



**VILLAGE OF CANAL FULTON
STARK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF CANAL FULTON
STARK COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Canal Fulton
Stark County
155 E. Market Street
Canal Fulton, Ohio 44614

To the Village Council:

We have audited the accompanying financial statements of the Village of Canal Fulton, Stark County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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Stark County
Report of Independent Accountants
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This report is intended solely for the information and use of the audit committee, management, the Village Council, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 12, 2001

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**VILLAGE OF CANAL FULTON
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash Receipts:				
Local taxes	\$1,114,383	\$110,144		
Intergovernmental	209,590	239,664		\$404,357
Special assessments				21,664
Charges for services	10,876	1,112	\$182,862	77,967
Fines, licenses, and permits	36,595	5,099	30,000	13,925
Miscellaneous	164,991	13,418	8,784	8,300
Total Cash Receipts	<u>1,536,435</u>	<u>369,437</u>	<u>221,646</u>	<u>526,213</u>
Cash Disbursements:				
Current:				
Security of persons and property	572,110	149,632		
Public health services	15,239			
Leisure time activities	13,075	16,656		
Basic utility services	1,477	10,621		
Transportation	14,900	182,024		
General government	322,386			
Capital outlay	235,062	111,411		1,603,437
Debt service	86,253		1,042,726	21,250
Total Cash Disbursements	<u>1,260,502</u>	<u>470,344</u>	<u>1,042,726</u>	<u>1,624,687</u>
Total Receipts Over/(Under) Disbursements	<u>275,933</u>	<u>(100,907)</u>	<u>(821,080)</u>	<u>(1,098,474)</u>
Other Financing Receipts/(Disbursements):				
Proceeds of Notes	68,750		594,990	469,959
Transfers-in		213,699	61,768	
Advances-in		1,000		
Transfers-out	(275,467)			
Advances-out	(1,000)			
Other uses	(20,642)			
Total Other Financing Receipts/(Disbursements)	<u>(228,359)</u>	<u>214,699</u>	<u>656,758</u>	<u>469,959</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	47,574	113,792	(164,322)	(628,515)
Fund Cash Balances, January 1	<u>769,657</u>	<u>143,976</u>	<u>307,181</u>	<u>1,374,488</u>
Fund Cash Balances, December 31	<u>\$817,231</u>	<u>\$257,768</u>	<u>\$142,859</u>	<u>\$745,973</u>
Reserves for Encumbrances, December 31	<u>\$420,088</u>	<u>\$16,279</u>		<u>\$393,229</u>

The notes to the financial statements are an integral part of this statement.

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
	\$1,224,527
	853,611
	21,664
	272,817
	85,619
	195,493
	<u>2,653,731</u>
	721,742
	15,239
	29,731
	12,098
	196,924
	322,386
	1,949,910
	1,150,229
	<u>4,398,259</u>
	<u>(1,744,528)</u>
	1,133,699
	275,467
	1,000
	(275,467)
	(1,000)
	(20,642)
	<u>1,113,057</u>
	(631,471)
<u>\$5,387</u>	<u>2,600,689</u>
<u>\$5,387</u>	<u>\$1,969,218</u>
	<u><u>\$829,596</u></u>

