

City of Canfield

Mahoning County, Ohio

Regular Audit

January 1, 2008 through December 31, 2008

Fiscal Year Audited Under GAGAS: 2008



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA
Auditor of State

City Council
City of Canfield
104 Lisbon Street
Canfield, Ohio 44406

We have reviewed the *Independent Auditor's Report* of the City of Canfield, Mahoning County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Canfield is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 11, 2010

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City of Canfield
Mahoning County, Ohio

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City of Canfield
Mahoning County, Ohio

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Members of Council and Mayor
City of Canfield
104 Lisbon Street
Canfield, Ohio 44406

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canfield (the City), Mahoning County, as of and for the year ended December 31, 2008, 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 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 that 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 aggregate remaining fund information of the City, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and major special revenue fund: street construction, maintenance and repair 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 November 30, 2009 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.

The Management's Discussion and Analysis on pages 3 through 17 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 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 supplementary information on pages 64 through 98 provides additional information and is not a required part of the basic financial statements. We have applied certain limited procedures, consisting principally of inquires of management regarding the methods of measuring and presenting the supplementary information. However, we did not audit the information and express no opinion on it.

As described in Note 3A to the basic financial statements, the City Implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* and Statement No. 50, *Pension Disclosures – an Amendment of GASB Statements No. 25 and No. 27*.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
November 30, 2009

CITY OF CANFIELD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 UNAUDITED

The management's discussion and analysis of the City of Canfield's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- The total net assets of the City increased \$98,901. Net assets of governmental activities decreased \$503,230 or 3.10% from 2007 and net assets of business-type activities increased \$602,131 or 3.89% over 2007.
- General revenues accounted for \$3,195,573 of total governmental activities revenue. Program specific revenues accounted for \$1,084,063 or 25.33% of total governmental activities revenue.
- The City had \$4,621,491 in expenses related to governmental activities; \$1,084,063 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$3,537,428 were offset by general revenues (primarily taxes and unrestricted grants and entitlements) of \$3,195,573.
- The general fund had revenues and other financing sources of \$3,181,970 in 2008. This represents a decrease of \$372,853 from 2007. The expenditures and other financing uses of the general fund, which totaled \$3,403,708 in 2008, decreased \$62,687 from 2007. The net decrease in fund balance for the general fund was \$221,738 or 9.03%.
- The street construction maintenance and repair fund had revenues and other financing sources of \$954,159 in 2008. The expenditures of the street construction maintenance and repair fund, totaled \$906,912 in 2008. The net increase in fund balance for the street construction maintenance and repair fund was \$47,247 or 10.33%.
- Net assets for the business-type activities, which are made up of the Sewer, Water and Storm Water enterprise funds, increased in 2008 by \$602,131 over the prior year. This increase was primarily due to an increase in revenue from a grant reimbursement for the NE Storm Water Project.
- In the general fund, the actual revenues and other financing sources came in \$35,534 higher than they were in the final budget and actual expenditures and other financing uses were \$154,189 less than the amount in the final budget. Budgeted expenditures were increased \$191,875 from the original to the final budget. Budgeted revenues were increased \$426,810 from the original to the final budget.

CITY OF CANFIELD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. 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 remains 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 as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net assets and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, parks, recreation, cemeteries, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's sewer, water and storm water operations are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 10.

CITY OF CANFIELD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund and the street construction maintenance and repair fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 21-28 of this report.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water and storm water management functions. All of the City's enterprise funds are considered major funds. The basic proprietary fund financial statements can be found on pages 29-31 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency and private-purpose trust funds are the City's fiduciary fund types. The basic fiduciary fund financial statements can be found on pages 32-33 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found beginning on page 34 of this report.

CITY OF CANFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

Government-Wide Financial Analysis

The table below provides a summary of the City's net assets for 2008 and 2007:

	Net Assets					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>						
Current and other assets	\$ 5,288,940	\$ 5,753,755	\$ 4,026,407	\$ 3,718,916	\$ 9,315,347	\$ 9,472,671
Capital assets	<u>13,290,934</u>	<u>13,510,757</u>	<u>13,256,434</u>	<u>13,102,783</u>	<u>26,547,368</u>	<u>26,613,540</u>
Total assets, net	<u>18,579,874</u>	<u>19,264,512</u>	<u>17,282,841</u>	<u>16,821,699</u>	<u>35,862,715</u>	<u>36,086,211</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	2,026,455	2,088,681	1,044,724	1,161,903	3,071,179	3,250,584
Other liabilities	<u>800,260</u>	<u>919,442</u>	<u>144,874</u>	<u>168,684</u>	<u>945,134</u>	<u>1,088,126</u>
Total liabilities	<u>2,826,715</u>	<u>3,008,123</u>	<u>1,189,598</u>	<u>1,330,587</u>	<u>4,016,313</u>	<u>4,338,710</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	11,446,906	11,579,310	12,220,973	11,947,655	23,667,879	23,526,965
Restricted	1,843,854	1,809,167	-	-	1,843,854	1,809,167
Unrestricted	<u>2,462,399</u>	<u>2,867,912</u>	<u>3,872,270</u>	<u>3,543,457</u>	<u>6,334,669</u>	<u>6,411,369</u>
Total net assets	<u>\$ 15,753,159</u>	<u>\$ 16,256,389</u>	<u>\$ 16,093,243</u>	<u>\$ 15,491,112</u>	<u>\$ 31,846,402</u>	<u>\$ 31,747,501</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2008, the City's assets exceeded liabilities by \$31,846,402. At year-end, net assets were \$15,753,159 and \$16,093,243 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 74.02% of total assets. Capital assets include land, buildings, land improvements, equipment, vehicles, infrastructure and construction in progress. Capital assets, net of related debt to acquire the assets at December 31, 2008, were \$11,446,906 and \$12,220,973 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net assets, \$1,843,854, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$2,462,399 may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF CANFIELD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

The table below shows the changes in net assets for fiscal year 2008 and 2007.

	Change in Net Assets					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues						
Program revenues:						
Charges for services	\$ 435,543	\$ 419,668	\$ 2,574,782	\$ 2,586,972	\$ 3,010,325	\$ 3,006,640
Operating grants and contributions	638,420	690,376	-	-	638,420	690,376
Capital grants and contributions	10,100	600,418	317,400	-	327,500	600,418
Total program revenues	<u>1,084,063</u>	<u>1,710,462</u>	<u>2,892,182</u>	<u>2,586,972</u>	<u>3,976,245</u>	<u>4,297,434</u>
General revenues:						
Property taxes	524,302	529,427	-	-	524,302	529,427
Income taxes	2,414,448	2,418,198	-	-	2,414,448	2,418,198
Unrestricted grants and entitlements	321,904	621,403	-	-	321,904	621,403
Increase/decrease in fair value of investments	(231,374)	45,869	-	2,770	(231,374)	48,639
Investment earnings	145,155	258,707	-	-	145,155	258,707
Miscellaneous	21,138	17,077	929	2,677	22,067	19,754
Total general revenues	<u>3,195,573</u>	<u>3,890,681</u>	<u>929</u>	<u>5,447</u>	<u>3,196,502</u>	<u>3,896,128</u>
Total revenues	<u>4,279,636</u>	<u>5,601,143</u>	<u>2,893,111</u>	<u>2,592,419</u>	<u>7,172,747</u>	<u>8,193,562</u>
Expenses:						
General government	841,803	855,031	-	-	841,803	855,031
Security of persons and property	2,346,205	2,351,935	-	-	2,346,205	2,351,935
Public health and welfare	56,935	87,311	-	-	56,935	87,311
Leisure time activity	106,870	88,375	-	-	106,870	88,375
Community environment	89,809	87,762	-	-	89,809	87,762
Transportation	1,094,543	982,966	-	-	1,094,543	982,966
Intergovernmental	-	-	-	-	-	-
Other	-	364	-	-	-	364
Interest and fiscal charges	85,326	87,339	-	-	85,326	87,339
Water	-	-	1,163,713	1,142,053	1,163,713	1,142,053
Sewer	-	-	1,128,897	1,151,532	1,128,897	1,151,532
Storm	-	-	159,745	145,718	159,745	145,718
Total expenses	<u>4,621,491</u>	<u>4,541,083</u>	<u>2,452,355</u>	<u>2,439,303</u>	<u>7,073,846</u>	<u>6,980,386</u>
Increase/decrease in net assets before transfers	(341,855)	1,060,060	440,756	153,116	98,901	1,213,176
Transfers	<u>(161,375)</u>	<u>(275,286)</u>	<u>161,375</u>	<u>275,286</u>	<u>-</u>	<u>-</u>
Change in net assets	(503,230)	784,774	602,131	428,402	98,901	1,213,176
Net assets at beginning of year	<u>16,256,389</u>	<u>15,471,615</u>	<u>15,491,112</u>	<u>15,062,710</u>	<u>31,747,501</u>	<u>30,534,325</u>
Net assets at end of year	<u>\$ 15,753,159</u>	<u>\$ 16,256,389</u>	<u>\$ 16,093,243</u>	<u>\$ 15,491,112</u>	<u>\$ 31,846,402</u>	<u>\$ 31,747,501</u>

CITY OF CANFIELD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

Governmental Activities

Governmental activities net assets decreased \$503,230 in 2008. The majority of this decrease is a result of a decrease in four revenue sources over the prior year. In 2007 the City received a grant reimbursement for a significant capital project. The project was completed so no further grant revenue was received. Another significant effect on revenue was a decrease in the value of stocks and a decrease in interest earnings due to the national economic crisis. The other significant decrease was in the unrestricted grants and entitlements, specifically the inheritance tax.

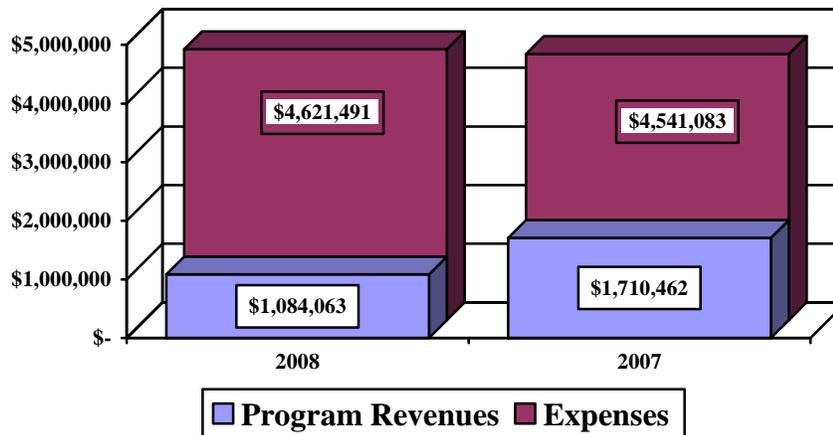
Security of persons and property which primarily supports the operations of the police department and street lights accounted for \$2,346,205 or 50.77% of the total expenses of the City. Security of persons and property expenses were partially funded by \$142,393 in direct charges to users of the services. General government expenses totaled \$841,803. General government expenses were partially funded by \$355,497 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$638,420 in operating grants and contributions and \$10,100 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$491,070 subsidized transportation programs.

General revenues totaled \$3,195,573, and amounted to 74.67% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$2,938,750. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$321,904.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon general revenues (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities. As program revenues are not sufficient to cover total governmental expenses.

Governmental Activities – Program Revenues vs. Total Expenses



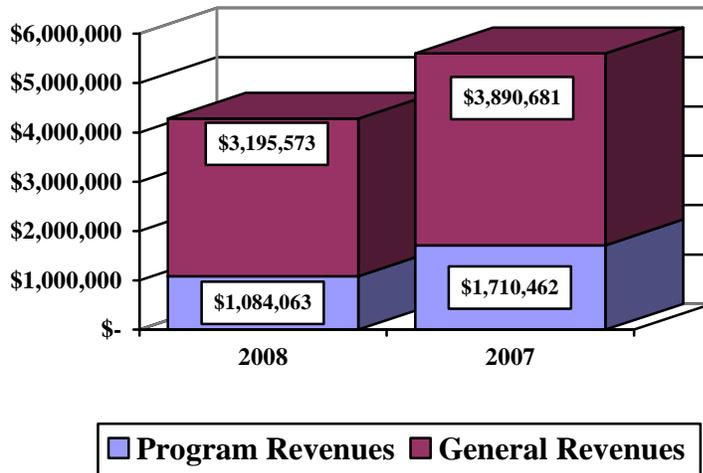
CITY OF CANFIELD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

	Governmental Activities			
	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>
Program Expenses:				
General government	\$ 841,803	\$ 486,306	\$ 855,031	\$ 506,603
Security of persons and property	2,346,205	2,203,812	2,351,935	2,162,717
Public health and welfare	56,935	42,031	87,311	65,101
Leisure time activity	106,870	86,688	88,375	66,195
Community environment	89,809	29,792	87,762	62,486
Transportation	1,094,543	603,473	982,966	(120,184)
Other	-	-	364	364
Interest and fiscal charges	85,326	85,326	87,339	87,339
Total	\$ 4,621,491	\$ 3,537,428	\$ 4,541,083	\$ 2,830,621

The dependence upon general revenues for governmental activities is apparent, with 76.54% of expenses supported through taxes and other general revenues. The chart below illustrates the City's program revenues versus general revenues for 2008 and 2007.

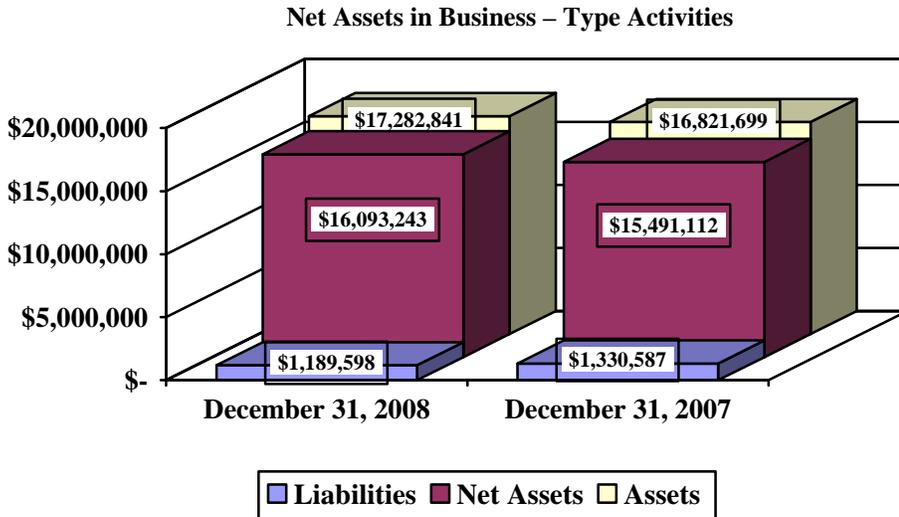
Governmental Activities – General and Program Revenues



CITY OF CANFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

Business-type Activities

Business-type activities include the sewer, water and storm water enterprise funds. These programs had operating revenues of \$2,892,182, general revenues of \$929 and expenses of \$2,452,355 for 2008. The graph below shows the business-type activities assets, liabilities and net assets at year-end.



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds (as presented on the balance sheet on page 21) reported a combined fund balance of \$3,838,106 which is a decrease of \$194,016 over last year's total of \$4,032,122.

CITY OF CANFIELD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2008 for all major and non-major governmental funds.

