

City of Canfield

Mahoning County, Ohio

Regular Audit

January 1, 2007 through December 31, 2007

Fiscal Year Audited Under GAGAS: 2007



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, 2007 through December 31, 2007. 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, 2007, 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.

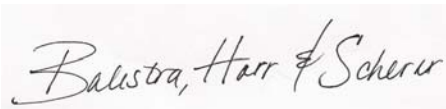
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2007, and 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 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. 48 "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues".

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, 2007 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, 2007. 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 2007 are as follows:

- The total net assets of the City increased \$1,213,176. Net assets of governmental activities increased \$784,774 or 5.07% from 2006 and net assets of business-type activities increased \$428,402 or 2.84% over 2006.
- General revenues accounted for \$3,890,681 of total governmental activities revenue. Program specific revenues accounted for \$1,710,462 or 30.54% of total governmental activities revenue.
- The City had \$4,541,083 in expenses related to governmental activities; \$1,710,462 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$2,830,621 were offset by general revenues (primarily taxes and unrestricted grants and entitlements) of \$3,890,681.
- The general fund had revenues and other financing sources of \$3,554,823 in 2007. This represents an increase of \$313,034 from 2006. The expenditures and other financing uses of the general fund, which totaled \$3,341,021 in 2007, increased \$394,868 from 2006. The net increase in fund balance for the general fund was \$213,802 or 9.53%.
- The street construction maintenance and repair fund had revenues and other financing sources of \$949,061 in 2007. The expenditures and other financing uses of the street construction maintenance and repair fund, totaled \$970,542 in 2007. The net decrease in fund balance for the street construction maintenance and repair fund was \$21,481 or 4.48%.
- The S Broad St safety upgrade fund had revenues and other financing sources of \$797,600 in 2007. The expenditures of the S Broad St safety upgrade fund, totaled \$1,018,228 in 2007. The net decrease in fund balance for the S Broad St safety upgrade fund was \$220,628 or 95.75%.
- Net assets for the business-type activities, which are made up of the Sewer, Water and Storm Water enterprise funds, increased in 2007 by \$428,402. This increase in net assets was due primarily to an increase in cash and capital assets over the prior year. There was an increase in charges for services and a transfer of capital assets from governmental activities.
- In the general fund, the actual revenues and other financing sources came in \$94,165 lower than they were in the final budget and actual expenditures and other financing uses were \$303,830 less than the amount in the final budget. Budgeted expenditures were increased \$60,335 from the original to the final budget. Budgeted revenues were the same in the original and final budgets.

CITY OF CANFIELD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 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 2007?" 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, 2007
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, street construction maintenance and repair fund and the S Broad St safety upgrade 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, 2007
UNAUDITED

Government-Wide Financial Analysis

Net assets of governmental activities were restated at December 31, 2006. See note 3.B. to the basic financial statements for detail. The table below provides a summary of the City's net assets for 2007 and 2006:

	Net Assets					
	Governmental Activities		Business-type Activities		(Restated)	
	2007	(Restated) 2006	2007	2006	2007 Total	2006 Total
<u>Assets</u>						
Current and other assets	\$ 5,753,755	\$ 5,537,592	\$ 3,718,916	\$ 3,478,055	\$ 9,472,671	\$ 9,015,647
Capital assets, net	<u>13,510,757</u>	<u>12,910,803</u>	<u>13,102,783</u>	<u>13,084,696</u>	<u>26,613,540</u>	<u>25,995,499</u>
Total assets	<u>19,264,512</u>	<u>18,448,395</u>	<u>16,821,699</u>	<u>16,562,751</u>	<u>36,086,211</u>	<u>35,011,146</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	2,088,681	2,190,120	1,161,903	1,283,536	3,250,584	3,473,656
Other liabilities	<u>919,442</u>	<u>786,660</u>	<u>168,684</u>	<u>216,505</u>	<u>1,088,126</u>	<u>1,003,165</u>
Total liabilities	<u>3,008,123</u>	<u>2,976,780</u>	<u>1,330,587</u>	<u>1,500,041</u>	<u>4,338,710</u>	<u>4,476,821</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	11,579,310	10,880,444	11,947,655	11,811,902	23,526,965	22,692,346
Restricted	1,809,167	2,107,584	-	-	1,809,167	2,107,584
Unrestricted	<u>2,867,912</u>	<u>2,483,587</u>	<u>3,543,457</u>	<u>3,250,808</u>	<u>6,411,369</u>	<u>5,734,395</u>
Total net assets	<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>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2007, the City's assets exceeded liabilities by \$31,747,501. At year-end, net assets were \$16,256,389 and \$15,491,112 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 73.75% 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, 2007, were \$11,579,310 and \$11,947,655 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, \$1,809,167, 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 \$2,867,912 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, 2007
UNAUDITED

The table below shows the changes in net assets for fiscal year 2007 and 2006.

