



**Auditor of State  
Betty Montgomery**



**CITY OF CANAL FULTON  
STARK COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Similar Fiduciary Fund Types For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	13

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

City of Canal Fulton  
155 E. Market Street, Suite A  
Canal Fulton, Ohio 44614

To the City Council:

We have audited the accompanying financial statements of the City of Canal Fulton, Stark County, Ohio, (the City) as of and for the year ended December 31, 2002. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the City 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 City as of December 31, 2002, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 27, 2003

CITY OF CANAL FULTON  
STARK COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Local Taxes	\$170,619	\$124,003				\$294,622
Municipal Income Taxes	1,075,117					1,075,117
Special Assessments			\$16,517			16,517
Intergovernmental Receipts	195,890	199,698		\$116,851		512,439
Charges for Services	12,345	6,822	255,358	127,078		401,603
Fines, Licenses, and Permits	23,727	3,264	49,545	24,363		100,899
Earnings on Investments	103,525					103,525
Miscellaneous	7,321	10,639		40,625		58,585
<b>Total Cash Receipts</b>	<b>1,588,544</b>	<b>344,426</b>	<b>321,420</b>	<b>308,917</b>		<b>2,563,307</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	643,926	155,376				799,302
Public Health Services	16,831					16,831
Leisure Time Activities	8,102	5,692				13,794
Community Environment	6,295					6,295
Transportation		198,955				198,955
General Government	391,031					391,031
Debt Service:						
Principal Payments	144,372		237,076			381,448
Interest Payments	18,045		76,986			95,031
Capital Outlay	50,436	53,825		1,414,779		1,519,040
<b>Total Cash Disbursements</b>	<b>1,279,038</b>	<b>413,848</b>	<b>314,062</b>	<b>1,414,779</b>		<b>3,421,727</b>
Total Receipts Over/(Under) Disbursements	309,506	(69,422)	7,358	(1,105,862)		(858,420)
<b>Other Financing Receipts/(Disbursements):</b>						
Other Debt Proceeds	3,208		4,811	715,311		723,330
Sale of Fixed Assets	76					76
Transfers-In		134,283	46,409	555,782		736,474
Transfers-Out	(734,098)	(2,376)				(736,474)
Advances-In	359,427	9,500				368,927
Advances-Out				(608,752)		(608,752)
Other Financing Sources	3,186					3,186
Other Financing Uses	(35,438)					(35,438)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(403,639)</b>	<b>141,407</b>	<b>51,220</b>	<b>662,341</b>		<b>451,329</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(94,133)	71,985	58,578	(443,521)		(407,091)
Fund Cash Balances, January 1	678,094	205,007	248,692	1,330,824	5,287	2,467,904
<b>Fund Cash Balances, December 31</b>	<b>\$583,961</b>	<b>\$276,992</b>	<b>\$307,270</b>	<b>\$887,303</b>	<b>\$5,287</b>	<b>\$2,060,813</b>
Reserves for Encumbrances, December 31	\$68,618	\$24,978	\$0	\$305,004	\$0	\$398,600

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

**CITY OF CANAL FULTON  
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Proprietary Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Internal Service</b>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$857,897	\$185,975	\$1,043,872
Fines, License and Permits	288		288
Miscellaneous	1,945		1,945
<b>Total Operating Cash Receipts</b>	<b>860,130</b>	<b>185,975</b>	<b>1,046,105</b>
<b>Operating Cash Disbursements:</b>			
Personal Services	477,598	200,933	678,531
Contractual Services	305,806		305,806
Supplies and Materials	49,239		49,239
Capital Outlay	19,169		19,169
<b>Total Operating Cash Disbursements</b>	<b>851,812</b>	<b>200,933</b>	<b>1,052,745</b>
Operating Income/(Loss)	8,318	(14,958)	(6,640)
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	2,247		2,247
<b>Total Non-Operating Cash Receipts</b>	<b>2,247</b>		<b>2,247</b>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	868		868
<b>Total Non-Operating Cash Disbursements</b>	<b>868</b>		<b>868</b>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers and Advances	9,697	(14,958)	(5,261)
Advances-In	239,825		239,825
Net Receipts Over/(Under) Disbursements	249,522	(14,958)	234,564
Fund Cash Balances, January 1	572,567	16,460	589,027
<b>Fund Cash Balances, December 31</b>	<b>\$822,089</b>	<b>\$1,502</b>	<b>\$823,591</b>
Reserve for Encumbrances, December 31	\$21,404	\$0	\$21,404