	<u>Fund Balances</u> <u>12/31/08</u>	<u>Fund Balances</u> <u>12/31/07</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 2,235,177	\$ 2,456,915	\$ (221,738)
Street Construction, Maintenance and Repair	504,776	457,529	47,247
Other Nonmajor Governmental Funds	<u>1,098,153</u>	<u>1,117,678</u>	<u>(19,525)</u>
Total	<u>\$ 3,838,106</u>	<u>\$ 4,032,122</u>	<u>\$ (194,016)</u>

General Fund

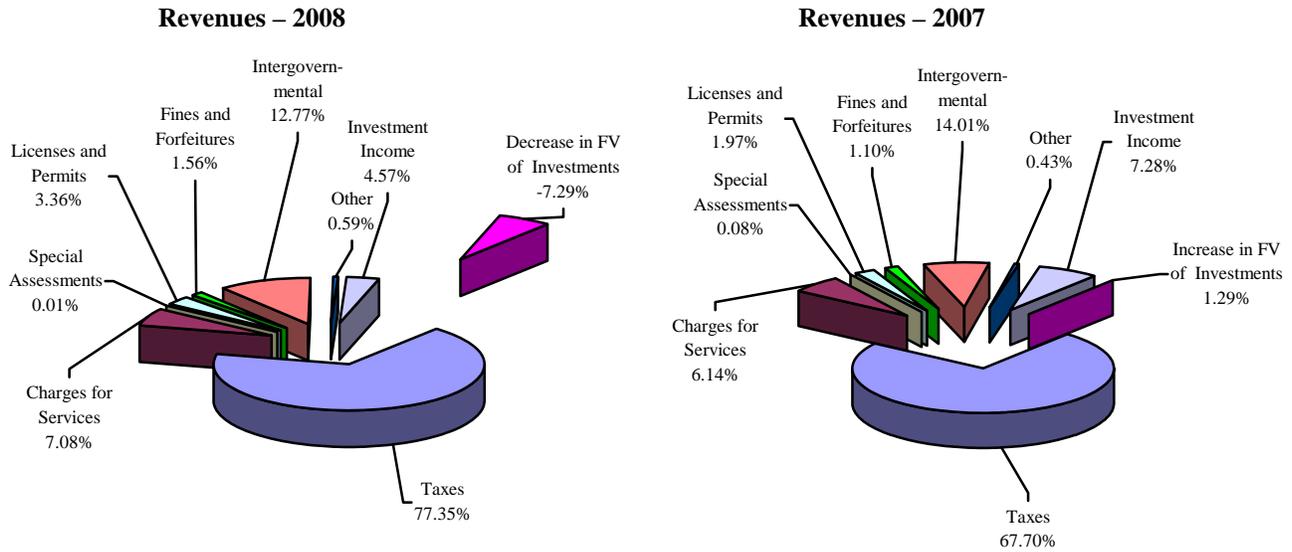
The City's general fund balance decreased \$221,738. The table that follows assists in illustrating the revenues of the general fund.

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Income taxes	\$ 2,455,425	\$ 2,404,995	2.10 %
Special assessments	500	2,724	(81.64) %
Charges for services	224,608	218,114	2.98 %
Licenses and permits	106,678	70,133	52.11 %
Fines and forfeitures	49,452	38,939	27.00 %
Intergovernmental	405,257	497,790	(18.59) %
Investment income	145,155	258,707	(43.89) %
Increase (decrease) in MV of investments	(231,374)	45,869	(604.42) %
Other	<u>18,746</u>	<u>15,152</u>	23.72 %
Total	<u>\$ 3,174,447</u>	<u>\$ 3,552,423</u>	(10.64) %

Tax revenue represents 77.35% of all general fund revenue. Tax revenue increased 2.10% over prior year. There were four significant decreases in revenue over the prior year. In 2007 the City received a grant reimbursement for a significant capital project. The project was completed so no further grant revenue was received. Another significant effect on revenue was a decrease in the value of stocks and a decrease in interest earnings due to the national economic crisis. The other significant decrease was in the intergovernmental revenues, specifically the inheritance tax.

CITY OF CANFIELD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**



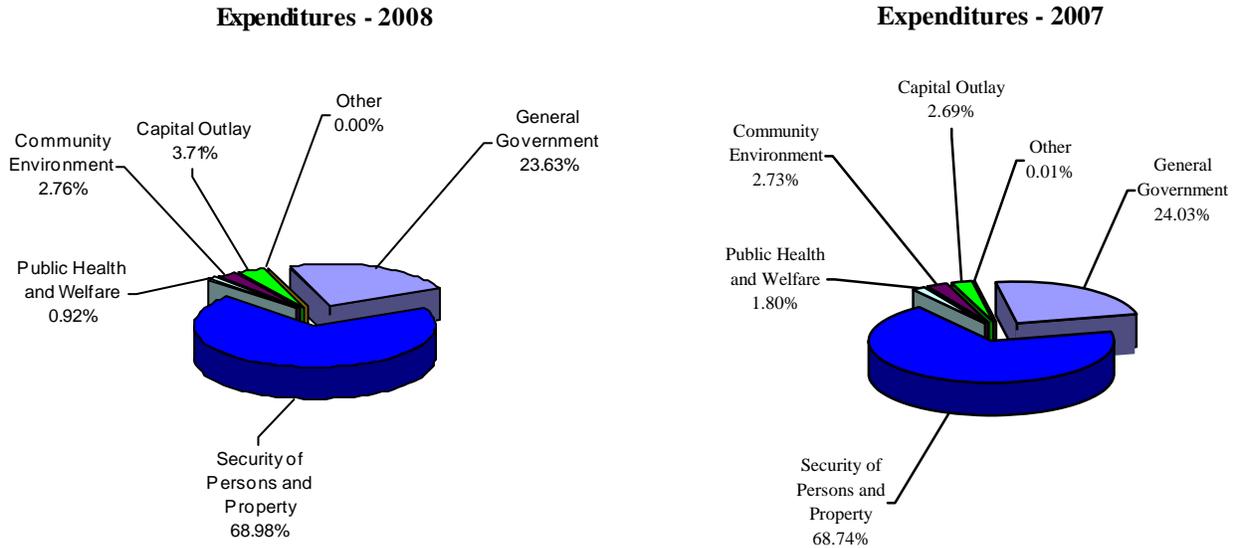
The table that follows assists in illustrating the expenditures of the general fund.

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 737,781	\$ 768,878	(4.04)
Security of persons and property	2,153,995	2,198,900	(2.04)
Public health and welfare	28,774	57,463	(49.93)
Community environment	86,290	87,354	(1.22)
Other	-	364	(100.00)
Capital outlay	<u>115,744</u>	<u>86,062</u>	34.49
Total	<u>\$ 3,122,584</u>	<u>\$ 3,199,021</u>	(2.39)

The City decreased total expenditures by 2.39%. Capital outlay had the only increase.

CITY OF CANFIELD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED



Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund and the street construction maintenance and repair fund. In the general fund, the actual revenues and other financing sources came in \$35,534 higher than they were in the final budget and actual expenditures and other financing uses were \$154,189 less than the amount in the final budget. Budgeted expenditures were increased \$191,875 from the original to the final budget. Budgeted revenues were also increased by \$426,810 from the original to the final budget.

Street Construction Maintenance and Repair Fund

The street construction maintenance and repair fund had revenues and other financing sources of \$954,159 in 2008. The expenditures of the street construction maintenance and repair fund, totaled \$906,912 in 2008. The net increase in fund balance for the street construction maintenance and repair fund was \$47,247 or 10.33%.

CITY OF CANFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

Proprietary Funds

The City's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. All of the City's enterprise funds are considered major funds. The Water fund had operating revenues of \$1,074,527 and operating expenses of \$1,150,729 for 2008. The Water fund net assets decreased \$89,186 in 2008. The Sewer fund had operating revenues of \$1,329,401 and operating expenses of \$1,116,466 for 2008. The Sewer fund net assets increased \$200,504 in 2008. The Storm fund had operating revenues of \$171,783 and operating expenses of \$159,745 for 2008. The Storm fund net assets increased \$490,813 in 2008.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2008, the City had \$26,547,368 (net of accumulated depreciation) invested in land, buildings, land improvements, equipment, vehicles, infrastructure, and construction in progress (CIP). Of this total, \$13,290,934 was reported in governmental activities and \$13,256,434 was reported in business-type activities. See Note 9 for further description of capital assets. The following table shows fiscal 2008 balances compared to 2007:

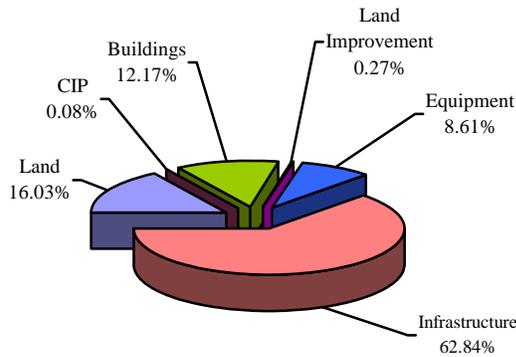
Capital Assets at December 31
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 2,130,272	\$ 2,121,608	\$ 9,140	\$ 9,140	\$ 2,139,412	\$ 2,130,748
Construction in progress	10,938	29,175	27,138	101,754	38,076	130,929
Buildings	1,618,019	1,678,349	978,518	1,009,491	2,596,537	2,687,840
Land improvements	35,623	37,524	-	-	35,623	37,524
Equipment	1,144,597	1,090,082	97,792	103,769	1,242,389	1,193,851
Infrastructure	<u>8,351,485</u>	<u>8,554,019</u>	<u>12,143,846</u>	<u>11,878,629</u>	<u>20,495,331</u>	<u>20,432,648</u>
Totals	<u>\$ 13,290,934</u>	<u>\$ 13,510,757</u>	<u>\$ 13,256,434</u>	<u>\$ 13,102,783</u>	<u>\$ 26,547,368</u>	<u>\$ 26,613,540</u>

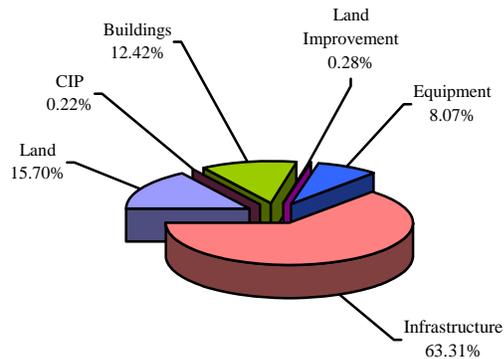
CITY OF CANFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

The following graphs show the breakdown of governmental capital assets by category for 2008 and 2007.

Capital Assets - Governmental Activities 2008



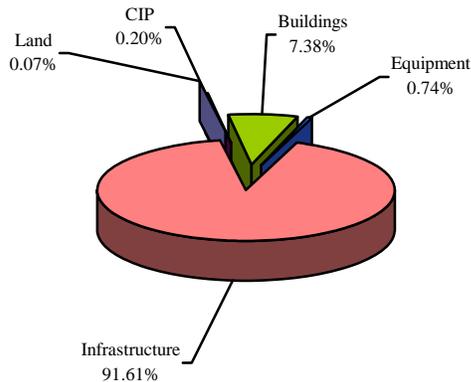
Capital Assets - Governmental Activities 2007



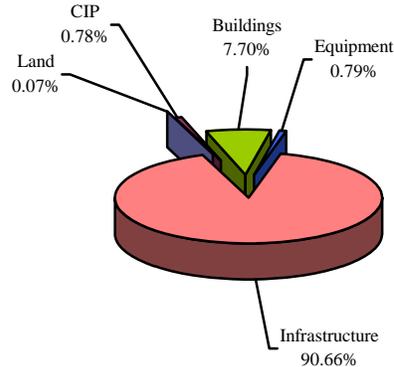
The City's infrastructure is the largest governmental activities capital asset category, which includes bridges and streets. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 62.84% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2008 and 2007.

Capital Assets - Business-Type Activities 2008



Capital Assets - Business-Type Activities 2007



The City's largest business-type capital asset category is infrastructure, which include water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 91.61% of the City's total business-type capital assets.

CITY OF CANFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

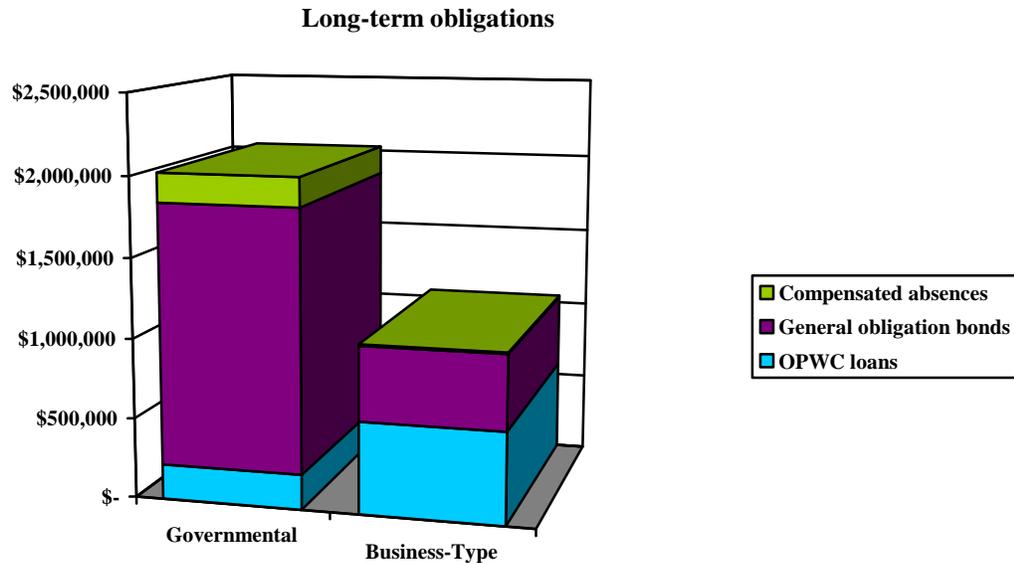
Debt Administration

The City had the following long-term obligations outstanding at December 31, 2008 and 2007:

	Governmental Activities	
	<u>2008</u>	<u>2007</u>
OPWC loans	\$ 219,028	\$ 243,948
General obligation bonds	1,625,000	1,687,500
Compensated absences	<u>182,427</u>	<u>157,233</u>
 Total long-term obligations	 <u>\$ 2,026,455</u>	 <u>\$ 2,088,681</u>

	Business-type Activities	
	<u>2008</u>	<u>2007</u>
OPWC loans	\$ 572,461	\$ 613,627
General obligation bonds	463,000	541,500
Compensated absences	<u>9,263</u>	<u>6,776</u>
 Total long-term obligations	 <u>\$ 1,044,724</u>	 <u>\$ 1,161,903</u>

A comparison of the long-term obligations by category is depicted in the chart below.



Further detail on the City's long-term obligations can be found in Note 11 to the financial statements.

CITY OF CANFIELD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 UNAUDITED

Economic Conditions and Outlook

The City of Canfield continues to grow, thriving as a small and attractive planned community of approximately 7,500 residents. A comfortable and secure residential environment, combined with a healthy business community, enables the City to retain a strong financial standing with minimal debt.

Using revenues primarily generated from its 1.00% income tax, combined with aggressive and successful efforts to secure state and local grants, the city has been able to fund a capital improvements program. These funds have been used to maintain and improve an impressive municipal infrastructure, while continually improving the overall appearance and attractiveness of the community.

In addition to ongoing utility improvements, the City is in the process of improving the streetscapes via beautification of SR46 (Broad Street), as well as ongoing programs to maintain and improve other thoroughfares, parks and recreation amenities and the overall appearance of the City.

Even during the current economic downturn and without tapping its financial reserves, the City has been able to maintain its revenue base, increase productivity of its workforce, and control operating costs through effective management and the use of technology.

The City offers an attractive, and stable residential environment with above average property appreciation rates. Numerous parks, quality recreational facilities, reasonable utility and tax rates, a quality public safety force, excellent schools and an aggressive capital improvements program, have all positioned the city well to maintain and improve its image as a progressive and inviting community.

The City has enjoyed recognition such as being designated "Tree City U.S.A." since 1981 by the Arbor Day Foundation. This honor has been earned through the compliance in the preservation of planting of trees. In 1967, it also became known as one of the nation's twelve cleanest cities, another honor richly deserved through the diligence of City officials and residents. Most recently, in July of 2007, the City was among the list of top 100 places to live. Canfield is No. 82 on the annual list of the best places to live compiled by Money magazine and CNN/Money. The list's authors compared 1,300 towns to develop the rankings.

The list considered low crime rates, pollution and auto insurance rates, leisure activities, cultural options, affordable housing, commute time and access to quality health care. Canfield has an excellent low cost of living and [low cost] of housing. According to Money and CNN calculations, the average price of a home in Canfield is \$144,028, compared with the \$316,665 average in communities that made the list. The list's authors found that personal and property crime risks were well below the best places average, but the air pollution index is slightly higher than the national average.

High quality schools, low cost of living and low crime are things that help the community stand out.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: Sandy Mayberry, Director of Finance, 104 Lisbon Street, Canfield, Ohio 44406.