	Change in Net Assets					
	Governmental Activities		Business-type Activities		2007 Total	(Restated) 2006 Total
	2007	(Restated) 2006	2007	2006		
Revenues						
Program revenues:						
Charges for services	\$ 419,668	\$ 390,726	\$ 2,586,972	\$ 2,218,857	\$ 3,006,640	\$ 2,609,583
Operating grants and contributions	690,376	646,341	-	968	690,376	647,309
Capital grants and contributions	600,418	80,082	-	-	600,418	80,082
Total program revenues	1,710,462	1,117,149	2,586,972	2,219,825	4,297,434	3,336,974
General revenues:						
Property taxes	529,427	533,911	-	-	529,427	533,911
Income taxes	2,418,198	2,351,574	-	-	2,418,198	2,351,574
Unrestricted grants and entitlements	621,403	289,390	-	-	621,403	289,390
Increase/decrease in fair value of investments	45,869	(5,581)	2,770	112	48,639	(5,469)
Investment earnings	258,707	243,576	-	-	258,707	243,576
Miscellaneous	17,077	61,330	2,677	2,010	19,754	63,340
Total general revenues	3,890,681	3,474,200	5,447	2,122	3,896,128	3,476,322
Total revenues	5,601,143	4,591,349	2,592,419	2,221,947	8,193,562	6,813,296
Expenses:						
General government	855,031	790,700	-	-	855,031	790,700
Security of persons and property	2,351,935	2,537,586	-	-	2,351,935	2,537,586
Public health and welfare	87,311	81,070	-	-	87,311	81,070
Leisure time activity	88,375	94,375	-	-	88,375	94,375
Community environment	87,762	96,666	-	-	87,762	96,666
Transportation	982,966	943,074	-	-	982,966	943,074
Intergovernmental	-	-	-	-	-	-
Other	364	725	-	-	364	725
Interest and fiscal charges	87,339	90,483	-	-	87,339	90,483
Water	-	-	1,142,053	1,075,303	1,142,053	1,075,303
Sewer	-	-	1,151,532	1,059,264	1,151,532	1,059,264
Storm	-	-	145,718	140,731	145,718	140,731
Total expenses	4,541,083	4,634,679	2,439,303	2,275,298	6,980,386	6,909,977
Increase/decrease in net assets before transfers	1,060,060	(43,330)	153,116	(53,351)	1,213,176	(96,681)
Transfers	(275,286)	-	275,286	-	-	-
Change in net assets	784,774	(43,330)	428,402	(53,351)	1,213,176	(96,681)
Net assets at beginning of year (restated)	15,471,615	15,514,945	15,062,710	15,116,061	30,534,325	30,631,006
Net assets at end of year	\$ 16,256,389	\$ 15,471,615	\$ 15,491,112	\$ 15,062,710	\$ 31,747,501	\$ 30,534,325

CITY OF CANFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

Governmental Activities

Governmental activities net assets increased \$784,774 in 2007. This increase is a result an increase in revenues over the prior year. The majority of the increase came from a capital grant for the upgrade of S Broad St.