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



**CITY OF CANAL FULTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The City of Canal Fulton, Stark County, (the City) is a charter municipal corporation, incorporated under the laws of the State of Ohio. The City operates under a Council and City Manager form of government. The Mayor and Council are elected. The City provides water and sewer utilities, park operations, and police services. The City appropriates general fund money to support a volunteer fire department.

The City's management believes these financial statements present all activities for which the City 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 earned, and disbursements are recognized when 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**

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.

Certificates of deposit and repurchase agreements are valued at cost. During 2002, the City invested funds in short-term repurchase agreements through a cash management program offered by a local bank.

**D. Fund Accounting**

The City uses fund accounting to segregate cash and investments that are restricted as to use. The City 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 to be accounted for in another fund.

**2. Special Revenue Fund**

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 City has the following significant Special Revenue Funds:

**CITY OF CANAL FULTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund (Continued)**

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

*Brad Lightle Memorial Park Fund* - This fund receives donations and general fund transfers to fund construction of the Park.

**3. Debt Service Fund**

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The City has the following significant debt service fund:

*Water Debt Service Fund* – This fund receives a portion of the water utilities receipts and proceeds of debt issuances for the payment of debt associated with the water 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 City has the following significant Capital Projects Funds:

*Water System Improvement Fund* - This fund receives a portion of the water utility receipts to provide capital improvements to the water system.

*Downtown Phase II Fund* - This fund receives grants for the restoration of the historic downtown area of the City.

**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 City has the following significant 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.

**CITY OF CANAL FULTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**6. Internal Service Fund**

This fund is used to account for the financing services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City has the following Internal Service Fund:

*Hospitalization Fund* - This receives employee and City contributions to cover the cost of insurance premiums.

**7. Fiduciary Funds (Trust Fund)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the City to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable.

The City has two expendable trust funds which generated no financial activity during 2002.

**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 function level of control, and appropriations may not exceed estimated resources. The Council must annually approve the appropriation measure 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 City to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 budgetary activity appears in Note 3.

**CITY OF CANAL FULTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(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. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the City's basis of accounting.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The City 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>2002</u>
Demand deposits	<u>\$100,661</u>
Certificates of deposit	<u>2,663,505</u>
Total deposits	<u>2,764,166</u>
Repurchase agreement	<u>120,238</u>
Total investments	<u>120,238</u>
Total deposits and investments	<u><u>\$2,884,404</u></u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the City, or collateralized by the financial institution's public entity deposit pool.

**Investments:** The City's agent holds securities collateralizing the repurchase agreements in the Sweep account. The securities are not in the City's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

Fund Type	2002 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$1,554,515	\$1,595,014	\$40,499
Special Revenue	447,262	478,709	31,447
Debt Service	342,459	372,640	30,181
Capital Projects	1,438,210	1,580,010	141,800
Enterprise	785,900	862,377	76,477
Internal Service	184,698	185,975	1,277
Total	<u><u>\$4,753,044</u></u>	<u><u>\$5,074,725</u></u>	<u><u>\$321,681</u></u>

**CITY OF CANAL FULTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,242,470	\$2,117,192	\$125,278
Special Revenue	551,267	441,202	110,065
Debt Service	387,203	314,062	73,141
Capital Projects	1,940,455	1,719,783	220,672
Enterprise	942,416	874,084	68,332
Internal Service	201,158	200,933	225
Total	\$6,264,969	\$5,667,256	\$597,713

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by City 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 accompanying 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.

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

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 City.

**5. LOCAL INCOME TAX**

The City levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the City as well as certain income of residents earned outside of the City.