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CITY OF CANFIELD

**STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

	Governmental Activities	Business-type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 3,393,409	\$ 3,429,772	\$ 6,823,181
Investments	213,768	2,883	216,651
Receivables (Net of Allowance for Uncollectibles)			
Income Taxes	523,710	0	523,710
Real and Other Taxes	569,798	0	569,798
Accounts	108,977	577,843	686,820
Special Assessments	52,114	0	52,114
Due From Other Governments	381,681	0	381,681
Prepayments	45,483	15,909	61,392
Capital Assets			
Land and Construction in Progress	2,141,210	36,278	2,177,488
Depreciable Capital Assets, net	11,149,724	13,220,156	24,369,880
Total Capital Assets	<u>13,290,934</u>	<u>13,256,434</u>	<u>26,547,368</u>
Total Assets	<u>18,579,874</u>	<u>17,282,841</u>	<u>35,862,715</u>
Liabilities:			
Accounts Payable	30,887	8,430	39,317
Accrued Wages and Benefits	87,022	8,988	96,010
Due to Other Governments	156,805	125,649	282,454
Deferred Revenue	519,020	0	519,020
Accrued Interest Payable	6,526	1,807	8,333
Long-term Liabilities:			
Due Within One Year	198,313	129,929	328,242
Due in More Than One Year	1,828,142	914,795	2,742,937
Total Liabilities	<u>2,826,715</u>	<u>1,189,598</u>	<u>4,016,313</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	11,446,906	12,220,973	23,667,879
Restricted for:			
Capital Projects	59,817	0	59,817
Debt Service	385,707	0	385,707
Security of Persons & Property	70,272	0	70,272
Public Health	15,661	0	15,661
Transportation	771,948	0	771,948
Leisuretime Activities	181,392	0	181,392
Other Purposes	144,424	0	144,424
Perpetual Care			
Expendable	127,233	0	127,233
Non-Expendable	87,400	0	87,400
Unrestricted	<u>2,462,399</u>	<u>3,872,270</u>	<u>6,334,669</u>
Total Net Assets	<u><u>\$ 15,753,159</u></u>	<u><u>\$ 16,093,243</u></u>	<u><u>\$ 31,846,402</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities:			
General Government	\$ (841,803)	\$ 310,853	\$ 44,644
Security of Persons and Property	(2,346,205)	40,478	91,815
Public Health and Welfare	(56,935)	10,850	4,054
Leisure Time Activities	(106,870)	13,345	6,837
Community Environment	(89,809)	60,017	0
Transportation	(1,094,543)	0	491,070
Basic Utility Services	0	0	0
Intergovernmental	0	0	0
Other	0	0	0
Interest and Fiscal Charges	(85,326)	0	0
Total Governmental Activities	(4,621,491)	435,543	638,420
Business-type Activities:			
Water	(1,163,713)	1,073,598	0
Sewer	(1,128,897)	1,329,401	0
Storm	(159,745)	171,783	0
Total Business-type Activities	(2,452,355)	2,574,782	0
Total Primary Government	\$ (7,073,846)	\$ 3,010,325	\$ 638,420

General Revenues:

Property Taxes Levied for:
 Street Construction, Maintenance and Repair
 Debt Retirement
 Income Taxes Levied for:
 General Purposes
 Grants and Entitlements Not Restricted to Specific Programs
 Decrease in Fair Value of Investments
 Investment Earnings
 Miscellaneous

Total General Revenues

Transfers

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 0	\$ (486,306)	\$ 0	\$ (486,306)
10,100	(2,203,812)	0	(2,203,812)
0	(42,031)	0	(42,031)
0	(86,688)	0	(86,688)
0	(29,792)	0	(29,792)
0	(603,473)	0	(603,473)
0	0	0	0
0	0	0	0
0	0	0	0
0	(85,326)	0	(85,326)
<u>10,100</u>	<u>(3,537,428)</u>	<u>0</u>	<u>(3,537,428)</u>
0	0	(90,115)	(90,115)
0	0	200,504	200,504
<u>317,400</u>	<u>0</u>	<u>329,438</u>	<u>329,438</u>
<u>317,400</u>	<u>0</u>	<u>439,827</u>	<u>439,827</u>
<u>\$ 327,500</u>	<u>(3,537,428)</u>	<u>439,827</u>	<u>(3,097,601)</u>
	401,965	0	401,965
	122,337	0	122,337
	2,414,448	0	2,414,448
	321,904	0	321,904
	(231,374)	0	(231,374)
	145,155	0	145,155
	21,138	929	22,067
	<u>3,195,573</u>	<u>929</u>	<u>3,196,502</u>
	(161,375)	161,375	0
	(503,230)	602,131	98,901
	<u>16,256,389</u>	<u>15,491,112</u>	<u>31,747,501</u>
	<u>\$ 15,753,159</u>	<u>\$ 16,093,243</u>	<u>\$ 31,846,402</u>

**CITY OF CANFIELD
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	General	Street Construction Maintenance and Repair
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 1,861,909	\$ 454,593
Investments	213,768	0
Receivables (Net of Allowance for Uncollectibles)		
Income Taxes	523,710	0
Real and Other Taxes	0	436,843
Accounts	87,167	1
Special Assessments	825	0
Due From Other Governments	133,727	223,217
Prepayments	37,531	5,686
Total Assets	\$ 2,858,637	\$ 1,120,340
 Liabilities:		
Accounts Payable	\$ 26,294	\$ 3,700
Accrued Wages and Benefits	72,382	14,020
Due to Other Governments	145,145	10,568
Deferred Revenue	379,639	587,276
Total Liabilities	623,460	615,564
 Fund Balances:		
Reserved for Encumbrances	108,722	334
Reserved for Prepayments	37,531	5,686
Reserved for Unclaimed Monies	2,259	0
Reserved for Perpetual Care	0	0
Designated for Parks and Village Green	0	0
Unreserved, Undesignated, Reported In:		
General Fund	2,086,665	0
Special Revenue Funds	0	498,756
Debt Service Funds	0	0
Capital Projects Funds	0	0
Permanent Funds	0	0
Total Fund Balances:	2,235,177	504,776
Total Liabilities and Fund Balances	\$ 2,858,637	\$ 1,120,340

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Other Governmental Funds	Total Governmental Funds
\$ 1,076,907	\$ 3,393,409
0	213,768
0	523,710
132,955	569,798
21,809	108,977
51,289	52,114
24,737	381,681
2,266	45,483
<u>\$ 1,309,963</u>	<u>\$ 5,288,940</u>

\$ 893	\$ 30,887
620	87,022
1,092	156,805
209,205	1,176,120
<u>211,810</u>	<u>1,450,834</u>

4,858	113,914
2,266	45,483
0	2,259
87,400	87,400
100,000	100,000
0	2,086,665
346,391	845,147
370,880	370,880
59,817	59,817
126,541	126,541
<u>1,098,153</u>	<u>3,838,106</u>
<u>\$ 1,309,963</u>	<u>\$ 5,288,940</u>

CITY OF CANFIELD

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2008

Total Governmental Fund Balances \$ 3,838,106

Amounts reported for governmental activities on the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 13,290,934

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Income Taxes	\$	254,927	
Real and Other Taxes		50,778	
Charges for Services		37,046	
Special Assessments		52,114	
Intergovernmental		256,437	
Other		5,798	
 Total			657,100

In the statement of activities interest is accrued on outstanding bonds, notes and loans payable, whereas in governmental funds, interest expenditures are reported when due. (6,526)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:

Compensated Absences Payable		(182,427)	
General Obligation Bonds Payable		(1,625,000)	
OPWC Loans Payable		(219,028)	
 Total			(2,026,455)

Net Assets of Governmental Activities **\$ 15,753,159**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF CANFIELD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>
Revenues:		
Income Taxes	\$ 2,455,425	\$ 0
Real and Other Taxes	0	390,561
Other Local Taxes	0	63,556
Special Assessments	500	0
Charges for Services	224,608	0
Licenses and Permits	106,678	0
Fines and Forfeitures	49,452	0
Intergovernmental	405,257	476,213
Investment Income	145,155	13,255
Decrease in FV of Investments	(231,374)	0
Other	18,746	92
Total Revenues	<u>3,174,447</u>	<u>943,677</u>
Expenditures:		
Current:		
General Government	737,781	0
Security of Persons and Property	2,153,995	0
Public Health and Welfare	28,774	0
Leisure Time Activities	0	0
Community Environment	86,290	0
Transportation	0	795,115
Other	0	0
Capital Outlay	115,744	111,797
Debt Service:		
Principal Retirement	0	0
Interest & Fiscal Charges	0	0
Total Expenditures	<u>3,122,584</u>	<u>906,912</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>51,863</u>	<u>36,765</u>
Other Financing Sources (Uses)		
Sale of Capital Assets	4,036	0
Transfers in	3,487	10,482
Transfers out	(281,124)	0
Total Other Financing Sources (Uses)	<u>(273,601)</u>	<u>10,482</u>
Net Change in Fund Balance	<u>(221,738)</u>	<u>47,247</u>
Fund Balances at the Beginning of the Year	<u>2,456,915</u>	<u>457,529</u>
Fund Balances at End of the Year	<u><u>\$ 2,235,177</u></u>	<u><u>\$ 504,776</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 0	\$ 2,455,425
118,866	509,427
0	63,556
26,035	26,535
24,195	248,803
0	106,678
0	49,452
80,615	962,085
11,471	169,881
0	(231,374)
48,156	66,994
<u>309,338</u>	<u>4,427,462</u>
23,270	761,051
33,998	2,187,993
24,102	52,876
88,747	88,747
0	86,290
17,850	812,965
	0
73,687	301,228
	0
87,419	87,419
85,570	85,570
<u>434,643</u>	<u>4,464,139</u>
<u>(125,305)</u>	<u>(36,677)</u>
0	4,036
119,749	133,718
(13,969)	(295,093)
<u>105,780</u>	<u>(157,339)</u>
<u>(19,525)</u>	<u>(194,016)</u>
<u>1,117,678</u>	<u>4,032,122</u>
<u>\$ 1,098,153</u>	<u>\$ 3,838,106</u>

CITY OF CANFIELD

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, 2008

Net Change in Fund Balances - Total Governmental Funds **\$ (194,016)**

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

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

Capital Asset Additions	\$ 301,228	
Current Year Depreciation	(520,891)	
	(219,663)	
Total		(219,663)

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. (160)

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

Income Taxes	(40,977)	
Real and Other Taxes	14,875	
Charges for Services	(1,707)	
Special Assessments	5,782	
Intergovernmental Revenues	(129,066)	
Other	(767)	
	(151,860)	
Total		(151,860)

Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 87,419

In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due. 244

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 the governmental funds. (25,194)

Change in Net Assets of Governmental Activities **\$ (503,230)**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Income Taxes	\$ 2,401,000	\$ 2,431,000	\$ 2,477,740	\$ 46,740
Special Assessments	400	400	500	100
Charges for Services	208,938	211,088	224,941	13,853
Licenses and Permits	81,740	76,800	83,466	6,666
Fines and Forfeitures	44,410	40,010	47,842	7,832
Intergovernmental	274,514	278,514	396,510	117,996
Investment Income	242,310	242,310	145,155	(97,155)
Other	15,389	15,389	18,747	3,358
Total Revenues	3,268,701	3,295,511	3,394,901	99,390
Expenditures:				
Current:				
General Government	1,033,120	1,026,470	840,469	186,001
Security of Persons and Property	2,536,741	2,556,731	2,342,354	214,377
Public Health and Welfare	117,533	117,533	86,105	31,428
Community Environment	120,524	120,524	91,889	28,635
Other	33,809	37,709	32,668	5,041
Capital Outlay	191,293	199,553	182,097	17,456
Total Expenditures	4,033,020	4,058,520	3,575,582	482,938
Excess (Deficiency) of Revenues Over (Under) Expenditures	(764,319)	(763,009)	(180,681)	582,328
Other Financing Sources (Uses):				
Sale of Capital Assets	100	400,100	4,036	(396,064)
Advances In	0	0	332,208	332,208
Advances Out	0	0	(328,749)	(328,749)
Transfers In	3,487	3,487	3,487	0
Transfers Out	(114,749)	(281,124)	(281,124)	0
Total Other Financing Sources (Uses)	(111,162)	122,463	(270,142)	(392,605)
Net Change in Fund Balance	(875,481)	(640,546)	(450,823)	189,723
Fund Balance at Beginning of Year	1,567,845	1,567,845	1,567,845	0
Prior Year Encumbrances Appropriated	394,377	394,377	394,377	0
Fund Balance at End of Year	\$ 1,086,741	\$ 1,321,676	\$ 1,511,399	\$ 189,723

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Real and Other Taxes	\$ 406,003	\$ 406,003	\$ 390,561	\$ (15,442)
Other Local Taxes	67,000	67,000	62,241	(4,759)
Intergovernmental	454,016	451,016	467,437	16,421
Investment Income	19,270	19,270	13,255	(6,015)
Other	0	0	92	92
Total Revenues	<u>946,289</u>	<u>943,289</u>	<u>933,586</u>	<u>(9,703)</u>
Expenditures:				
Current:				
Transportation	934,248	962,248	826,840	135,408
Capital Outlay	126,419	126,419	113,019	13,400
Total Expenditures	<u>1,060,667</u>	<u>1,088,667</u>	<u>939,859</u>	<u>148,808</u>
Excess of Expenditures Over Revenues	<u>(114,378)</u>	<u>(145,378)</u>	<u>(6,273)</u>	<u>139,105</u>
Other Financing Sources:				
Transfers In	10,482	10,482	10,482	0
Total Other Financing Sources (Uses)	<u>10,482</u>	<u>10,482</u>	<u>10,482</u>	<u>0</u>
Net Change in Fund Balance	(103,896)	(134,896)	4,209	139,105
Fund Balance at Beginning of Year	360,506	360,506	360,506	0
Prior Year Encumbrances Appropriated	62,090	62,090	62,090	0
Fund Balance at End of Year	<u>\$ 318,700</u>	<u>\$ 287,700</u>	<u>\$ 426,805</u>	<u>\$ 139,105</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2008

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Storm	Total
Assets:				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 1,892,517	\$ 1,127,904	\$ 409,351	\$ 3,429,772
Investments	2,883	0	0	2,883
Receivables (Net of Allowance for Uncollectibles)				
Accounts	238,506	301,226	38,111	577,843
Due From Other Governments	0	0	0	0
Prepayments	12,295	2,253	1,361	15,909
Total Current Assets	<u>2,146,201</u>	<u>1,431,383</u>	<u>448,823</u>	<u>4,026,407</u>
Noncurrent Assets:				
Capital Assets				
Land and Construction in Progress	7,070	6,069	23,139	36,278
Depreciable Capital Assets, Net	5,281,886	3,979,642	3,958,628	13,220,156
Total Capital Assets	<u>5,288,956</u>	<u>3,985,711</u>	<u>3,981,767</u>	<u>13,256,434</u>
Total Noncurrent Assets	<u>5,288,956</u>	<u>3,985,711</u>	<u>3,981,767</u>	<u>13,256,434</u>
Total Assets	<u>7,435,157</u>	<u>5,417,094</u>	<u>4,430,590</u>	<u>17,282,841</u>
Liabilities:				
Current Liabilities:				
Accounts Payable	6,037	1,741	652	8,430
Accrued Wages and Benefits	4,013	3,951	1,024	8,988
Due to Other Governments	66,110	58,407	1,132	125,649
Compensated Absences	2,642	4,511	2,110	9,263
Current Portion of General Obligation Bonds	50,500	29,000	0	79,500
Current Portion of OPWC Loans	0	41,166	0	41,166
Accrued Interest Payable	886	921	0	1,807
Total Current Liabilities	<u>130,188</u>	<u>139,697</u>	<u>4,918</u>	<u>274,803</u>
Long-term Liabilities:				
General Obligation Bonds	176,500	207,000	0	383,500
OPWC Loans	0	531,295	0	531,295
Total Long-term Liabilities	<u>176,500</u>	<u>738,295</u>	<u>0</u>	<u>914,795</u>
Total Liabilities	<u>306,688</u>	<u>877,992</u>	<u>4,918</u>	<u>1,189,598</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	5,061,956	3,177,250	3,981,767	12,220,973
Unrestricted	2,066,513	1,361,852	443,905	3,872,270
Total Net Assets	<u>\$ 7,128,469</u>	<u>\$ 4,539,102</u>	<u>\$ 4,425,672</u>	<u>\$ 16,093,243</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Storm	Total
Operating Revenues				
Charges for Services	\$ 1,073,598	\$ 1,329,401	\$ 171,783	\$ 2,574,782
Other	929	0	0	929
Total Operating Revenues	<u>1,074,527</u>	<u>1,329,401</u>	<u>171,783</u>	<u>2,575,711</u>
Operating Expenses:				
Personal Services	102,782	127,165	33,564	263,511
Contractual Services	775,267	795,562	9,738	1,580,567
Supplies and Materials	20,406	7,094	5,827	33,327
Other	56,340	55,000	10,022	121,362
Depreciation	195,934	131,645	100,594	428,173
Total Operating Expenses	<u>1,150,729</u>	<u>1,116,466</u>	<u>159,745</u>	<u>2,426,940</u>
Operating Income (Loss)	<u>(76,202)</u>	<u>212,935</u>	<u>12,038</u>	<u>148,771</u>
Nonoperating Revenues (Expenses):				
Interest and Fiscal Charges	(12,984)	(12,431)	0	(25,415)
Intergovernmental Revenue	0	0	317,400	317,400
Transfers In	0	0	161,375	161,375
Transfers Out	0	0	0	0
Total Nonoperating Revenues (Expenses)	<u>(12,984)</u>	<u>(12,431)</u>	<u>478,775</u>	<u>453,360</u>
Changes in Net Assets	(89,186)	200,504	490,813	602,131
Net Assets at Beginning of Year	<u>7,217,655</u>	<u>4,338,598</u>	<u>3,934,859</u>	<u>15,491,112</u>
Net Assets at End of Year	<u>\$ 7,128,469</u>	<u>\$ 4,539,102</u>	<u>\$ 4,425,672</u>	<u>\$ 16,093,243</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities - Enterprise Funds			
	<u>Water</u>	<u>Sewer</u>	<u>Storm</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 1,049,013	\$ 1,322,334	\$ 167,495	\$ 2,538,842
Cash Received from Other Operations	966	682	11	1,659
Cash Payments for Personal Services	(101,535)	(124,479)	(33,540)	(259,554)
Cash Payments for Contractual Services	(759,903)	(796,802)	(10,184)	(1,566,889)
Cash Payments for Supplies and Materials	(16,777)	(7,228)	(5,481)	(29,486)
Cash Payments for Other Expenses	(56,340)	(57,500)	(10,022)	(123,862)
Net Cash Provided by Operating Activities	<u>115,424</u>	<u>337,007</u>	<u>108,279</u>	<u>560,710</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(39,315)	(11,346)	(571,164)	(621,825)
Intergovernmental			317,400	317,400
Principal Retirement	(50,500)	(69,166)	0	(119,666)
Interest and Fiscal Charges	(13,181)	(12,540)	0	(25,721)
Transfers In	0	0	161,375	161,375
Net Cash Used in Capital and Related Financing Activities	<u>(102,996)</u>	<u>(93,052)</u>	<u>(92,389)</u>	<u>(288,437)</u>
Net Increase in Cash and Cash Equivalents	12,428	243,955	15,890	272,273
Cash and Cash Equivalents at Beginning of Year	<u>1,880,089</u>	<u>883,949</u>	<u>393,461</u>	<u>3,157,499</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,892,517</u>	<u>\$ 1,127,904</u>	<u>\$ 409,351</u>	<u>\$ 3,429,772</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ (76,202)	\$ 212,935	\$ 12,038	\$ 148,771
Adjustments:				
Depreciation	195,934	131,645	100,594	428,173
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	(24,548)	(6,386)	(4,276)	(35,210)
(Increase)Decrease in Prepayments	79	281	(368)	(8)
Increase/(Decrease) in Accrued Wages and Benefits	1,176	327	(181)	1,322
Increase/(Decrease) in Due to Other Governments	13,324	(2,388)	(634)	10,302
Increase in Compensated Absences Payable	332	1,541	614	2,487
Increase/(Decrease) in Accounts Payable	5,329	(948)	492	4,873
Net Cash Provided by Operating Activities	<u>\$ 115,424</u>	<u>\$ 337,007</u>	<u>\$ 108,279</u>	<u>\$ 560,710</u>
Noncash Investing, Capital, and Financing Activities:				
Capital Assets Purchased on Account	0	0	(40,000)	(40,000)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2008