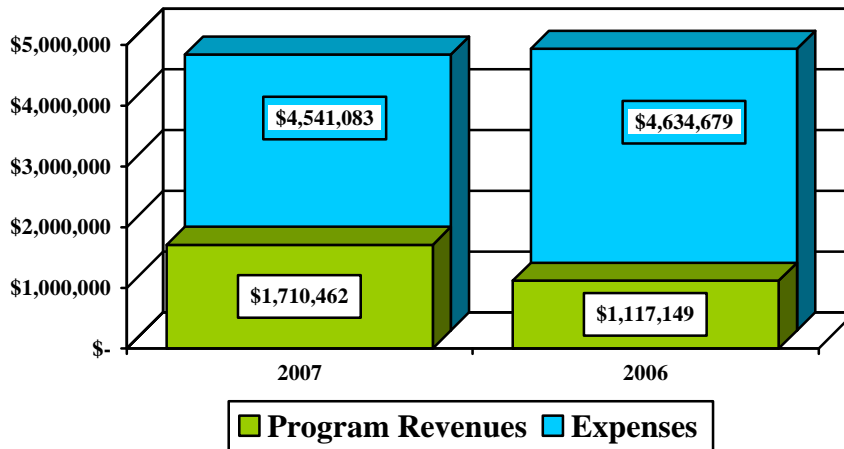
Security of persons and property which primarily supports the operations of the police department and street lights accounted for \$2,351,935 or 51.79% of the total expenses of the City. Security of persons and property expenses were partially funded by \$66,426 in direct charges to users of the services. General government expenses totaled \$855,031. General government expenses were partially funded by \$300,986 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$690,376 in operating grants and contributions and \$600,418 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total capital grants and contributions, \$586,418 subsidized transportation programs.

General revenues totaled \$3,890,681, and amounted to 69.46% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$2,947,625. 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 \$621,403.

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

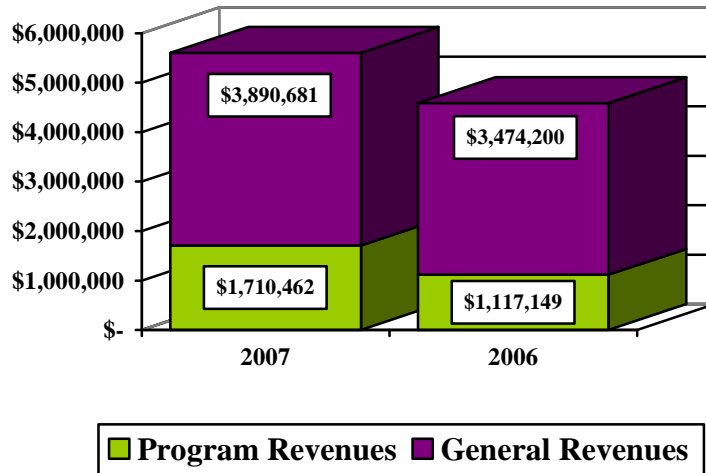
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

Governmental Activities

	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	(Restated) Total Cost of Services <u>2006</u>	(Restated) Net Cost of Services <u>2006</u>
Program Expenses:				
General government	\$ 855,031	\$ 506,603	\$ 790,700	\$ 445,010
Security of persons and property	2,351,935	2,162,717	2,537,586	2,417,770
Public health and welfare	87,311	65,101	81,070	64,635
Leisure time activity	88,375	66,195	94,375	71,496
Community environment	87,762	62,486	96,666	53,684
Transportation	982,966	(120,184)	943,074	373,727
Other	364	364	725	725
Interest and fiscal charges	87,339	87,339	90,483	90,483
Total	<u>\$ 4,541,083</u>	<u>\$ 2,830,621</u>	<u>\$ 4,634,679</u>	<u>\$ 3,517,530</u>

The dependence upon general revenues for governmental activities is apparent, with 62.33% of expenses supported through taxes and other general revenues. The chart below illustrates the City's program revenues versus general revenues for 2007 and 2006.

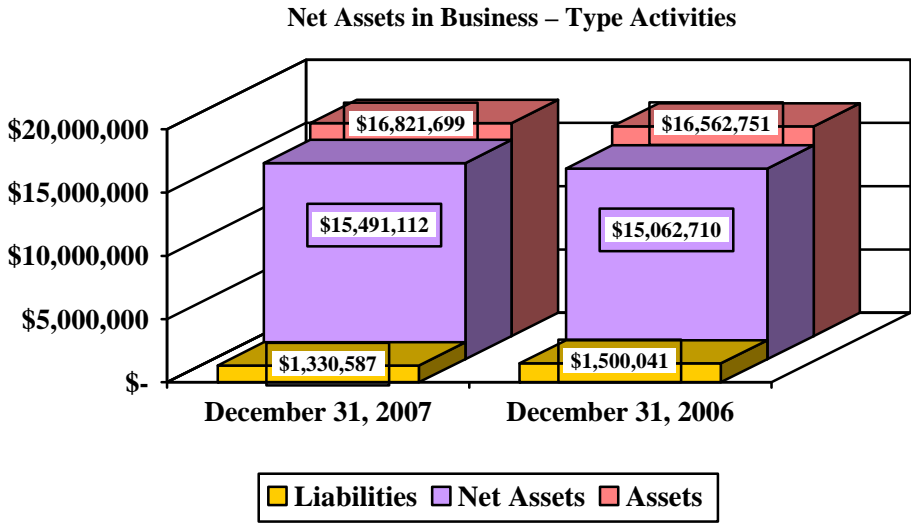
Governmental Activities – General and Program Revenues