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**VILLAGE OF CANAL FULTON
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating Cash Receipts:			
Charges for services	\$801,559	\$154,896	\$956,455
Miscellaneous	1,374		1,374
Total operating cash receipts	<u>802,933</u>	<u>154,896</u>	<u>957,829</u>
Operating Cash Disbursements:			
Personal services	388,769		388,769
Employee Fringe Benefits		140,836	140,836
Contractual services	218,494		218,494
Supplies and materials	48,646		48,646
Capital outlay	33,305		33,305
Total Operating Cash Disbursements	<u>689,214</u>	<u>140,836</u>	<u>830,050</u>
Operating income	<u>113,719</u>	<u>14,060</u>	<u>127,779</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	<u>(228)</u>		<u>(228)</u>
Net Receipts Over Disbursements	113,491	14,060	127,551
Fund Cash Balances, January 1	<u>607,044</u>	<u>23,386</u>	<u>630,430</u>
Fund Cash Balances, December 31	<u>\$720,535</u>	<u>\$37,446</u>	<u>\$757,981</u>
Reserves for Encumbrances, December 31	<u>\$31,989</u>	<u>\$1,400</u>	<u>\$33,389</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF CANAL FULTON
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash Receipts:				
Local taxes	\$1,034,725	\$76,922		
Intergovernmental	333,943	242,420		\$140,444
Special assessments				24,351
Charges for services	8,415	894	\$165,517	70,215
Fines, licenses, and permits	32,350	4,662	144,450	47,250
Miscellaneous	133,574	10,190		3,311
Total Cash Receipts	<u>1,543,007</u>	<u>335,088</u>	<u>309,967</u>	<u>285,571</u>
Cash Disbursements:				
Current:				
Security of persons and property	541,296	118,293		
Public health services	14,381			
Leisure time activities	16,796			
Basic utility services		5,926		
Transportation	5,520	185,741		
General government	296,038			
Capital outlay	737,794	136,318		277,914
Debt Service	147,021		235,055	19,020
Total Cash Disbursements	<u>1,758,846</u>	<u>446,278</u>	<u>235,055</u>	<u>296,934</u>
Total Receipts Over/(Under) Disbursements	<u>(215,839)</u>	<u>(111,190)</u>	<u>74,912</u>	<u>(11,363)</u>
Other Financing Receipts/(Disbursements):				
Proceeds of Notes	677,000			780,000
Transfers-in		102,198	63,972	200,000
Advances-in				25,000
Transfers-out	(366,170)			
Advances-out			(25,000)	
Other uses	(16,060)	(2,832)		(409)
Total Other Financing Receipts/(Disbursements)	<u>294,770</u>	<u>99,366</u>	<u>38,972</u>	<u>1,004,591</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	78,931	(11,824)	113,884	993,228
Fund Cash Balances, January 1	690,726	155,800	193,297	381,260
Fund Cash Balances, December 31	<u>\$769,657</u>	<u>\$143,976</u>	<u>\$307,181</u>	<u>\$1,374,488</u>
Reserves for Encumbrances, December 31	<u>\$222,572</u>	<u>\$16,705</u>		<u>\$979,258</u>

The notes to the financial statements are an integral part of this statement.

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
	\$1,111,647
	716,807
	24,351
	245,041
	228,712
	147,075
	<u>2,473,633</u>
	659,589
	14,381
	16,796
	5,926
	191,261
	296,038
	1,152,026
	401,096
	<u>2,737,113</u>
	<u>(263,480)</u>
	1,457,000
	366,170
	25,000
	(366,170)
	(25,000)
	(19,301)
	<u>1,437,699</u>
	1,174,219
5,387	<u>1,426,470</u>
<u>\$5,387</u>	<u>\$2,600,689</u>
	<u>\$1,218,535</u>

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**VILLAGE OF CANAL FULTON
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating Cash Receipts:			
Charges for services	\$782,769	\$126,899	\$909,668
Miscellaneous	3,992		3,992
Total Operating Cash Receipts	<u>786,761</u>	<u>126,899</u>	<u>913,660</u>
Operating Cash Disbursements:			
Personal services	360,302		360,302
Employee Fringe Benefit		115,868	115,868
Travel transportation	96		96
Contractual services	205,707		205,707
Supplies and materials	73,976		73,976
Capital outlay	42,636		42,636
Total Operating Cash Disbursements	<u>682,717</u>	<u>115,868</u>	<u>798,585</u>
Operating income	<u>104,044</u>	<u>11,031</u>	<u>115,075</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	<u>(7,691)</u>		<u>(7,691)</u>
Net Receipts Over Disbursements	96,353	11,031	107,384
Fund Cash Balances, January 1, 1999	<u>510,691</u>	<u>12,355</u>	<u>523,046</u>
Fund Cash Balances, December 31, 1999	<u>\$607,044</u>	<u>\$23,386</u>	<u>\$630,430</u>
Reserves for Encumbrances, December 31, 1999	<u>\$44,090</u>		<u>\$44,090</u>

The notes to the financial statements are an integral part of this statement.

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**VILLAGE OF CANAL FULTON
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Canal Fulton, Stark County, Ohio, (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected, six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police and fire protection.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when they are earned, and disbursements are recognized when they are paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit and repurchase agreements are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively. The Village invested funds in short-term repurchase agreements through a cash management program offered by a local bank.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**VILLAGE OF CANAL FULTON
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bond and note indebtedness. The Village had the following significant Debt Service Fund:

Water Treatment Plant Fund - This fund receives proceeds from residents for utility services. These proceeds are used to pay off general obligation bonds and notes issued to expand the water treatment plant.

4. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Funds:

Sanitary Trunk Fund - This fund receives proceeds from local residents' sewer billings and is used to pay the local share of capital projects.

Elmridge Development Fund - This fund receives proceeds from special assessment collections and is used for improvements on Elmridge Street.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sanitary Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

**VILLAGE OF CANAL FULTON
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Internal Service Fund

This fund is maintained in order to provide services to other Village funds or departments on a quasi-external basis. The Internal Service Fund is maintained on a cost-reimbursement basis. The Village had the following Internal Service Fund:

Hospitalization Fund - This fund receives monies from employee payroll deductions and employer contributions to pay medical, dental and vision insurance premiums for the purpose of providing health benefits to Village employees under the Village's partially self-insured plan.

