	1,069	1,062	1,110	1,269	1,096
Ambulance Billing Collections	\$281,698	\$320,134	\$201,468	\$113,092	\$87,795
Fire Calls	412	425	456	445	415
Fire Safety Inspections	1,087	629	909	384	508
<b>Leisure Time Activities</b>					
<b>Recreation</b>					
Swimming Pool Memberships	3,375	2,887	2,694	2,406	2,203
Civic Center Rentals	208	201	262	261	221
Dogwood Shelter Rentals	260	273	247	238	239
<b>Transportation</b>					
Asphalt Resurfacing (Miles)	2.66	5.54	5.32	4.20	4.38
Asphalt Usage for Pothole Repairs (Tons)	184	350	326	530	435
Salt Usage (Tons)	2,282	4,135	6,486	7,650	4,480
Cost of salt purchased	\$121,505	\$235,051	\$181,329	\$220,015	\$155,774
<b>Water Department</b>					
Average Daily Gallons Sold Per Consumer	332.85	292.14	289.13	298.50	329.39
Number of Customers	8,699	8,544	8,540	8,213	8,103
Annual Water Collections	\$5,031,926	\$4,587,520	\$3,729,072	\$3,655,815	\$3,711,960
Water Main Breaks	33	32	50	65	37
Number of Wells	7	7	6	6	6
Gallons of Water Treated (Billions of Gallons)	1,170.60	1,156.27	1,124.70	1,112.94	1,234.52
<b>Sewer Department</b>					
Residential Sewer Rate (Flat Monthly Rate)	\$19.00	\$18.00	\$18.00	\$15.00	\$15.00
Number of Customers	6,251	6,197	6,175	5,890	5,875

(1) Information prior to 2002 is not available



**Mary Taylor, CPA**  
Auditor of State

**CITY OF NORTH CANTON**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 12, 2007**