CITY OF CANFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

Business-type Activities

Business-type activities include the sewer, water and storm water enterprise funds. These programs had operating revenues of \$2,586,972, general revenues of \$5,447 and expenses of \$2,439,303 for 2007. 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 20) reported a combined fund balance of \$4,032,122 which is a decrease of \$26,688 over last year's total of \$4,058,810.

CITY OF CANFIELD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2007 for all major and non-major governmental funds.

	<u>Fund Balances</u> <u>12/31/07</u>	<u>Fund Balances</u> <u>12/31/06</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 2,456,915	\$ 2,243,113	\$ 213,802
Street Construction, Maintenance and Repair	457,529	479,010	(21,481)
S Broad St Safety Upgrade Fund	9,790	230,418	(220,628)
Other Nonmajor Governmental Funds	<u>1,107,888</u>	<u>1,106,269</u>	<u>1,619</u>
Total	<u>\$ 4,032,122</u>	<u>\$ 4,058,810</u>	<u>\$ (26,688)</u>

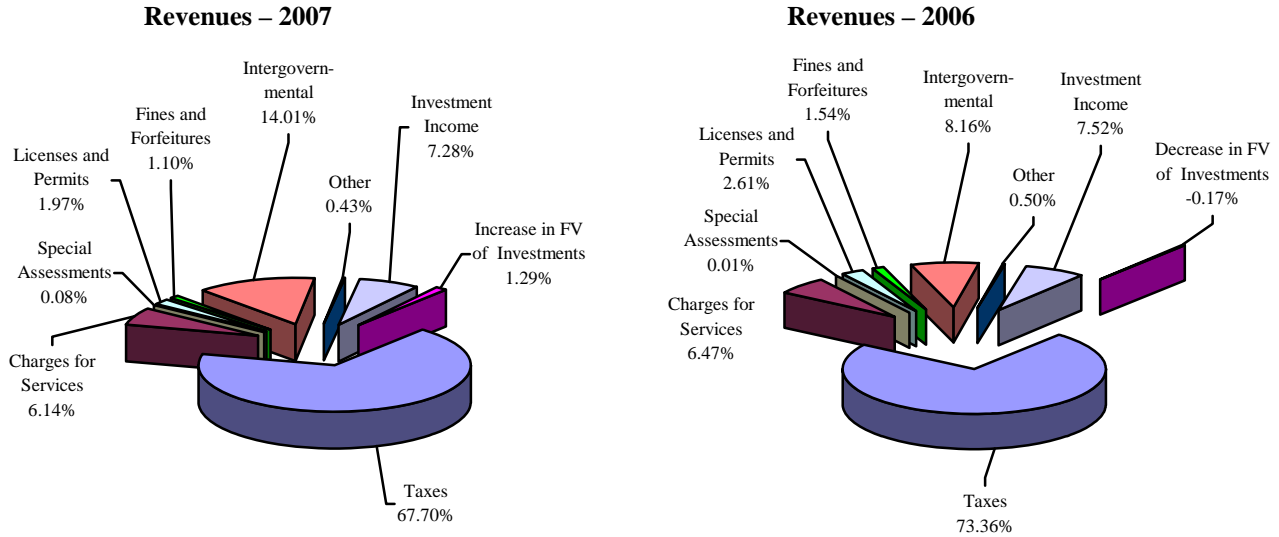
General Fund

The City's general fund balance increased \$213,802. The table that follows assists in illustrating the revenues of the general fund.