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 27,855	\$ 59,509
Total Current Assets	<u>27,855</u>	<u>59,509</u>
 Total Assets	 <u>27,855</u>	 <u>59,509</u>
 Liabilities:		
Current Liabilities:		
Deposits Held and Due to Others	<u>0</u>	<u>59,509</u>
Total Current Liabilities	<u>0</u>	<u>59,509</u>
 Total Liabilities	 <u>0</u>	 <u>59,509</u>
 Net Assets:		
Held in Trust for Other Purposes	<u>27,855</u>	<u>0</u>
 Total Net Assets	 <u>\$ 27,855</u>	 <u>\$ 0</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Private Purpose Trust
Net Assets at Beginning of Year	<u>\$ 27,855</u>
Net Assets at End of Year	<u><u>\$ 27,855</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1 - DESCRIPTION OF THE CITY

The City of Canfield (the "City") was incorporated under the laws of the State of Ohio in 1852, and adopted its first charter in 1968. The form of government provided in this Charter is known as the "Council-Manager Plan." The Charter provides for a council of five members consisting of the Mayor and four other persons elected from the City at large. All members of the Council are elected for overlapping terms of four years. The Mayor does not serve as President of the Council and does not have any veto power over the actions of the Council.

The Manager is appointed by the Council and is the chief executive, administrative and law enforcement officer of the City. The Director of Finance is appointed by the Manager, with the approval of Council. The Director of Finance is the fiscal officer of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial 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 the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The City has elected not to apply these FASB Statements and Interpretations. The most significant of the City's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the City's BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete.

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 Canfield, this includes police protection, street maintenance and repairs, planning and zoning, parks and recreation, water and wastewater. The operation of each of these activities is directly controlled by Council through the budgetary process.

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. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

Prior to 1990, the Fire Department of Canfield was solely operated by the City. The Cardinal Joint Fire district is a jointly managed organization with the Township of Canfield. The City and Township appoint two each of the five member board. The fifth board member is selected by the other four members. The Cardinal Joint Fire District is supported by its own millage.

The Canfield City School District has been excluded from the reporting entity because the City is not financially accountable for this organization nor does the City approve the budget, the levying of taxes or the issuance of debt for this organization.

B. Basis of Presentation - Fund Accounting

The City's BFS 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 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 functions are self-financing or draw 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. Fiduciary funds are reported by type.

C. 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. There are three categories of funds: governmental, proprietary and fiduciary.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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. This includes, but is not limited to, police and fire protection, public health activities, cemetery, and the general administration of City functions.

Street Construction Maintenance and Repair Fund - This fund accounts for revenues generated from license and gasoline taxes to be used on local roads within the City.

Other governmental funds of the City are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; and (b) for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds - Proprietary fund reporting focuses on changes in net assets, financial position and cash flows.

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

Water Fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer Fund - This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Storm Fund - This fund accounts for the provision of sanitation services to the residents and commercial users located within the City.

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. The City's only trust fund is a private-purpose trust fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has seven agency funds. The City's agency funds primarily account for mayor's court and deposits.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

Private Purpose Trust Funds

Cemetery Endowment Fund - This fund accounts for endowments received by sale of lots and specific bequests. All monies of the fund shall be invested in any qualified investment as determined by the Ohio Revised Code, the City of Canfield's Charter and the Finance Director of the City of Canfield. The corpus of the Endowment Fund shall be used only for additional cemetery land acquisition or improvements necessary to expand the cemetery, and must be approved by a majority vote of Council.

Earnings from the Cemetery Endowment Fund may be transferred to the Cemetery Operating Fund and shall be used first to provide plantings, flowers and/or maintenance to those grave sites requiring same as a condition of a bequest. All other money shall be used for general care of the cemetery. Such care may include but not be limited to: (1) lawn and tree maintenance, replacement and additions; and (2) expenses involved with labor and equipment involved in (1).

D. Measurement Focus and Basis of Accounting

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for sales and services. Operating expenses for the enterprise funds include personnel and other expenses related to the operations of the enterprise activities. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

E. 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. Governmental funds use the modified accrual basis of accounting. Proprietary and agency funds use the 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days after year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). 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 nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

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, 2008, but which were levied to finance year 2009 operations, have been recorded as deferred revenue. Special assessments not received within the available period and 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.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. 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 certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

Tax Budget - During the first Council meeting in July, the Manager presents the annual operating budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include encumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Finance Director determines, and the Budget Commission agrees, that an estimates need to be either increased or decreased.

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized during the year for budget control purposes. Encumbrances outstanding at year-end are reported as expenditures under the City's budgetary basis of accounting. For GAAP reporting purposes, encumbrances outstanding at year-end are reported as reservations of fund balances for governmental funds since they do not constitute expenditures or liabilities.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

H. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During 2008, investments were limited to a repurchase agreement, investments in State Treasury Asset Reserve of Ohio (STAR Ohio), and common stock. 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.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2008.

While common stock is not an allowable investment according to Ohio Statute, the City has received stock from the demutualization of the Anthem Insurance Company and as a donation from Wheeling Pittsburgh. No public funds were used to acquire this stock.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2008 amounted to \$145,155, which included \$105,319 assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the statement of net assets, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City, are considered to be cash equivalents. Investments with maturities greater than three months at the time of purchase are reported as investments.

An analysis of the City's investment account at year-end is provided in Note 4.

I. Capital Assets

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

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$100. The City’s infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems, and water and sewer lines. 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 is also capitalized for business-type activities.

All reported capital assets are depreciated except for land and construction in progress. 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 of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Improvements Other Than Buildings	7-20 years	7-20 years
Buildings	50 years	50 years
Equipment	3-20 years	3-20 years
Vehicles	5 years	5 years
Infrastructure	50-75 years	-
Water and Sewer Lines	-	50 years

J. Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”. Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributed 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 liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future. The City records a liability for accumulated unused sick and vacation time after 10 years of service.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

CITY OF CANFIELD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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 fund 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.

L. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The City had no other interfund loans outstanding at December 31, 2008.

M. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the BFS.

N. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

O. Fund Balance Reserves and Designations

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The City reports a reservation of fund balance for amounts representing encumbrances outstanding, prepayments, unclaimed monies and perpetual care in the governmental fund financial statements. A fund balance designation is reported for parks and village green future expenditures.

CITY OF CANFIELD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

P. Estimates

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

Q. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements. There were no capital contributions from governmental funds during 2008.

R. 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 City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

S. 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 charges for services for water, sewer and storm water programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

T. 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 Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2008.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Changes in Accounting Principles

For 2008, the City has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations" and GASB Statement No. 50, "Pension Disclosures".

CITY OF CANFIELD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the City; however, certain disclosures related to postemployment benefits (see Note 14) have been modified to conform to the new reporting requirements.

GASB Statement No. 49 establishes the enhancement of the usefulness and comparability of pollution remediation obligations. The implementation of GASB Statement No. 49 no affect on the financial statements of the City at December 31, 2008.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the City.

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Equity in Pooled Cash and Cash Equivalents." Statutes require the classification of monies held by the City into three categories:

Active Monies: those monies required to be kept in a "cash" or "near-cash" status for immediate use by the City. Such monies must by law be maintained either as cash in the City treasury; in depository accounts payable or withdrawable on demand; including negotiable order of withdrawal (NOW) account; or in money market deposit accounts.

Inactive Monies: those monies not required for use within the current five year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim Monies: those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim monies must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit accounts including passbook accounts.

Interim monies may 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 or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons; and,
3. Obligations of the City.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the 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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

At December 31, 2008, the carrying amount of all City deposits was \$(163,791), exclusive of the \$1,497,638 in repurchase agreements included in investments below. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the “zero-balance” nature of City’s bank accounts. The negative carrying amount of deposits is due to the sweeping of monies into overnight repurchase agreements which are reported as “investments”. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2008, the City’s entire bank balance of \$50,915 was covered by FDIC.

Custodial credit risk 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. As permitted by Ohio Revised Code, the City’s deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the depository bank and pledged as a pool of collateral against all public deposits held by the depository. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

B. Investments

As of December 31, 2008 the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> 6 months or less
Anthem Stock	\$ 213,768	\$ -
Wheeling Pittsburgh Stock	2,883	-
Repurchase Agreements	1,497,638	1,497,638
STAR Ohio	<u>5,576,698</u>	<u>5,576,698</u>
Total	<u>\$ 7,290,987</u>	<u>\$ 7,074,336</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the City’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard & Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The City’s federal agency securities that underlie the repurchase agreement were rated AAA and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's \$1,497,638 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the City. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Anthem Stock	\$ 213,768	2.93%
Wheeling Pittsburgh Stock	2,883	0.04%
Repurchase Agreements	1,497,638	20.54%
STAR Ohio	<u>5,576,698</u>	<u>76.49%</u>
Total	<u>\$ 7,290,987</u>	<u>100.00%</u>

C. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2008:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ (163,791)
Investments	<u>7,290,987</u>
Total	<u>\$ 7,127,196</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 3,607,177
Business type activities	3,432,655
Private purpose trust funds	27,855
Agency funds	<u>59,509</u>
Total	<u>\$ 7,127,196</u>

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 5 - INTERFUNDS

- A. Interfund transfers for the year ended December 31, 2008, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental Funds from General Fund	\$ 119,749
Transfers to Business-type Funds from General Fund	<u>161,375</u>
Total Transfers	<u>\$ 281,124</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) transfer assets purchased by governmental funds to enterprise funds.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. The last revaluation was completed in 2005. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 6.25% for 2008. This percentage will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 6 - PROPERTY TAXES - (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2008-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Canfield. 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, 2008 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2008 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The assessed value upon which the 2007 levy (collected in 2008) was based was \$197,571,371. Ohio law limits unvoted property taxation, combined for all overlapping taxing authorities, to 10 mills. The City's current share of property tax is 3 mills of assessed value, all of which is unvoted.

The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real property tax	\$ 192,931,080
Public utility tangible personal property	2,256,440
Tangible personal property	<u>2,383,851</u>
Total assessed valuation	<u>\$ 197,571,371</u>

Property taxes receivables represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2008. Although total property tax collections for the next year are measurable, they are generally not collected during the available period.

CITY OF CANFIELD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 7 - LOCAL INCOME TAX

The City levies a municipal income tax of one percent as follows:

Resident - Individuals 18 years of age and over pay the tax on income from all sources no matter where derived. The following is taxable, but is not limited to, gross salaries, gross wages, commissions, tips, gratuities and other compensation. The tax is paid on earnings, payments, bonuses, commissions, and fees received by professionals, brokers and independent contractors and the net profits from businesses, rents and farms. Also taxable is income from Sub S Corp., and partnerships. Royalties and gambling winnings over \$5,000 are taxable.

Residents who pay another city income tax are given a credit of ½ of 1% of the wage on which the other city tax is paid.

Resident business - Businesses located within the City must withhold the 1% tax on the gross compensation of all employees 18 years of age and older. They must also provide copies of all 1099 Miscellaneous Income Forms issued since the tax is not withheld on that compensation. Taxes are paid on the net profit of the business.

Non-Resident - Taxes are paid on income and wages earned from a business located in the City. The employer must withhold the City income tax on the wages paid all employees. Income earned while working within the city limits is taxable to the City and the employer (even when located outside of the City) must withhold the city tax on these wages. Independent contractors pay on earnings, payments, bonuses, commissions and/or fees received. Since they are not employees, the tax is not withheld by an employer and they file and pay their own taxes.

Non-Resident Business - The tax is withheld on the individuals working within the City limits. Taxes are paid on the net profit of the portion of the business conducted within the City of Canfield or for the City of Canfield.

Income tax proceeds are received by the general fund.

CITY OF CANFIELD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 8 - RECEIVABLES

Receivables at December 31, 2008, consisted of taxes, accounts (billings for user charged services), special assessments, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "Due From Other Governments" on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2008.