Employers within the City withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**CITY OF CANAL FULTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan - 1986	\$57,531	8.97%
Ohio Public Works Commission Loans - 1995	289,648	0.00%
Ohio Public Works Commission Loans - 2000	660,000	0.00%
Ohio Public Works Commission Loans - 2001	793,295	0.00%
Special Assessment Bond - 1986	60,000	6.50%
General Obligation Bond - 2001	<u>1,935,000</u>	2.6 - 4.2%
Total	<u><u>\$3,795,474</u></u>	

The Ohio Water Development Authority (OWDA) loan issued in 1986 in the amount of \$550,000, was for the Waste Water Treatment Plant renovation project. This loan will be repaid in semiannual installments, including interest, over a remaining life of 1 year. The loan is collateralized by Utility receipts. The City has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works (OPWC) loan issued in 1995 was in the amount of \$556,255 for two street improvement projects. The loan will be repaid semiannual installments over a remaining life of 12 years and is collateralized by Fifth Third Bank. The OPWC loan issued in 2000 in the amount of \$660,000 was for a new Waste Water Treatment Plant. The loan will be repaid over a remaining life of 13 years. There were two 2001 loans, one for sewer improvements, the other for Solids Handling Improvements at the sewer plant. These loans will not have a repayment schedule until the loan is finalized and, therefore, is not included in the following schedule of debt service payments.

The General Obligation Bonds issued in 2001 in the amount of \$2,310,872 were for the purpose of consolidating and refinancing several debt issues to obtain a lower interest rate. The bonds will be repaid in annual principal and semiannual interest installments from general revenues and utility receipts of the City. The bonds are collateralized by the general taxing authority of the City.

**CITY OF CANAL FULTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**6. DEBT (Continued)**

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

	OWDA Loan	OPWC Loan	General Obligation Bonds	Special Assessment Bonds
Year ending December 31:				
2003	\$62,691	\$61,662	\$328,515	\$15,900
2004		61,662	330,975	15,120
2005		61,662	317,605	14,340
2006		61,662	303,860	13,560
2007		61,662	204,890	12,780
Subsequent		693,399	783,325	
Total	<u>\$62,691</u>	<u>\$1,001,709</u>	<u>\$2,269,170</u>	<u>\$71,700</u>

During 2001, the City entered into a lease-purchase agreement for the purchase of a police cruiser. The total value of the lease was \$22,021. The lease will be repaid from general government resources in 2002. The amortized lease payment including interest is \$6,892.

**7. RETIREMENT SYSTEMS**

The City's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 2002, OP&F participants contributed 10% of their wages. The City contributed an amount equal to 19.5% of police participant wages. OPERS members contributed 8.5% of their wages. The City contributed an amount equal to 13.55% of participants' gross salaries for 2002. The City has paid all contributions required through December 31, 2002.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The City has obtained commercial insurance for the following risks:

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

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

**CITY OF CANAL FULTON  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**9. RESTATEMENT OF PRIOR YEAR FUND BALANCES**

Prior to January 1, 2002, the Law Enforcement fund was adjusted from the Expendable Trust Fund to a Special Revenue Fund, and the Elmridge Development fund was adjusted from a Capital Projects Fund to a Debt Service Fund.

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Expendable Trust Fund
Beginning fund balances, as previously reported	\$204,907	\$240,478	\$1,339,038	\$5,387
Fund adjustments	100	8,214	(8,214)	(100)
Beginning fund balances, restated	<u>\$205,007</u>	<u>\$248,692</u>	<u>\$1,330,824</u>	<u>\$5,287</u>





**Auditor of State  
Betty Montgomery**

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

City of Canal Fulton  
155 East Market Street, Suite A  
Canal Fulton, Ohio 44614

To the City Council:

We have audited the accompanying financial statements of the City of Canal Fulton, Stark County, Ohio, (the City) as of and for the year ended December 31, 2002, and have issued our report thereon dated May 27, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated May 27, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated May 27, 2003.

111 Second St., NW / Fourth Floor / Canton, OH 44702  
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 27, 2003



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY 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  
JULY 1, 2003**