7. Fiduciary Funds (Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements.

If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had three Expendable Trust Funds which had no financial activity during the audit period.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**VILLAGE OF CANAL FULTON
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$140,493	\$123,998
Certificates of deposit	<u>2,126,358</u>	<u>2,454,761</u>
Total Deposits	<u>2,266,851</u>	<u>2,578,759</u>
Sweep Account	129,993	618,337
Money Market	0	10,569
Star Ohio	<u>330,355</u>	<u>23,454</u>
Total Investments	<u>460,348</u>	<u>652,360</u>
Total deposits and investments	<u><u>\$2,727,199</u></u>	<u><u>\$3,231,119</u></u>

Deposits

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF CANAL FULTON
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,604,815	\$1,605,185	\$370
Special Revenue	584,137	584,136	(1)
Debt Service	878,405	878,404	(1)
Capital Projects	1,822,701	996,172	(826,529)
Enterprise	800,514	802,933	2,419
Internal Service	<u>154,896</u>	<u>154,896</u>	<u>0</u>
Total	<u>\$5,845,468</u>	<u>\$5,021,726</u>	<u>(\$820,412)</u>

2000 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,977,700	\$1,977,699	\$1
Special Revenue	486,621	486,623	(2)
Debt Service	1,042,726	1,042,726	0
Capital Projects	2,017,916	2,017,916	0
Enterprise	721,430	721,431	(1)
Internal Service	<u>142,236</u>	<u>142,236</u>	<u>0</u>
Total	<u>\$6,388,629</u>	<u>\$6,388,631</u>	<u>(\$2)</u>

**VILLAGE OF CANAL FULTON
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$2,220,007	\$2,220,007	\$0
Special Revenue	437,286	437,286	0
Debt Service	373,939	373,939	0
Capital Projects	1,290,571	1,290,571	0
Enterprise	786,761	786,761	0
Internal Service	<u>126,899</u>	<u>126,899</u>	<u>0</u>
Total	<u>\$5,235,463</u>	<u>\$5,235,463</u>	<u>\$0</u>

1999 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,371,686	\$2,363,648	\$8,038
Special Revenue	466,503	465,815	688
Debt Service	260,055	260,055	0
Capital Projects	1,283,272	1,276,601	6,671
Enterprise	744,738	734,498	10,240
Internal Service	<u>115,868</u>	<u>115,868</u>	<u>0</u>
Total	<u>\$5,242,122</u>	<u>\$5,216,485</u>	<u>\$25,637</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

**VILLAGE OF CANAL FULTON
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX (Continued)

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	\$1,121,842	0%
Ohio Water Development Authority Loan	158,775	8.97%
General Obligation Notes	1,334,140	4.7% to 6.5%
General Obligation Bonds	1,095,000	6.40%
Special Assessment Bonds	<u>84,000</u>	6.50%
Total	<u>\$3,793,757</u>	

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31</u>	<u>OPWC Loans</u>	<u>OWDA Loan</u>	<u>General Obligation Notes</u>	<u>General Obligation Bonds</u>	<u>Special Assessment Bonds</u>
2001	\$58,471	\$62,691	\$237,934	\$146,827	\$17,460
2002	61,662	62,691	160,836	147,278	16,680
2003	61,662	62,691	111,798	147,328	15,900
2004	61,662	0	109,659	146,928	15,120
2005	61,662	0	107,520	146,063	14,340
Subsequent	<u>816,723</u>	<u>0</u>	<u>1,914,691</u>	<u>880,341</u>	<u>26,340</u>
Total	<u>\$1,121,842</u>	<u>\$188,073</u>	<u>\$2,642,438</u>	<u>\$1,614,765</u>	<u>\$105,840</u>

**VILLAGE OF CANAL FULTON
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Fund (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobile
- Law enforcement liability
- Public officials' liability
- Wrongful Acts

The Village also provides health insurance and dental and vision coverage to full-time employees through a partial self insurance program where the Village pays the first \$1,000 in medical claims, with the remainder insured by a private carrier.

8. SUBSEQUENT EVENT

The Village of Canal Fulton passed a charter amendment to become the City of Canal Fulton in January 2001.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Village of Canal Fulton
Stark County
155 E. Market Street
Canal Fulton, Ohio 44614

To the Village Council:

We have audited the financial statements of the Village of Canal Fulton, Stark County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 12, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated February 12, 2001.

Internal Control Over Financial Reporting

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

Village of Canal Fulton
Stark County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

February 12, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF CANAL FULTON

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 3, 2001**