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Income taxes	\$ 2,404,995	\$ 2,375,786	1.23 %
Special assessments	2,724	288	845.83 %
Charges for services	218,114	209,537	4.09 %
Licenses and permits	70,133	84,420	(16.92) %
Fines and forfeitures	38,939	49,761	(21.75) %
Intergovernmental	497,790	264,340	88.31 %
Investment income	258,707	243,576	6.21 %
Increase (decrease) in FMV of investments	45,869	(5,581)	(921.88) %
Other	<u>15,152</u>	<u>16,301</u>	(7.05) %
Total	<u>\$ 3,552,423</u>	<u>\$ 3,238,428</u>	9.70 %

Tax revenue represents 67.70% of all general fund revenue. Tax revenue increased 1.23% over prior year. The increase in intergovernmental revenue is due to an increase in the number of grants the City received. The increase in investment income and the fair market value of investments is due to the amount of funds in the City's investment portfolio throughout the year.

CITY OF CANFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED



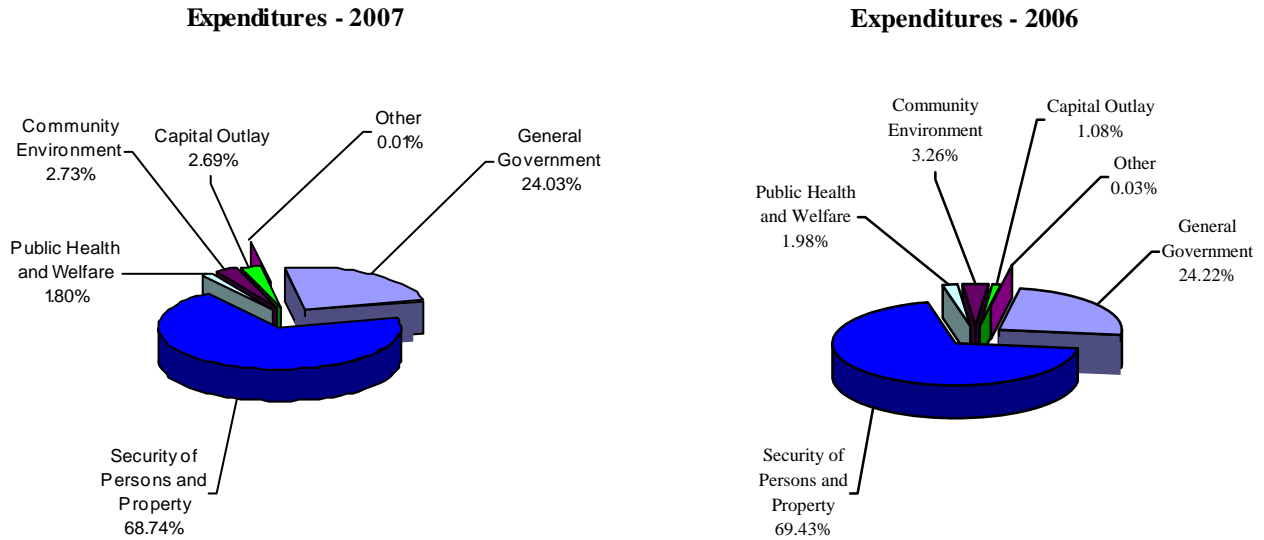
The table that follows assists in illustrating the expenditures of the general fund.

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 768,878	\$ 692,748	10.99
Security of persons and property	2,198,900	1,985,828	10.73
Public health and welfare	57,463	56,751	1.25
Community environment	87,354	93,170	(6.24)
Other	364	725	(49.79)
Capital outlay	<u>86,062</u>	<u>30,931</u>	178.24
Total	<u>\$ 3,199,021</u>	<u>\$ 2,860,153</u>	11.85

The City increased total expenditures by 11.85%. The largest expenditure line item, security of persons and property, increased slightly, which is primarily attributed to wage and benefit increases.

CITY OF CANFIELD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
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 \$94,165 lower than they were in the final budget and actual expenditures and other financing uses were \$303,830 less than the amount in the final budget. Budgeted expenditures were increased \$60,335 from the original to the final budget. Budgeted revenues were the same in the original and the final budget.

Street Construction Maintenance and Repair Fund

The street construction maintenance and repair fund had revenues and other financing sources of \$949,061 in 2007. The expenditures and other financing uses of the street construction maintenance and repair fund, totaled \$970,542 in 2007. The net decrease in fund balance for the street construction maintenance and repair fund was \$21,481 or 4.48%.

S Broad St Safety Upgrade Fund

The S Broad St safety upgrade fund had revenues and other financing sources of \$797,600 in 2007. The expenditures of the S Broad St safety upgrade fund, totaled \$1,018,228 in 2007. The net decrease in fund balance for the S Broad St safety upgrade fund was \$220,628 or 95.75%.