A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities:

Income taxes	\$ 523,710
Real and other taxes	569,798
Special assessments	52,114
Accounts	108,977
Due from other governments	381,681

Business-type Activities:

Accounts	577,843
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Receivables have been disaggregated on the face of the BFS. The only receivable not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 9 - CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2008, was as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>1/01/08</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/08</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,121,608	\$ 8,664	\$ -	\$ 2,130,272
Construction in progress	<u>29,175</u>	<u>28,665</u>	<u>(46,902)</u>	<u>10,938</u>
Total capital assets, not being depreciated	<u>2,150,783</u>	<u>37,329</u>	<u>(46,902)</u>	<u>2,141,210</u>
<i>Capital assets, being depreciated:</i>				
Buildings	3,311,090	2,155	-	3,313,245
Land improvements	63,419	718	-	64,137
Equipment	2,940,454	263,394	(64,690)	3,139,158
Infrastructure	<u>13,898,666</u>	<u>44,534</u>	<u>-</u>	<u>13,943,200</u>
Total capital assets, being depreciated	<u>20,213,629</u>	<u>310,801</u>	<u>(64,690)</u>	<u>20,459,740</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(1,632,741)	(62,485)	-	(1,695,226)
Land improvements	(25,895)	(2,619)	-	(28,514)
Equipment	(1,850,372)	(208,719)	64,530	(1,994,561)
Infrastructure	<u>(5,344,647)</u>	<u>(247,068)</u>	<u>-</u>	<u>(5,591,715)</u>
Total accumulated depreciation	<u>(8,853,655)</u>	<u>(520,891)</u>	<u>64,530</u>	<u>(9,310,016)</u>
Total capital assets, being depreciated, net	<u>11,359,974</u>	<u>(210,090)</u>	<u>(160)</u>	<u>11,149,724</u>
Governmental activities capital assets, net	<u>\$ 13,510,757</u>	<u>\$ (172,761)</u>	<u>\$ (47,062)</u>	<u>\$ 13,290,934</u>

CITY OF CANFIELD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General Government	\$ 79,023
Security of Persons and Property	137,088
Public Health and Welfare	4,008
Leisure Time Activities	18,123
Community Environment	1,354
Transportation	<u>281,295</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 520,891</u>

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 9 - CAPITAL ASSETS - (Continued)

Capital asset activity for business-type activities for the year ended December 31, 2008, was as follows:

<u>Business-type Activities:</u>	<u>Balance</u> 1/01/08	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> 12/31/08
<i>Capital assets, not being depreciated:</i>				
Land	\$ 9,140	\$ -	\$ -	\$ 9,140
Construction in progress	<u>101,754</u>	<u>520,061</u>	<u>(594,677)</u>	<u>27,138</u>
Total capital assets, not being depreciated	<u>110,894</u>	<u>520,061</u>	<u>(594,677)</u>	<u>36,278</u>
<i>Capital assets, being depreciated:</i>				
Buildings	1,547,674	-	-	1,547,674
Equipment	391,377	13,299	-	404,676
Infrastructure	<u>19,234,800</u>	<u>643,141</u>	<u>-</u>	<u>19,877,941</u>
Total capital assets, being depreciated	<u>21,173,851</u>	<u>656,440</u>	<u>-</u>	<u>21,830,291</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(538,183)	(30,973)	-	(569,156)
Equipment	(287,608)	(19,276)	-	(306,884)
Infrastructure	<u>(7,356,171)</u>	<u>(377,924)</u>	<u>-</u>	<u>(7,734,095)</u>
Total accumulated depreciation	<u>(8,181,962)</u>	<u>(428,173)</u>	<u>-</u>	<u>(8,610,135)</u>
Total capital assets, being depreciated, net	<u>12,991,889</u>	<u>228,267</u>	<u>-</u>	<u>13,220,156</u>
Business-type activities capital assets, net	<u>\$ 13,102,783</u>	<u>\$ 748,328</u>	<u>\$ (594,677)</u>	<u>\$ 13,256,434</u>

CITY OF CANFIELD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to functions/programs of the City as follows:

Business-type activities:

Water	\$ 195,934
Sewer	131,645
Storm	<u>100,594</u>
Total depreciation expense - business-type activities	<u>\$ 428,173</u>

NOTE 10 - VACATION AND SICK LEAVE LIABILITY

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned unused vacation time up to a maximum of 200 hours is paid upon termination of employment. Employees earn sick leave at a rate of ten (10) hours per month. Sick leave accrual is continuous, up to 2,000 hours. Upon retirement or death, an employee with 10 years of continuous service can be paid an amount equal to one-fourth (1/4) the total number of accumulated, unused sick hours, not to exceed the maximum of 480 hours. As of December 31, 2008, the liability for unpaid compensated absences was \$191,690 for the entire City.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 11 - LONG-TERM OBLIGATIONS

A. During 2008, the following activity occurred in governmental activities long-term obligations:

Governmental Activities:	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Balance 01/01/08</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/08</u>	<u>Amounts Due in One Year</u>
<u>OPWC Loans:</u>							
Brookpark Storm Water Imp.	1994	0.00%	17,734	-	(2,729)	15,005	2,728
Hillside Storm Water Imp	1994	0.00%	47,235	-	(7,873)	39,362	7,872
Court St. Area Storm Water Imp.	2000	0.00%	178,979	-	(14,318)	164,661	14,319
Total OPWC Loans			<u>243,948</u>	<u>-</u>	<u>(24,920)</u>	<u>219,028</u>	<u>24,919</u>
<u>General Obligation Bonds:</u>							
Storm Water Improvement	1992	4.75%	125,000	-	(25,000)	100,000	25,000
Red Gate Land Acquisition	2006	4.92%	1,300,000	-	-	1,300,000	-
Municipal Complex Improvement	1994	4.75%	262,500	-	(37,500)	225,000	37,500
Total G.O. Bonds			<u>1,687,500</u>	<u>-</u>	<u>(62,500)</u>	<u>1,625,000</u>	<u>62,500</u>
<u>Other Long-Term Obligations:</u>							
Compensated Absences			<u>157,233</u>	<u>169,171</u>	<u>(143,977)</u>	<u>182,427</u>	<u>110,894</u>
Total governmental activities long-term obligations			<u>\$ 2,088,681</u>	<u>\$ 169,171</u>	<u>\$ (231,397)</u>	<u>\$ 2,026,455</u>	<u>\$ 198,313</u>

Compensated absences reported in the statement of net assets will be paid from the fund from which the employee's salaries are paid. Property taxes are used to pay the GO bonds and OPWC loans in the Governmental Funds.

The following is the summary of the City's future annual debt service and interest requirements for governmental fund obligations:

<u>Year Ending December 31,</u>	<u>OPWC Loans</u>			<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 24,919	\$ -	\$ 24,919	\$ 62,500	80,286	\$ 142,786
2010	24,919	-	24,919	62,500	77,317	139,817
2011	24,919	-	24,919	1,362,500	41,924	1,404,424
2012	24,919	-	24,919	62,500	6,531	69,031
2013	24,919	-	24,919	37,500	3,563	41,063
2014 - 2018	72,956	-	72,956	37,500	1,781	39,281
2019 - 2023	21,477	-	21,477	-	-	-
	<u>\$ 219,028</u>	<u>\$ -</u>	<u>\$ 219,028</u>	<u>\$ 1,625,000</u>	<u>\$ 211,402</u>	<u>\$ 1,836,402</u>

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. During the fiscal year 2008, the following activity occurred in the City's business-type long-term liabilities:

Business-Type Activities	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Balance 01/01/08</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/08</u>	<u>Amounts Due in One Year</u>
<u>OPWC Loans:</u>							
Sawmill Sanitary Main Replacement	2002	0.00%	\$ 243,154	\$ -	\$ (18,012)	\$ 225,142	\$ 18,012
Sawmill Sanitary Main Lining	2003	0.00%	<u>370,473</u>	<u>-</u>	<u>(23,154)</u>	<u>347,319</u>	<u>23,154</u>
Total OPWC Loans			<u>\$ 613,627</u>	<u>\$ -</u>	<u>\$ (41,166)</u>	<u>\$ 572,461</u>	<u>\$ 41,166</u>
<u>General Obligation Bonds:</u>							
Water Main Construction	1994	4.75%	\$ 87,500	\$ -	\$ (12,500)	\$ 75,000	\$ 12,500
Water Storage Tank	1992	4.75%	190,000	-	(38,000)	152,000	38,000
Sewer System Improvement	1996	4.75%	<u>264,000</u>	<u>-</u>	<u>(28,000)</u>	<u>236,000</u>	<u>29,000</u>
Total G.O. Bonds			<u>\$ 541,500</u>	<u>\$ -</u>	<u>\$ (78,500)</u>	<u>\$ 463,000</u>	<u>\$ 79,500</u>
<u>Other Long-Term Obligations:</u>							
Compensated absences			<u>\$ 6,776</u>	<u>\$ 11,227</u>	<u>\$ (8,740)</u>	<u>\$ 9,263</u>	<u>\$ 9,263</u>
Total business-type activities long-term obligations			<u>\$ 1,161,903</u>	<u>\$ 11,227</u>	<u>\$ (128,406)</u>	<u>\$ 1,044,724</u>	<u>\$ 129,929</u>

User charges, impact fees and property taxes are used to pay the G. O. Bonds reported in the enterprise funds.

The following is the summary of the City's future annual debt service and interest requirements for business-type activities obligations:

<u>Year Ending December 31,</u>	<u>OPWC Loans</u>			<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 41,166	\$ -	\$ 41,166	\$ 79,500	\$ 21,993	\$ 101,493
2010	41,166	-	41,166	80,500	18,216	98,716
2011	41,166	-	41,166	82,500	14,393	96,893
2012	41,166	-	41,166	84,500	10,474	94,974
2013	41,166	-	41,166	47,500	6,460	53,960
2014 - 2018	205,830	-	205,830	88,500	6,056	94,556
2019 - 2023	<u>160,801</u>	<u>-</u>	<u>160,801</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 572,461</u>	<u>\$ -</u>	<u>\$ 572,461</u>	<u>\$ 463,000</u>	<u>\$ 77,592</u>	<u>\$ 540,592</u>

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2008, the City's total debt margin was \$19,490,874 and the unvoted debt margin was \$9,612,305.

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts: theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008, the City contracted with several companies for various types of insurance as follows:

City of Canfield Insurance Policies:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>
Argonaut Insurance Company	General Liability	None
	Umbrella Liability	None
	General Property Insurance	500
	Commercial Inland Marine	500
	Commercial Property	1,000
	Commercial Automobile-Comprehensive	1,000
	Commercial Automobile-Collision	1,000
	Commercial Automobile-Liability	None
	Employment Practices Liability	10,000
	Law Enforcement Liability	10,000
	Public Officials Liability	10,000
Western Surety/ State Auto Insurance Company	Bond- Employee & Officials	None

No settlements exceeded the insurance coverage in the last three years. There has been no significant reduction in coverage from the prior year.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 13 - 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% 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. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar to the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the members, 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 established and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

The 2008 member contribution rates were 10.0% for members in state and local classifications. Public safety and law enforcement members contributed 10.1%.

The 2008 employer contribution rate for state and local employers was 14.00% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2008 was 17.40%.

The City's required contributions for pension obligations for the years ended December 31, 2008, 2007, and 2006 were \$171,412, \$167,074, and \$161,902, respectively; 100% has been contributed for 2007 and 2006. At December 31, 2008, 91.73% has been contributed for 2008 contributions.

B. Ohio Police and Fire Pension Fund

Sworn police officers of a City are required to contribute to the Ohio Police and Fire Pension Fund (OP&F) according to the Ohio Revised Code. OP&F is 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 OP&F, 140 East Town St, Columbus, Ohio 43215-5164.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.50% for police officers and 24.00% for firefighters. The City's contributions to the fund for the police were \$179,948, \$180,119, and \$166,143 for the years ended December 31, 2008, 2007, and 2006. The full amount has been contributed for 2007 and 2006. 78.26% for police has been contributed for 2008 at December 31, 2008 with the remainder being reported as a liability.

NOTE 14 - POSTRETIREMENT BENEFIT PLANS

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. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers".

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 2008 local government employer contribution rate was 14.00% of covered payroll (17.40% for public safety and law enforcement). The portion of employer contributions allocated to health care was 7.00% in 2008 for all employers.

OPEB is advance-funded on an actuarially determined basis. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (Actuarial gains and losses) becomes part of unfunded actuarial accrued liability. Actuarial assumptions and calculations are based on OPERS's latest actuarial review performed as of December 31, 2007.

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

The investment assumption rate for 2007 was 6.50%. An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%

Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 4.00% for the next seven years. In subsequent years, (8 and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

The traditional pension and combined plans had 363,503 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007 actuarial valuation was 364,076.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Actual employer contributions for the years 2008, 2007 and 2006 which were used to fund postemployment benefits were \$85,706, \$66,177, and \$53,185, respectively. The actual contribution and the actuarially required contribution amounts are the same.

OPERS' net assets available for payment of benefits at December 31, 2007 were \$12.8 billion. At December 31, 2007, the actuarially accrued liability and the unfunded actuarially accrued liability were \$29.8 billion and \$17.0 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. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008 which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire 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 health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the OP&F's board of trustees to offer health care coverage to all eligible individuals 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% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 6.75% of covered payroll was applied to the postemployment health care program during 2008. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for the years 2008, 2007 and 2006 that were used to fund postemployment benefits for police were \$62,262, \$62,321, and \$65,959 respectively. The OP&F's total health care expense for the year ended December 31, 2007, the date of the last actuarial valuation available was \$93,205,319, which was net of member contributions of \$56,031,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2007, the date of the last actuarial valuation available, was 14,295 for police and 10,583 for firefighters.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 15 - 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 certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) 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 GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses 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. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
5. Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for the General Fund and Major Special Revenue Fund:

	Net Change in Fund Balance	
	<u>General</u>	<u>Street Construction Maintenance and Repair</u>
Budget basis	\$ (450,823)	\$ 4,209
Net adjustment for revenue accruals	(220,454)	10,091
Net adjustment for expenditure accruals	102,488	5,158
Net adjustment for other sources/uses	(3,459)	-
Adjustment for encumbrances	<u>350,510</u>	<u>27,789</u>
GAAP basis	<u>\$ (221,738)</u>	<u>\$ 47,247</u>

CITY OF CANFIELD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 16 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2008.

B. Litigation

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

NOTE 17 - LAND LEASE AGREEMENTS

In fiscal year 1993, the City entered into a land lease for the use of land from the Canfield Board of Education for the operation, maintenance, and repair of a water storage tank. The term of the lease is 99 years commencing May 1, 1993 and ending April 30, 2092, unless otherwise terminated or extended as permitted by the agreement. The City shall pay Canfield Board of Education \$3,000 annually with adjustments based on the consumer price index every ten years. The current payment is \$3,000. The Canfield Board of Education retains title to the property.

In fiscal year 1995, the City entered into a land lease agreement for the use of land from the Consolidated Rail Corporation for the location and maintenance of a sanitary sewer pipe. The term of the lease commenced on December 1, 1995, and ends 90 days from the notice of either party. This land was subsequently acquired by the Mill Creek Metropolitan Park District. The lease agreement continues. The City shall pay the Mill Creek Metropolitan Park District \$2,000 annually with annual adjustments based on the consumer price index. The current payment is \$2,000. The Mill Creek Metropolitan Park District retains title to the property.

In fiscal year 2000, the City entered into a land lease agreement for the use of land from the Mill Creek Metropolitan Park District for the location and maintenance of a sanitary sewer pipe. The term of the lease is 40 years commencing January 12, 2000, unless otherwise terminated or extended as permitted by the agreement. The City shall pay the Mill Creek Metropolitan Park District \$2,000 annually through 2004, with adjustments thereafter as provided in the agreement. The Mill Creek Metropolitan Park District retains title to the property.

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CITY OF CANFIELD, OHIO
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

SUPPLEMENTARY
INFORMATION

**CITY OF CANFIELD
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	General Fund 0???	Special Revenue Funds 1???	Debt Service Funds 2???
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,861,909	\$ 887,646	\$ 370,879
Investments	213,768	0	0
Receivables (net of allowance for uncollectibles)			
Income Taxes	523,710	0	0
Real and other taxes	0	436,843	132,955
Accounts	87,167	20,335	0
Interfund Loans	0	0	0
Special Assessments	825	51,289	0
Due from other governments	133,727	238,448	9,506
Prepayments	37,531	7,952	0
Total Assets	\$ 2,858,637	\$ 1,642,513	\$ 513,340
Liabilities:			
Accounts Payable	\$ 26,294	\$ 4,593	\$ 0
Contracts Payable	0	0	0
Accrued wages and benefits	72,382	14,640	0
Interfund Loan Payable	0	0	0
Due to other governments	145,145	11,660	0
Deferred revenue	379,639	653,329	142,460
Total Liabilities	623,460	684,222	142,460
Fund Balances (deficit):			
Reserved for Encumbrances	108,722	5,192	0
Reserved for Prepayments	37,531	7,952	0
Reserved for Unclaimed Monies	2,259	0	0
Designated for Parks and Village Green	0	100,000	0
Reserved for Perpetual Care	0	0	0
Unreserved, undesignated (deficit), reported in:			
General Fund	2,086,665	0	0
Special Revenue Funds	0	845,147	0
Debt Service Funds	0	0	370,880
Capital Projects Funds	0	0	0
Permanent Funds	0	0	0
Total fund balances (deficit):	2,235,177	958,291	370,880
Total liabilities and fund balances	\$ 2,858,637	\$ 1,642,513	\$ 513,340