CITY OF CANFIELD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
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 \$1,073,861 and operating expenses of \$1,126,670 for 2007. The Water fund net assets decreased \$64,260 in 2007. The Sewer fund had operating revenues of \$1,346,664 and operating expenses of \$1,137,859 for 2007. The Sewer fund net assets increased \$196,789 in 2007. The Storm fund had operating revenues of \$169,124 and operating expenses of \$145,718 for 2007. The Storm fund net assets increased \$295,873 in 2007.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2007, the City had \$26,613,540 (net of accumulated depreciation) invested in land, buildings, land improvements, equipment, vehicles, infrastructure, and construction in progress (CIP). Of this total, \$13,510,757 was reported in governmental activities and \$13,102,783 was reported in business-type activities. See Note 9 for further description of capital assets. The following table shows fiscal 2007 balances compared to 2006:

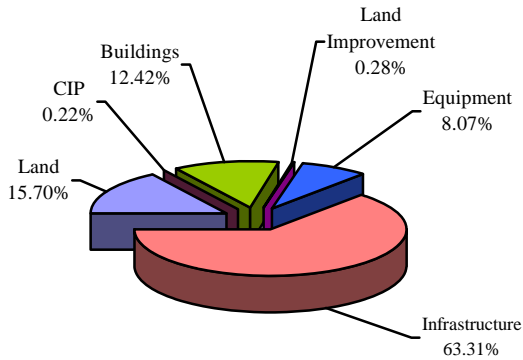
**Capital Assets at December 31
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2007	(Restated) 2006	2007	2006	2007	(Restated) 2006
Land	\$ 2,121,608	\$ 2,054,375	\$ 9,140	\$ 9,140	\$ 2,130,748	\$ 2,063,515
Construction in progress	29,175	90,789	101,754	115,866	130,929	206,655
Buildings	1,678,349	1,735,489	1,009,492	1,040,444	2,687,841	2,775,933
Land improvements	37,524	40,052	-	-	37,524	40,052
Equipment	1,090,081	1,032,098	103,768	100,426	1,193,849	1,132,524
Infrastructure	8,554,020	7,957,999	11,878,629	11,818,820	20,432,649	19,776,819
Totals	<u>\$ 13,510,757</u>	<u>\$ 12,910,802</u>	<u>\$ 13,102,783</u>	<u>\$ 13,084,696</u>	<u>\$ 26,613,540</u>	<u>\$ 25,995,498</u>

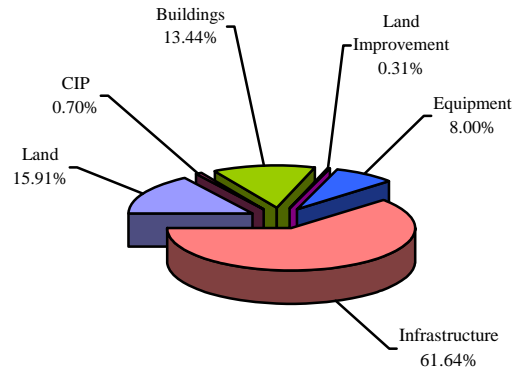
CITY OF CANFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

The following graphs show the breakdown of governmental capital assets by category for 2007 and 2006.

Capital Assets - Governmental Activities 2007



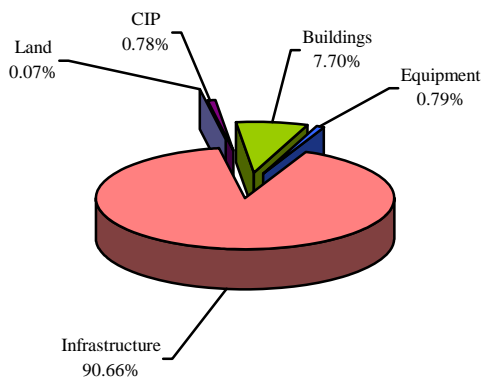
Capital Assets - Governmental Activities 2006



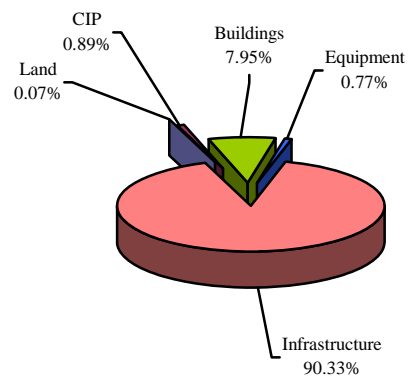
The City's infrastructure is the largest governmental activities capital asset category, which includes bridges and streets. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 63.31% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2007 and 2006.

Capital Assets - Business-Type Activities 2007



Capital Assets - Business-Type Activities 2006



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 90.66% of the City's total business-type capital assets.

CITY OF CANFIELD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

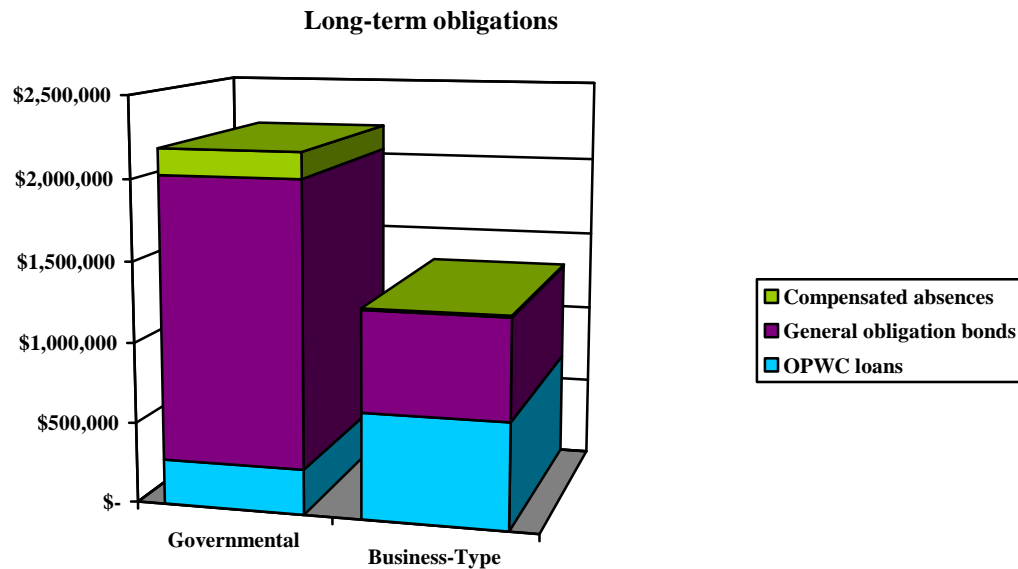
Debt Administration

The City had the following long-term obligations outstanding at December 31, 2007 and 2006:

Governmental Activities		
	2007	2006
OPWC loans	\$ 243,948	\$ 280,360
General obligation bonds	1,687,500	1,750,000
Compensated absences	157,233	159,760
Total long-term obligations	\$ 2,088,681	\$ 2,190,120

Business-type Activities		
	2007	2006
OPWC loans	\$ 613,627	\$ 654,793
General obligation bonds	541,500	618,000
Compensated absences	6,776	10,743
Total long-term obligations	\$ 1,161,903	\$ 1,283,536

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, 2007 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 2006, 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.