Capital Projects Funds 3???	Permanent Funds 4???	Total Governmental Funds	Less: Major Funds		
			General Fund 0???	Street Construction Maintenance & Repair Fund 1040	Other Governmental Funds
\$ 59,817	\$ 213,158	\$ 3,393,409	\$ 1,861,909	\$ 454,593	\$ 1,076,907
0	0	213,768	213,768	0	0
0	0	523,710	523,710	0	0
0	0	569,798	0	436,843	132,955
0	1,475	108,977	87,167	1	21,809
0	0	0	0	0	0
0	0	52,114	825	0	51,289
0	0	381,681	133,727	223,217	24,737
0	0	45,483	37,531	5,686	2,266
<u>\$ 59,817</u>	<u>\$ 214,633</u>	<u>\$ 5,288,940</u>	<u>\$ 2,858,637</u>	<u>\$ 1,120,340</u>	<u>\$ 1,309,963</u>
\$ 0	\$ 0	\$ 30,887	\$ 26,294	\$ 3,700	\$ 893
0	0	0	0	0	0
0	0	87,022	72,382	14,020	620
0	0	0	0	0	0
0	0	156,805	145,145	10,568	1,092
0	692	1,176,120	379,639	587,276	209,205
<u>0</u>	<u>692</u>	<u>1,450,834</u>	<u>623,460</u>	<u>615,564</u>	<u>211,810</u>
0	0	113,914	108,722	334	4,858
0	0	45,483	37,531	5,686	2,266
0	0	2,259	2,259	0	0
0	0	100,000	0	0	100,000
0	87,400	87,400	0	0	87,400
0	0	2,086,665	2,086,665	0	0
0	0	845,147	0	498,756	346,391
0	0	370,880	0	0	370,880
59,817	0	59,817	0	0	59,817
0	126,541	126,541	0	0	126,541
<u>59,817</u>	<u>213,941</u>	<u>3,838,106</u>	<u>2,235,177</u>	<u>504,776</u>	<u>1,098,153</u>
<u>\$ 59,817</u>	<u>\$ 214,633</u>	<u>\$ 5,288,940</u>	<u>\$ 2,858,637</u>	<u>\$ 1,120,340</u>	<u>\$ 1,309,963</u>

**CITY OF CANFIELD
COMBINING BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2008**

	General Fund	Self Insurance Fund	Unclaimed Monies Fund	Total General Fund
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,746,044	\$ 113,606	\$ 2,259	\$ 1,861,909
Investments	213,768	0	0	213,768
Receivables (net of allowance for uncollectibles)				
Income Taxes	523,710	0	0	523,710
Real and other taxes	0	0	0	0
Accounts	87,167	0	0	87,167
Interfund Loans	0	0	0	0
Special Assessments	825	0	0	825
Due from other governments	133,727	0	0	133,727
Prepayments	37,531	0	0	37,531
Total Assets	<u>\$ 2,742,772</u>	<u>\$ 113,606</u>	<u>\$ 2,259</u>	<u>\$ 2,858,637</u>
Liabilities:				
Accounts Payable	\$ 26,294	\$ 0	\$ 0	\$ 26,294
Contracts Payable	0	0	0	0
Accrued wages and benefits	72,382	0	0	72,382
Interfund Loan Payable	0	0	0	0
Due to other governments	145,145	0	0	145,145
Deferred revenue	379,639	0	0	379,639
Total Liabilities	<u>623,460</u>	<u>0</u>	<u>0</u>	<u>623,460</u>
Fund Balances (deficit):				
Reserved for Encumbrances	106,051	2,671	0	108,722
Reserved for Prepayments	37,531	0	0	37,531
Reserved for Unclaimed Monies	0	0	2,259	2,259
Designated for Parks and Village Green	0	0	0	0
Reserved for Perpetual Care	0	0	0	0
Unreserved, undesignated (deficit), reported in:				
General Fund	1,975,731	110,934	0	2,086,665
Special Revenue Funds	0	0	0	0
Debt Service Funds	0	0	0	0
Capital Projects Funds	0	0	0	0
Permanent Funds	0	0	0	0
Total fund balances (deficit):	<u>2,119,313</u>	<u>113,605</u>	<u>2,259</u>	<u>2,235,177</u>
Total liabilities and fund balances	<u>\$ 2,742,773</u>	<u>\$ 113,605</u>	<u>\$ 2,259</u>	<u>\$ 2,858,637</u>

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CITY OF CANFIELD
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 DECEMBER 31, 2008

	Parks Fund 1010	Parks & Village Green Trust Fund 1011	Recreation Fund 1020	Cemeteries Fund 1030	Street Construction Maintenance & Repair Fund 1040	State Highway 1050	Red Gate Operating Fund 1160
Assets:							
Equity in pooled cash and cash equivalents	\$ 57,059	\$ 118,378	\$ 5,792	\$ 21,294	\$ 454,593	\$ 88,454	\$ 101,133
Investments	0	0	0	0	0	0	0
Receivables (net of allowance for uncollectibles)							
Income Taxes	0	0	0	0	0	0	0
Real and other taxes	0	0	0	0	436,843	0	0
Accounts	0	0	0	127	1	0	20,207
Interfund Loans	0	0	0	0	0	0	0
Special Assessments	0	0	0	0	0	0	0
Due from other governments	0	0	0	0	223,217	15,060	0
Prepayments	579	0	551	155	5,686	26	925
Total Assets	\$ 57,638	\$ 118,378	\$ 6,343	\$ 21,576	\$ 1,120,340	\$ 103,540	\$ 122,265
Liabilities:							
Accounts Payable	\$ 460	\$ 0	\$ 0	\$ 433	\$ 3,700	\$ 0	\$ 0
Contracts Payable	0	0	0	0	0	0	0
Accrued wages and benefits	0	0	0	620	14,020	0	0
Interfund Loan Payable	0	0	0	0	0	0	0
Due to other governments	447	0	60	585	10,568	0	0
Deferred revenue	0	0	0	1	587,276	9,665	5,098
Total Liabilities	907	0	60	1,639	615,564	9,665	5,098
Fund Balances (deficit):							
Reserved for Encumbrances	4,425	0	0	0	334	0	0
Reserved for Prepayments	579	0	551	155	5,686	26	925
Reserved for Unclaimed Monies	0	0	0	0	0	0	0
Designated for Parks and Village Green	0	100,000	0	0	0	0	0
Reserved for Perpetual Care	0	0	0	0	0	0	0
Unreserved, undesignated (deficit), reported in:							
Security of Persons and Property	0	0	0	0	0	0	0
Public Health	0	0	0	19,782	0	0	0
Transportation	0	0	0	0	498,756	93,849	0
Leisuretime Activities	51,727	18,378	5,732	0	0	0	0
Other Purposes	0	0	0	0	0	0	116,242
Total fund balances (deficit):	56,731	118,378	6,283	19,937	504,776	93,875	117,167
Total liabilities and fund balances	\$ 57,638	\$ 118,378	\$ 6,343	\$ 21,576	\$ 1,120,340	\$ 103,540	\$ 122,265

Publications Fund 1170	Street Light Assessment 1140	Law Enforcement Trust Fund 1501	Mandatory Drug Fine Fund 1502	Cops Fast Grant Fund 1504	Education Enforcement Trust Fund 1506	DEA Federal Forfeiture Fund 1507	JAG Grant Wireless Network Fund 1509	Mahoning Valley law Enforcement Task Force 19xx	Total Special Revenue Funds
\$ 22,160	\$ 969	\$ 13,917	\$ 306	\$ 0	\$ 1,944	\$ 1,647	\$ 0	\$ 0	\$ 887,646
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	51,289	0	0	0	0	0	0	0	51,289
0	0	0	0	0	171	0	0	0	238,448
0	30	0	0	0	0	0	0	0	7,952
\$ 22,160	\$ 52,288	\$ 13,917	\$ 306	\$ 0	\$ 2,115	\$ 1,647	\$ 0	\$ 0	\$ 1,642,513
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,593
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	14,640
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	11,660
0	51,289	0	0	0	0	0	0	0	653,329
0	51,289	0	0	0	0	0	0	0	684,222
0	0	0	0	0	0	433	0	0	5,192
0	30	0	0	0	0	0	0	0	7,952
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	100,000
0	0	0	0	0	0	0	0	0	0
0	969	13,917	306	0	2,115	1,214	0	0	18,521
0	0	0	0	0	0	0	0	0	19,782
0	0	0	0	0	0	0	0	0	592,605
0	0	0	0	0	0	0	0	0	75,837
22,160	0	0	0	0	0	0	0	0	138,402
22,160	999	13,917	306	0	2,115	1,647	0	0	958,291
\$ 22,160	\$ 52,288	\$ 13,917	\$ 306	\$ 0	\$ 2,115	\$ 1,647	\$ 0	\$ 0	\$ 1,642,513

**CITY OF CANFIELD
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
DECEMBER 31, 2008**

	G O Debt Retirement Fund 2010	Hillside Dr Debt Retirement Fund 2030	Storm Water Debt Retirement Fund 2050	Muni Complex Renovation Debt Retirement Fund 2060	Red Gate Debt Retirement Fund 2090	Total Debt Service Funds
Assets:						
Equity in pooled cash and cash equivalents	\$ 20,844	\$ 0	\$ 241,836	\$ 7,013	\$ 101,186	\$ 370,879
Investments	0	0	0	0	0	0
Receivables (net of allowance for uncollectibles)						
Income Taxes	0	0	0	0	0	0
Real and other taxes	0	0	0	47,484	85,471	132,955
Accounts	0	0	0	0	0	0
Interfund Loans	0	0	0	0	0	0
Special Assessments	0	0	0	0	0	0
Due from other governments	0	0	0	3,395	6,111	9,506
Prepayments	0	0	0	0	0	0
Total Assets	\$ 20,844	\$ 0	\$ 241,836	\$ 57,892	\$ 192,768	\$ 513,340
Liabilities:						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracts Payable	0	0	0	0	0	0
Accrued wages and benefits	0	0	0	0	0	0
Interfund Loan Payable	0	0	0	0	0	0
Due to other governments	0	0	0	0	0	0
Deferred revenue	0	0	0	50,879	91,581	142,460
Total Liabilities	0	0	0	50,879	91,581	142,460
Fund Balances (deficit):						
Reserved for Encumbrances	0	0	0	0	0	0
Reserved for Prepayments	0	0	0	0	0	0
Reserved for Unclaimed Monies	0	0	0	0	0	0
Designated for Parks and Village Green	0	0	0	0	0	0
Reserved for Perpetual Care	0	0	0	0	0	0
Unreserved, undesignated (deficit), reported in:						
General Fund	0	0	0	0	0	0
Special Revenue Funds	0	0	0	0	0	0
Debt Service Funds	20,844	0	241,836	7,013	101,187	370,880
Capital Projects Funds	0	0	0	0	0	0
Permanent Funds	0	0	0	0	0	0
Total fund balances (deficit):	20,844	0	241,836	7,013	101,187	370,880
Total liabilities and fund balances	\$ 20,844	\$ 0	\$ 241,836	\$ 57,892	\$ 192,768	\$ 513,340

**CITY OF CANFIELD
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2008**

	General Capital Improvement Fund 3030	Herbert Rd Replacement Fund 3170	Red Gate Land Acquisition 3250	S Broad St Safety Upgrade Fund 3260	Total Capital Projects Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 26,539	\$ 0	\$ 33,278	\$ 0	\$ 59,817
Investments	0	0	0	0	0
Receivables (net of allowance for uncollectibles)					
Income Taxes	0	0	0	0	0
Real and other taxes	0	0	0	0	0
Accounts	0	0	0	0	0
Interfund Loans	0	0	0	0	0
Special Assessments	0	0	0	0	0
Due from other governments	0	0	0	0	0
Prepayments	0	0	0	0	0
Total Assets	\$ 26,539	\$ 0	\$ 33,278	\$ 0	\$ 59,817
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracts Payable	0	0	0	0	0
Accrued wages and benefits	0	0	0	0	0
Interfund Loan Payable	0	0	0	0	0
Due to other governments	0	0	0	0	0
Deferred revenue	0	0	0	0	0
Total Liabilities	0	0	0	0	0
Fund Balances (deficit):					
Reserved for Encumbrances	0	0	0	0	0
Reserved for Prepayments	0	0	0	0	0
Reserved for Unclaimed Monies	0	0	0	0	0
Designated for Parks and Village Green	0	0	0	0	0
Reserved for Perpetual Care	0	0	0	0	0
Unreserved, undesignated (deficit), reported in:					
General Fund	0	0	0	0	0
Special Revenue Funds	0	0	0	0	0
Debt Service Funds	0	0	0	0	0
Capital Projects Funds	26,539	0	33,278	0	59,817
Permanent Funds	0	0	0	0	0
Total fund balances (deficit):	26,539	0	33,278	0	59,817
Total liabilities and fund balances	\$ 26,539	\$ 0	\$ 33,278	\$ 0	\$ 59,817

**CITY OF CANFIELD
COMBINING BALANCE SHEET
PERMANENT FUNDS
DECEMBER 31, 2008**

	Cemetery Perpetual Care 4001	Faripark Trust 4002	Total Permanent Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 141,694	\$ 71,464	\$ 213,158
Investments	0	0	0
Receivables (net of allowance for uncollectibles)			
Income Taxes	0	0	0
Real and other taxes	0	0	0
Accounts	0	1,475	1,475
Interfund Loans	0	0	0
Special Assessments	0	0	0
Due from other governments	0	0	0
Prepayments	0	0	0
Total Assets	\$ 141,694	\$ 72,939	\$ 214,633
Liabilities:			
Accounts Payable	\$ 0	\$ 0	\$ 0
Contracts Payable	0	0	0
Accrued wages and benefits	0	0	0
Interfund Loan Payable	0	0	0
Due to other governments	0	0	0
Deferred revenue	0	692	692
Total Liabilities	0	692	692
Fund Balances (deficit):			
Reserved for Encumbrances	0	0	0
Reserved for Prepayments	0	0	0
Reserved for Unclaimed Monies	0	0	0
Designated for Parks and Village Green	0	0	0
Reserved for Perpetual Care	72,400	15,000	87,400
Unreserved, undesignated (deficit), reported in:			
General Fund	0	0	0
Special Revenue Funds	0	0	0
Debt Service Funds	0	0	0
Capital Projects Funds	0	0	0
Permanent Funds	69,294	57,247	126,541
Total fund balances (deficit):	141,694	72,247	213,941
Total liabilities and fund balances	\$ 141,694	\$ 72,939	\$ 214,633

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CITY OF CANFIELD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 COMBINED GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	General Fund 0???	Special Revenue Funds 1???	Debt Service Funds 2???
	<hr/>	<hr/>	<hr/>
Revenues:			
Income Taxes	\$ 2,455,425	\$ 0	\$ 0
Real and Other Taxes	0	390,561	118,866
Other Local Taxes	0	63,556	0
Special Assessments	500	26,035	0
Charges for Services	224,608	22,095	0
Licenses and Permits	106,678	0	0
Fines and Forfeitures	49,452	0	0
Intergovernmental	405,257	533,305	23,523
Investment Income	145,155	19,716	0
Increase in FMV of Investments	(231,374)	0	0
Other	18,746	42,502	0
Total Revenues	<hr/> 3,174,447 <hr/>	<hr/> 1,097,770 <hr/>	<hr/> 142,389 <hr/>
Expenditures:			
Current:			
General Government	737,781	23,270	0
Security of Persons and Property	2,153,995	33,998	0
Public Health and Welfare	28,774	24,102	0
Leisuretime Activities	0	88,747	0
Community Environment	86,290	0	0
Basic Utility Services	0	0	0
Transportation	0	812,965	0
Other	0	0	0
Capital Outlay	115,744	148,998	0
Debt Service:			
Principal Retirement	0	0	87,419
Interest & Fiscal Charges	0	0	85,570
Total Expenditures	<hr/> 3,122,584 <hr/>	<hr/> 1,132,080 <hr/>	<hr/> 172,989 <hr/>
Excess (deficiency) of revenues over (under) expenditures	<hr/> 51,863 <hr/>	<hr/> (34,310) <hr/>	<hr/> (30,600) <hr/>
Other Financing Sources (Uses)			
Sale of Capital Assets	4,036	0	0
Transfers in	3,487	130,231	0
Transfers out	(281,124)	(3,487)	(692)
Total Other Financing Sources (Uses)	<hr/> (273,601) <hr/>	<hr/> 126,744 <hr/>	<hr/> (692) <hr/>
Net Change in Fund Balance	<hr/> (221,738) <hr/>	<hr/> 92,434 <hr/>	<hr/> (31,292) <hr/>
Fund Balances at the Beginning of the Year (Restated)	<hr/> 2,456,915 <hr/>	<hr/> 865,857 <hr/>	<hr/> 402,172 <hr/>
Fund Balances (Deficit) at End of the Year	<hr/> \$ 2,235,177 <hr/>	<hr/> \$ 958,291 <hr/>	<hr/> \$ 370,880 <hr/>

Capital Projects Funds 3???	Permanent Funds 4???	Total Governmental Funds	Less: Major Funds		
			General Fund 0???	Street Construction, Maintenance, & Repair Fund 1040	Other Governmental Funds
\$ 0	\$ 0	\$ 2,455,425	\$ 2,455,425	\$ 0	\$ 0
0	0	509,427	0	390,561	118,866
0	0	63,556	0	63,556	0
0	0	26,535	500	0	26,035
0	2,100	248,803	224,608	0	24,195
0	0	106,678	106,678	0	0
0	0	49,452	49,452	0	0
0	0	962,085	405,257	476,213	80,615
0	5,010	169,881	145,155	13,255	11,471
0	0	(231,374)	(231,374)	0	0
0	5,746	66,994	18,746	92	48,156
0	12,856	4,427,462	3,174,447	943,677	309,338
0	0	761,051	737,781	0	23,270
0	0	2,187,993	2,153,995	0	33,998
0	0	52,876	28,774	0	24,102
0	0	88,747	0	0	88,747
0	0	86,290	86,290	0	0
0	0	0	0	0	0
0	0	812,965	0	795,115	17,850
0	0	0	0	0	0
36,486	0	301,228	115,744	111,797	73,687
0	0	87,419	0	0	87,419
0	0	85,570	0	0	85,570
36,486	0	4,464,139	3,122,584	906,912	434,643
(36,486)	12,856	(36,677)	51,863	36,765	(125,305)
0	0	4,036	4,036	0	0
0	0	133,718	3,487	10,482	119,749
(9,790)	0	(295,093)	(281,124)	0	(13,969)
(9,790)	0	(157,339)	(273,601)	10,482	105,780
(46,276)	12,856	(194,016)	(221,738)	47,247	(19,525)
106,093	201,085	4,032,122	2,456,915	457,529	1,117,678
\$ 59,817	\$ 213,941	\$ 3,838,106	\$ 2,235,177	\$ 504,776	\$ 1,098,153

CITY OF CANFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	General Fund 0100	Self Insurance Fund 0601	Unclai med Monies Fund 0904	Total General Fund
Revenues:				
Income Taxes	\$ 2,455,425	\$ 0	\$ 0	\$ 2,455,425
Real and Other Taxes	0	0	0	0
Other Local Taxes	0	0	0	0
Special Assessments	500	0	0	500
Charges for Services	224,608	0	0	224,608
Licenses and Permits	106,678	0	0	106,678
Fines and Forfeitures	49,452	0	0	49,452
Intergovernmental	405,257	0	0	405,257
Investment Income	145,155	0	0	145,155
Increase in FMV of Investments	(231,374)	0	0	(231,374)
Other	18,746	0	0	18,746
Total Revenues	3,174,447	0	0	3,174,447
Expenditures:				
Current:				
General Government	736,976	805	0	737,781
Security of Persons and Property	2,142,558	11,437	0	2,153,995
Public Health and Welfare	28,774	0	0	28,774
Leisuretime Activities	0	0	0	0
Community Environment	86,290	0	0	86,290
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
Other	0	0	0	0
Capital Outlay	115,744	0	0	115,744
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	3,110,342	12,242	0	3,122,584
Excess (deficiency) of revenues over (under) expenditures	64,105	(12,242)	0	51,863
Other Financing Sources (Uses)				
Sale of Capital Assets	4,036	0	0	4,036
Transfers in	3,487	0	0	3,487
Transfers out	(281,124)	0	0	(281,124)
Total Other Financing Sources (Uses)	(273,601)	0	0	(273,601)
Net Change in Fund Balance	(209,496)	(12,242)	0	(221,738)
Fund Balances at the Beginning of the Year (Restated)	2,328,809	125,847	2,259	2,456,915
Fund Balances (Deficit) at End of the Year	\$ 2,119,313	\$ 113,605	\$ 2,259	\$ 2,235,177

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CITY OF CANFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Parks Fund 1010	Parks & Village Green Trust Fund 1011	Recreation Fund 1020	Cemeteries Fund 1030	Street Construction, Maintenance, & Repair Fund 1040	State Highway Fund 1050	Red Gate Operating Fund 1160
Revenues:							
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Real and Other Taxes	0	0	0	0	390,561	0	0
Other Local Taxes	0	0	0	0	63,556	0	0
Special Assessments	0	0	0	0	0	0	0
Charges for Services	13,345	0	0	8,750	0	0	0
Licenses and Permits	0	0	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0	0
Intergovernmental	0	0	0	0	476,213	32,345	0
Investment Income	0	2,846	0	685	13,255	1,962	0
Increase in FMV of Investments	0	0	0	0	0	0	0
Other	6	0	2,351	930	92	0	36,377
Total Revenues	13,351	2,846	2,351	10,365	943,677	34,307	36,377
Expenditures:							
Current:							
General Government	0	0	0	0	0	0	15,103
Security of Persons and Property	0	0	0	0	0	0	0
Public Health and Welfare	0	0	0	24,102	0	0	0
Leisuretime Activities	50,508	0	38,239	0	0	0	0
Community Environment	0	0	0	0	0	0	0
Basic Utility Services	0	0	0	0	0	0	0
Transportation	0	0	0	0	795,115	17,850	0
Other	0	0	0	0	0	0	0
Capital Outlay	14,150	0	0	5,171	111,797	0	274
Debt Service:							
Principal Retirement	0	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0	0
Total Expenditures	64,658	0	38,239	29,273	906,912	17,850	15,377
Excess (deficiency) of revenues over (under) expenditures	(51,307)	2,846	(35,888)	(18,908)	36,765	16,457	21,000
Other Financing Sources (Uses)							
Sale of Capital Assets	0	0	0	0	0	0	0
Transfers in	50,000	0	40,500	20,000	10,482	0	0
Transfers out	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	50,000	0	40,500	20,000	10,482	0	0
Net Change in Fund Balance	(1,307)	2,846	4,612	1,092	47,247	16,457	21,000
Fund Balances at the Beginning of the Year (Restated)	58,038	115,532	1,671	18,845	457,529	77,418	96,167
Fund Balances (Deficit) at End of the Year	\$ 56,731	\$ 118,378	\$ 6,283	\$ 19,937	\$ 504,776	\$ 93,875	\$ 117,167

Publications Fund 1170	Street Light Assessment Fund 1140	State Law Enforcement Trust Fund 1501	Mandatory Drug Fine Fund 1502	Cops Fast Grant Fund 1504	Education Enforcement Trust Fund 1506	DEA Federal Forfeiture Fund 1507	Federal JAG Grant-Wireless Network Fund 1508	Mahoning Valley Law Enforcement Task Force Funds 19xx	Total Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0	0	0	390,561
0	0	0	0	0	0	0	0	0	63,556
0	26,035	0	0	0	0	0	0	0	26,035
0	0	0	0	0	0	0	0	0	22,095
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	10,045	100	0	1,043	0	10,100	3,459	533,305
619	0	197	12	0	49	91	0	0	19,716
0	0	0	0	0	0	0	0	0	0
2,746	0	0	0	0	0	0	0	0	42,502
<u>3,365</u>	<u>26,035</u>	<u>10,242</u>	<u>112</u>	<u>0</u>	<u>1,092</u>	<u>91</u>	<u>10,100</u>	<u>3,459</u>	<u>1,097,770</u>
8,167	0	0	0	0	0	0	0	0	23,270
0	33,998	0	0	0	0	0	0	0	33,998
0	0	0	0	0	0	0	0	0	24,102
0	0	0	0	0	0	0	0	0	88,747
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	812,965
0	0	0	0	0	0	0	0	0	0
0	0	0	688	0	1,645	3,924	11,349	0	148,998
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
<u>8,167</u>	<u>33,998</u>	<u>0</u>	<u>688</u>	<u>0</u>	<u>1,645</u>	<u>3,924</u>	<u>11,349</u>	<u>0</u>	<u>1,132,080</u>
(4,802)	(7,963)	10,242	(576)	0	(553)	(3,833)	(1,249)	3,459	(34,310)
0	0	0	0	0	0	0	0	0	0
0	8,000	0	0	0	0	0	1,249	0	130,231
0	0	0	0	(3,222)	0	0	0	(265)	(3,487)
0	8,000	0	0	(3,222)	0	0	1,249	(265)	126,744
(4,802)	37	10,242	(576)	(3,222)	(553)	(3,833)	0	3,194	92,434
<u>26,962</u>	<u>962</u>	<u>3,675</u>	<u>882</u>	<u>3,222</u>	<u>2,668</u>	<u>5,480</u>	<u>0</u>	<u>(3,194)</u>	<u>865,857</u>
\$ 22,160	\$ 999	\$ 13,917	\$ 306	\$ 0	\$ 2,115	\$ 1,647	\$ 0	\$ 0	\$ 958,291

CITY OF CANFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	G O Debt Retirement Fund 2010	Hillside Dr Debt Replacement Fund 2030	Storm Water Debt Retirement Fund 2050	Muni Complex Debt Retirement Fund 2060	Red Gate Debt Retirement Fund 2090	Total Debt Service Funds
Revenues:						
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Real and Other Taxes	0	0	0	42,452	76,414	118,866
Other Local Taxes	0	0	0	0	0	0
Special Assessments	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0
Licenses and Permits	0	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
Intergovernmental	0	0	0	8,401	15,122	23,523
Investment Income	0	0	0	0	0	0
Increase in FMV of Investments	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total Revenues	0	0	0	50,853	91,536	142,389
Expenditures:						
Current:						
General Government	0	0	0	0	0	0
Security of Persons and Property	0	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0	0
Leisuretime Activities	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0
Basic Utility Services	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
Other	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	49,919	37,500	0	87,419
Interest & Fiscal Charges	0	0	5,938	13,232	66,400	85,570
Total Expenditures	0	0	55,857	50,732	66,400	172,989
Excess (deficiency) of revenues over (under) expenditures	0	0	(55,857)	121	25,136	(30,600)
Other Financing Sources (Uses)						
Sale of Capital Assets	0	0	0	0	0	0
Transfers in	0	0	0	0	0	0
Transfers out	0	(692)	0	0	0	(692)
Total Other Financing Sources (Uses)	0	(692)	0	0	0	(692)
Net Change in Fund Balance	0	(692)	(55,857)	121	25,136	(31,292)
Fund Balances at the Beginning of the Year (Restated)	20,844	692	297,693	6,892	76,051	402,172
Fund Balances (Deficit) at End of the Year	\$ 20,844	\$ 0	\$ 241,836	\$ 7,013	\$ 101,187	\$ 370,880

CITY OF CANFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	General Capital Improvement Fund 3030	Herbert Rd Replacement Fund 3170	Red Gate Land Acquisition Fund 3250	S Broad St Safety Upgrade Fund 3260	Total Capital Projects Funds
Revenues:					
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Real and Other Taxes	0	0	0	0	0
Other Local Taxes	0	0	0	0	0
Special Assessments	0	0	0	0	0
Charges for Services	0	0	0	0	0
Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	0	0	0	0	0
Investment Income	0	0	0	0	0
Increase in FMV of Investments	0	0	0	0	0
Other	0	0	0	0	0
Total Revenues	0	0	0	0	0
Expenditures:					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0
Leisuretime Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Basic Utility Services	0	0	0	0	0
Transportation	0	0	0	0	0
Other	0	0	0	0	0
Capital Outlay	8,664	27,822	0	0	36,486
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0
Total Expenditures	8,664	27,822	0	0	36,486
Excess (deficiency) of revenues over (under) expenditures	(8,664)	(27,822)	0	0	(36,486)
Other Financing Sources (Uses)					
Sale of Capital Assets	0	0	0	0	0
Transfers in	0	0	0	0	0
Transfers out	0	0	0	(9,790)	(9,790)
Total Other Financing Sources (Uses)	0	0	0	(9,790)	(9,790)
Net Change in Fund Balance	(8,664)	(27,822)	0	(9,790)	(46,276)
Fund Balances at the Beginning of the Year (Restated)	35,203	27,822	33,278	9,790	106,093
Fund Balances (Deficit) at End of the Year	\$ 26,539	\$ 0	\$ 33,278	\$ 0	\$ 59,817

CITY OF CANFIELD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2008

	Cemetery Perpetual Care Fund 4001	Fair Park Trust Fund 4002	Total Permanent Funds
	<hr/>	<hr/>	<hr/>
Revenues:			
Income Taxes	\$ 0	\$ 0	\$ 0
Real and Other Taxes	0	0	0
Other Local Taxes	0	0	0
Special Assessments	0	0	0
Charges for Services	2,100	0	2,100
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	0	0	0
Investment Income	3,369	1,641	5,010
Increase in FMV of Investments	0	0	0
Other	0	5,746	5,746
Total Revenues	<hr/> <u>5,469</u>	<hr/> <u>7,387</u>	<hr/> <u>12,856</u>
Expenditures:			
Current:			
General Government	0	0	0
Security of Persons and Property	0	0	0
Public Health and Welfare	0	0	0
Leisuretime Activities	0	0	0
Community Environment	0	0	0
Basic Utility Services	0	0	0
Transportation	0	0	0
Other	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest & Fiscal Charges	0	0	0
Total Expenditures	<hr/> <u>0</u>	<hr/> <u>0</u>	<hr/> <u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<hr/> <u>5,469</u>	<hr/> <u>7,387</u>	<hr/> <u>12,856</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	0	0	0
Transfers in	0	0	0
Transfers out	0	0	0
Total Other Financing Sources (Uses)	<hr/> <u>0</u>	<hr/> <u>0</u>	<hr/> <u>0</u>
Net Change in Fund Balance	5,469	7,387	12,856
Fund Balances at the Beginning of the Year (Restated)	<hr/> <u>136,225</u>	<hr/> <u>64,860</u>	<hr/> <u>201,085</u>
Fund Balances (Deficit) at End of the Year	<hr/> <u>\$ 141,694</u>	<hr/> <u>\$ 72,247</u>	<hr/> <u>\$ 213,941</u>

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CITY OF CANFIELD, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - WATER
DECEMBER 31, 2008

	Water Operating 5100	Water Tank Debt Retirement 5110
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 1,013,226	\$ 60,962
Investments	2,883	0
Receivables (Net of Allowance for Uncollectibles)		
Accounts	238,506	0
Due From Other Governments	0	0
Prepayments	12,295	0
Total Current Assets	<u>1,266,910</u>	<u>60,962</u>
Noncurrent Assets:		
Capital Assets		
Land and Construction in Progress	7,070	0
Depreciable Capital Assets, Net	5,281,886	0
Total Capital Assets	<u>5,288,956</u>	<u>0</u>
Total Noncurrent Assets	<u>5,288,956</u>	<u>0</u>
Total Assets	<u>6,555,866</u>	<u>60,962</u>
Liabilities:		
Current Liabilities:		
Accounts Payable	6,037	0
Accrued Wages and Benefits	4,013	0
Due to Other Governments	66,110	0
Compensated Absences	2,642	0
Current Portion of General Obligation Bonds	0	38,000
Current Portion of OPWC Loans	0	0
Accrued Interest Payable	0	593
Total Current Liabilities	<u>78,802</u>	<u>38,593</u>
Long-term Liabilities:		
General Obligation Bonds	0	114,000
OPWC Loans	0	0
Total Long-term Liabilities	<u>0</u>	<u>114,000</u>
Total Liabilities	<u>78,802</u>	<u>152,593</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	5,288,956	(152,000)
Unrestricted	1,188,108	60,369
Total Net Assets	<u>\$ 6,477,064</u>	<u>\$ (91,631)</u>

Business-type Activities - Enterprise Funds

W Main St Waterline Debt Retirement 5111	Waterline Improvement 5130	Meter Replacement/ Water Tank Improvement 5135	Total
\$ 24,216	\$ 44,113	\$ 750,000	\$ 1,892,517
0	0	0	2,883
0	0	0	238,506
0	0	0	0
0	0	0	12,295
<u>24,216</u>	<u>44,113</u>	<u>750,000</u>	<u>2,146,201</u>
0	0	0	7,070
0	0	0	5,281,886
<u>0</u>	<u>0</u>	<u>0</u>	<u>5,288,956</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>5,288,956</u>
<u>24,216</u>	<u>44,113</u>	<u>750,000</u>	<u>7,435,157</u>
0	0	0	6,037
0	0	0	4,013
0	0	0	66,110
0	0	0	2,642
12,500	0	0	50,500
0	0	0	0
293	0	0	886
<u>12,793</u>	<u>0</u>	<u>0</u>	<u>130,188</u>
62,500	0	0	176,500
0	0	0	0
<u>62,500</u>	<u>0</u>	<u>0</u>	<u>176,500</u>
<u>75,293</u>	<u>0</u>	<u>0</u>	<u>306,688</u>
(75,000)	0	0	5,061,956
23,923	44,113	750,000	2,066,513
<u>\$ (51,077)</u>	<u>\$ 44,113</u>	<u>\$ 750,000</u>	<u>\$ 7,128,469</u>

CITY OF CANFIELD, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - SEWER
DECEMBER 31, 2008

	Sewer Operating 5200	NW Debt Retirement 5210
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 1,072,533	\$ 551
Investments	0	0
Receivables (Net of Allowance for Uncollectibles)		
Accounts	283,368	0
Due From Other Governments	0	0
Prepayments	2,253	0
Total Current Assets	1,358,154	551
Noncurrent Assets:		
Capital Assets		
Land and Construction in Progress	6,069	0
Depreciable Capital Assets, Net	3,551,827	0
Total Capital Assets	3,557,896	0
Total Noncurrent Assets	3,557,896	0
Total Assets	4,916,050	551
Liabilities:		
Current Liabilities:		
Accounts Payable	1,741	0
Accrued Wages and Benefits	3,951	0
Due to Other Governments	58,407	0
Compensated Absences	4,511	0
Current Portion of General Obligation Bonds	0	0
Current Portion of OPWC Loans	0	0
Accrued Interest Payable	0	0
Total Current Liabilities	68,610	0
Long-term Liabilities:		
General Obligation Bonds	0	0
OPWC Loans	0	0
Total Long-term Liabilities	0	0
Total Liabilities	68,610	0
Net Assets:		
Invested in Capital Assets, Net of Related Debt	3,557,896	0
Unrestricted	1,289,544	551
Total Net Assets	\$ 4,847,440	\$ 551

Business-type Activities - Enterprise Funds

Sewer System Improvement Debt Retirement 5211	Sanitary Sewer System Improvement 5230	Sawmill Sanitary Sewer Lining Improvement 5233	Total
\$ 19,683	\$ 35,137	\$ -	\$ 1,127,904
0	0	0	0
17,858	0	0	301,226
0	0	0	0
0	0	0	2,253
<u>37,541</u>	<u>35,137</u>	<u>0</u>	<u>1,431,383</u>
0	0	0	6,069
0	0	427,815	3,979,642
<u>0</u>	<u>0</u>	<u>427,815</u>	<u>3,985,711</u>
0	0	427,815	3,985,711
<u>37,541</u>	<u>35,137</u>	<u>427,815</u>	<u>5,417,094</u>
0	0	0	1,741
0	0	0	3,951
0	0	0	58,407
0	0	0	4,511
29,000	0	0	29,000
41,166	0	0	41,166
921	0	0	921
<u>71,087</u>	<u>0</u>	<u>0</u>	<u>139,697</u>
207,000	0	0	207,000
531,295	0	0	531,295
<u>738,295</u>	<u>0</u>	<u>0</u>	<u>738,295</u>
809,382	0	0	877,992
(808,461)	0	427,815	3,177,250
36,620	35,137	0	1,361,852
<u>\$ (771,841)</u>	<u>\$ 35,137</u>	<u>\$ 427,815</u>	<u>\$ 4,539,102</u>

CITY OF CANFIELD, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - STORM
DECEMBER 31, 2008

	Business-type		
	Storm Operating 5300	Fema Storm Water Reimbursement 5301	NE Storm Water Managemen Project Phase 1 5333
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 92,752	\$ -	\$ 5,023
Investments	0	0	0
Receivables (Net of Allowance for Uncollectibles)			
Accounts	38,111	0	0
Due From Other Governments	0	0	0
Prepayments	1,361	0	0
Total Current Assets	132,224	0	5,023
Noncurrent Assets:			
Capital Assets			
Land and Construction in Progress	11,965	0	0
Depreciable Capital Assets, Net	3,369,992	0	588,730
Total Capital Assets	3,381,957	0	588,730
Total Noncurrent Assets	3,381,957	0	588,730
Total Assets	3,514,181	0	593,753
Liabilities:			
Current Liabilities:			
Accounts Payable	652	0	0
Accrued Wages and Benefits	1,024	0	0
Due to Other Governments	1,132	0	0
Compensated Absences	2,110	0	0
Current Portion of General Obligation Bonds	0	0	0
Current Portion of OPWC Loans	0	0	0
Accrued Interest Payable	0	0	0
Total Current Liabilities	4,918	0	0
Long-term Liabilities:			
General Obligation Bonds	0	0	0
OPWC Loans	0	0	0
Total Long-term Liabilities	0	0	0
Total Liabilities	4,918	0	0
Net Assets:			
Invested in Capital Assets, Net of Related Debt	3,381,957	0	588,730
Unrestricted	127,306	0	5,023
Total Net Assets	\$ 3,509,263	\$ -	\$ 593,753

Activities - Enterprise Funds

NE Storm Water Management Project Phase 1 5334	NE Storm Water Management Project Phase 1 5335	Total
\$ 155,788	\$ 155,788	\$ 409,351
0	0	0
0	0	38,111
0	0	0
0	0	1,361
<u>155,788</u>	<u>155,788</u>	<u>448,823</u>
5,587	5,587	23,139
(47)	(47)	3,958,628
<u>5,540</u>	<u>5,540</u>	<u>3,981,767</u>
<u>5,540</u>	<u>5,540</u>	<u>3,981,767</u>
<u>161,328</u>	<u>161,328</u>	<u>4,430,590</u>
0	0	652
0	0	1,024
0	0	1,132
0	0	2,110
0	0	0
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>4,918</u>
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>4,918</u>
5,540	5,540	3,981,767
155,788	155,788	443,905
<u>\$ 161,328</u>	<u>\$ 161,328</u>	<u>\$ 4,425,672</u>

CITY OF CANFIELD, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS - WATER
FOR THE YEAR ENDED DECEMBER 31, 2008

Business-type Activities -

	Water Operating 5100	Water Tank Debt Retirement 5110	W Main St Waterline Debt Retirement 5111
Operating Revenues			
Charges for Services	\$ 1,063,548	\$ 0	\$ 0
Other	929	0	0
Total Operating Revenues	1,064,477	0	0
Operating Expenses:			
Personal Services	102,782	0	0
Contractual Services	775,267	0	0
Supplies and Materials	20,406	0	0
Other	56,340	0	0
Depreciation	195,934	0	0
Total Operating Expenses	1,150,729	0	0
Operating Income (Loss)	(86,252)	0	0
Nonoperating Revenues (Expenses):			
Interest and Fiscal Charges	0	(8,876)	(4,108)
Increase in FV of Investments	0	0	0
Intergovernmental Revenue	0	0	0
Transfers In	0	47,025	16,656
Transfers Out	0	0	0
Gain on Disposal of Assets	0	0	0
Total Nonoperating Revenues (Expenses)	0	38,149	12,548
Income (Loss)/Changes in Net Assets	(86,252)	38,149	12,548
Capital Contributions	0	0	0
Changes in Net Assets	(86,252)	38,149	12,548
Net Assets at Beginning of Year	6,563,316	(129,780)	(63,625)
Net Assets at End of Year	\$ 6,477,064	\$ (91,631)	\$ (51,077)

Enterprise Funds

Waterline Improvement 5130	Meter Replacement/ Water Tank Improvement 5135	Total
\$ 10,050	\$ 0	\$ 1,073,598
0	0	929
<u>10,050</u>	<u>0</u>	<u>1,074,527</u>
0	0	102,782
0	0	775,267
0	0	20,406
0	0	56,340
<u>0</u>	<u>0</u>	<u>195,934</u>
<u>0</u>	<u>0</u>	<u>1,150,729</u>
<u>10,050</u>	<u>0</u>	<u>(76,202)</u>
0	0	(12,984)
0	0	0
0	0	63,681
(63,681)	0	(63,681)
<u>0</u>	<u>0</u>	<u>0</u>
<u>(63,681)</u>	<u>0</u>	<u>(12,984)</u>
(53,631)	0	(89,186)
<u>0</u>	<u>0</u>	<u>0</u>
(53,631)	0	(89,186)
<u>97,744</u>	<u>750,000</u>	<u>7,217,655</u>
<u>\$ 44,113</u>	<u>\$ 750,000</u>	<u>\$ 7,128,469</u>

CITY OF CANFIELD, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS - SEWER
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities -		
	Sewer Operating 5200	NW Sewer Debt Retirement 5210	Sewer System Improvement Debt Retirement 5211
Operating Revenues			
Charges for Services	\$ 1,234,361	\$ 0	\$ 78,240
Other	0	0	0
Total Operating Revenues	1,234,361	0	78,240
Operating Expenses:			
Personal Services	127,165	0	0
Contractual Services	794,912	551	99
Supplies and Materials	7,094	0	0
Other	55,000	0	0
Depreciation	123,061	0	0
Total Operating Expenses	1,107,232	551	99
Operating Income (Loss)	127,129	(551)	78,141
Nonoperating Revenues (Expenses):			
Interest and Fiscal Charges	0	0	(12,431)
Increase in FV of Investments	0	0	0
Intergovernmental Revenue	0	0	0
Transfers In	0	0	0
Transfers Out	0	0	0
Gain on Disposal of Assets	0	0	0
Total Nonoperating Revenues (Expenses)	0	0	(12,431)
Income (Loss)/Changes in Net Assets	127,129	(551)	65,710
Capital Contributions	0	0	0
Changes in Net Assets	127,129	(551)	65,710
Net Assets at Beginning of Year	4,720,311	1,102	(837,551)
Net Assets at End of Year	\$ 4,847,440	\$ 551	\$ (771,841)

Enterprise Funds

Sanitary Sewer System Improvement 5230	Sawmill Sanitary Sewer Lining Improvement 5233	Total
\$ 16,800	\$ 0	\$ 1,329,401
0	0	0
<u>16,800</u>	<u>0</u>	<u>1,329,401</u>
0	0	127,165
0	0	795,562
0	0	7,094
0	0	55,000
0	8,584	131,645
<u>0</u>	<u>8,584</u>	<u>1,116,466</u>
<u>16,800</u>	<u>(8,584)</u>	<u>212,935</u>
0	0	(12,431)
0	0	0
0	0	0
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>(12,431)</u>
16,800	(8,584)	200,504
<u>0</u>	<u>0</u>	<u>0</u>
16,800	(8,584)	200,504
18,337	436,399	4,338,598
\$ 35,137	\$ 427,815	\$ 4,539,102

CITY OF CANFIELD, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS - STORM
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities -		
	Storm Operating 5300	Fema Storm Water Reimbursement 5301	NE Storm Water Management Project Phase 1 5333
Operating Revenues			
Charges for Services	\$ 171,783	\$ 0	\$ 0
Other	0	0	0
Total Operating Revenues	171,783	0	0
Operating Expenses:			
Personal Services	33,564	0	0
Contractual Services	9,738	0	0
Supplies and Materials	5,827	0	0
Other	10,022	0	0
Depreciation	94,553	0	5,947
Total Operating Expenses	153,704	0	5,947
Operating Income (Loss)	18,079	0	(5,947)
Nonoperating Revenues (Expenses):			
Interest and Fiscal Charges	0	0	0
Increase in FV of Investments	0	0	0
Intergovernmental Revenue	0	0	317,400
Transfers In	0	0	0
Transfers Out	(161,375)	0	0
Gain on Disposal of Assets	0	0	0
Total Nonoperating Revenues (Expenses)	(161,375)	0	317,400
Income (Loss)/Changes in Net Assets	(143,296)	0	311,453
Capital Contributions	0	0	0
Changes in Net Assets	(143,296)	0	311,453
Net Assets at Beginning of Year	3,652,559	0	282,300
Net Assets at End of Year	\$ 3,509,263	\$ 0	\$ 593,753

Enterprise Funds

NE Storm Water Management Project Phase 2 5334	NE Storm Water Management Project Phase 3 5335	Total
\$ 0	\$ 0	\$ 171,783
0	0	0
0	0	171,783
0	0	33,564
0	0	9,738
0	0	5,827
0	0	10,022
47	47	100,594
47	47	159,745
(47)	(47)	12,038
0	0	0
0	0	0
0	0	317,400
161,375	161,375	322,750
0	0	(161,375)
0	0	0
161,375	161,375	478,775
161,328	161,328	490,813
0	0	0
161,328	161,328	490,813
0	0	3,934,859
\$ 161,328	\$ 161,328	\$ 4,425,672

CITY OF CANFIELD, OHIO
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST
DECEMBER 31, 2008

	Cemetery Endowment	
	<u>7040</u>	<u>Total</u>
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 27,855	\$ 27,855
Total Current Assets	<u>27,855</u>	<u>27,855</u>
Total Assets	<u>27,855</u>	<u>27,855</u>
Liabilities:		
Current Liabilities:		
Deposits Held and Due to Others	<u>0</u>	<u>0</u>
Total Current Liabilities	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>
Net Assets:		
Held in Trust for Other Purposes	<u>27,855</u>	<u>27,855</u>
Total Net Assets	<u>\$ 27,855</u>	<u>\$ 27,855</u>

CITY OF CANFIELD, OHIO

**STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUND - PRIVATE PURPOSE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Cemetery Endowment 7040	Total
Net Assets at Beginning of Year	<u>\$ 27,855</u>	<u>\$ 27,855</u>
Net Assets at End of Year	<u><u>\$ 27,855</u></u>	<u><u>\$ 27,855</u></u>

CITY OF CANFIELD, OHIO
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS - AGENCY
DECEMBER 31, 2008

	<u>Performance Deposit 9010</u>	<u>Security Deposit 9020</u>	<u>Performance Deposit 9030</u>
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 5,008	\$ 3,710	\$ 1,500
Total Current Assets	<u>5,008</u>	<u>3,710</u>	<u>1,500</u>
Total Assets	<u>5,008</u>	<u>3,710</u>	<u>1,500</u>
Liabilities:			
Current Liabilities:			
Deposits Held and Due to Others	<u>5,008</u>	<u>3,710</u>	<u>1,500</u>
Total Current Liabilities	<u>5,008</u>	<u>3,710</u>	<u>1,500</u>
Total Liabilities	<u>5,008</u>	<u>3,710</u>	<u>1,500</u>
Net Assets:			
Held in Trust for Other Purposes	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Assets	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Subdivision Deposits 9050	Fire Damage Escrow 9060	Mayor's Court 9070	MVLETF Forfeiture Pending 9080	Total
\$ 41,436	\$ 0	\$ 7,855	\$ 0	\$ 59,509
<u>41,436</u>	<u>0</u>	<u>7,855</u>	<u>0</u>	<u>59,509</u>
<u>41,436</u>	<u>0</u>	<u>7,855</u>	<u>0</u>	<u>59,509</u>
<u>41,436</u>	<u>0</u>	<u>7,855</u>	<u>0</u>	<u>59,509</u>
<u>41,436</u>	<u>0</u>	<u>7,855</u>	<u>0</u>	<u>59,509</u>
<u>41,436</u>	<u>0</u>	<u>7,855</u>	<u>0</u>	<u>59,509</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF CANFIELD, OHIO
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUND - AGENCY
FOR THE YEAR ENDED DECEMBER 31, 2008

	Performance Deposit 9010	Security Deposit 9020	Performance Deposit 9030
Nonoperating Revenues (Expenses):			
Other Sources	\$ 500	\$ 4,450	\$ 0
Other Uses	(1,000)	(4,440)	0
Total Nonoperating Revenues (Expenses)	(500)	10	0
Changes in Net Assets	(500)	10	0
Net Assets at Beginning of Year	5,508	3,700	1,500
Net Assets at End of Year	\$ 5,008	\$ 3,710	\$ 1,500

Subdivision Deposits 9050	Fire Damage Escrow 9060	Mayor's Court 9070	MVLETF Forfeiture Pending 9080	Total
\$ 0	\$ 0	\$ 68,268	\$ 0	\$ 73,218
0	0	(64,159)	0	(69,599)
0	0	4,109	0	3,619
0	0	4,109	0	3,619
41,436	0	3,746	0	55,890
\$ 41,436	\$ 0	\$ 7,855	\$ 0	\$ 59,509

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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Members of Council and Mayor
City of Canfield
104 Lisbon Street
Canfield, Ohio 44406

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canfield (the City), Mahoning County, as of and for the year ended December 31, 2008, which collective comprise the City's basic financial statements and have issued our report thereon dated November 30, 2009, wherein we noted the City implemented GASB Statement No. 45, 49 and 50. 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' *Governmental 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 auditing procedures for the purpose of expressing our opinion 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 the normal course of 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 generally accepted accounting principles such that there is more than a remote likelihood that the City's internal controls 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 weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

We noted certain matters that we reported to the City's management in a separate letter dated November 30, 2009.

Members of Council and the Mayor
City of Canfield

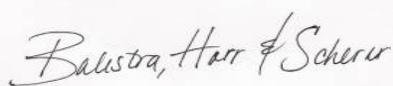
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Page 2

Compliance and Other Matters

As part of obtaining 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
November 30, 2009

**CITY OF CANFIELD
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-COC-001	The City lacks control over timely and accurate financial reports.	Yes	



Mary Taylor, CPA
Auditor of State

CITY OF CANFIELD

MAHONING 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
MARCH 23, 2010**