CITY OF CANFIELD

**STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

	Governmental Activities	Business-type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 3,486,689	\$ 3,157,499	\$ 6,644,188
Investments	445,142	2,883	448,025
Receivables (Net of Allowance for Uncollectibles)			
Income Taxes	587,003	0	587,003
Real and Other Taxes	565,472	0	565,472
Accounts	86,561	542,633	629,194
Special Assessments	46,332	0	46,332
Due From Other Governments	491,056	0	491,056
Prepayments	45,500	15,901	61,401
Capital Assets			
Land and Construction in Progress	2,150,783	110,894	2,261,677
Depreciable Capital Assets, net	11,359,974	12,991,889	24,351,863
Total Capital Assets	<u>13,510,757</u>	<u>13,102,783</u>	<u>26,613,540</u>
Total Assets	<u>19,264,512</u>	<u>16,821,699</u>	<u>36,086,211</u>
Liabilities:			
Accounts Payable	25,339	43,557	68,896
Accrued Wages and Benefits	127,003	7,666	134,669
Due to Other Governments	230,760	115,347	346,107
Deferred Revenue	529,570	0	529,570
Accrued Interest Payable	6,770	2,114	8,884
Long-term Liabilities:			
Due Within One Year	189,355	126,442	315,797
Due in More Than One Year	<u>1,899,326</u>	<u>1,035,461</u>	<u>2,934,787</u>
Total Liabilities	<u>3,008,123</u>	<u>1,330,587</u>	<u>4,338,710</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	11,579,310	11,947,655	23,526,965
Restricted for:			
Capital Projects	106,093	0	106,093
Debt Service	411,146	0	411,146
Security of Persons & Property	62,986	0	62,986
Public Health	14,679	0	14,679
Transportation	709,158	0	709,158
Leisuretime Activities	175,248	0	175,248
Other Purposes	127,687	0	127,687
Perpetual Care			
Expendable	114,770	0	114,770
Non-Expendable	87,400	0	87,400
Unrestricted	<u>2,867,912</u>	<u>3,543,457</u>	<u>6,411,369</u>
Total Net Assets	<u>\$ 16,256,389</u>	<u>\$ 15,491,112</u>	<u>\$ 31,747,501</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF CANFIELD

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities:			
General Government	\$ (855,031)	\$ 300,986	\$ 47,442
Security of Persons and Property	(2,351,935)	66,426	108,792
Public Health and Welfare	(87,311)	15,050	7,160
Leisure Time Activities	(88,375)	11,930	10,250
Community Environment	(87,762)	25,276	0
Transportation	(982,966)	0	516,732
Intergovernmental	0	0	0
Other	(364)	0	0
Interest and Fiscal Charges	(87,339)	0	0
Total Governmental Activities	(4,541,083)	419,668	690,376
 Business-type Activities:			
Water	(1,142,053)	1,071,877	0
Sewer	(1,151,532)	1,345,982	0
Storm	(145,718)	169,113	0
Total Business-type Activities	(2,439,303)	2,586,972	0
Total Primary Government	\$ (6,980,386)	\$ 3,006,640	\$ 690,376

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
 Increase in Fair Value of Investments
 Investment Earnings
 Miscellaneous

Total General Revenues

Transfers

Change in Net Assets

Net Assets at Beginning of Year (Restated)

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
\$ -	\$ (506,603)	\$ -	\$ (506,603)
14,000	(2,162,717)	0	(2,162,717)
0	(65,101)	0	(65,101)
0	(66,195)	0	(66,195)
0	(62,486)	0	(62,486)
586,418	120,184	0	120,184
0	0	0	0
0	(364)	0	(364)
0	(87,339)	0	(87,339)
600,418	(2,830,621)	0	(2,830,621)
0	0	(70,176)	(70,176)
0	0	194,450	194,450
0	0	23,395	23,395
0	0	147,669	147,669
\$ 600,418	(2,830,621)	147,669	(2,682,952)
	405,894	0	405,894
	123,533	0	123,533
	2,418,198	0	2,418,198
	621,403	0	621,403
	45,869	2,770	48,639
	258,707	0	258,707
	17,077	2,677	19,754
	3,890,681	5,447	3,896,128
	(275,286)	275,286	0
	784,774	428,402	1,213,176
	15,471,615	15,062,710	30,534,325
\$ 16,256,389	\$ 15,491,112	\$ 31,747,501	

**CITY OF CANFIELD
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>General</u>	<u>Street Construction Maintenance and Repair</u>	<u>S Broad St Safety Upgrade Fund</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 1,962,222	\$ 422,596	\$ 9,790
Investments	445,142	0	0
Receivables (Net of Allowance for Uncollectibles)			
Income Taxes	587,003	0	0
Real and Other Taxes	0	433,529	0
Accounts	65,141	92	0
Interfund Loans	3,459	0	0
Special Assessments	500	0	0
Due From Other Governments	240,782	223,646	0
Prepayments	37,993	5,681	0
Total Assets	<u>\$ 3,342,242</u>	<u>\$ 1,085,544</u>	<u>\$ 9,790</u>
Liabilities:			
Accounts Payable	\$ 15,343	\$ 9,290	\$ -
Accrued Wages and Benefits	116,408	10,042	0
Interfund Loan Payable	0	0	0
Due to Other Governments	215,020	14,109	0
Deferred Revenue	538,556	594,574	0
Total Liabilities	<u>885,327</u>	<u>628,015</u>	<u>0</u>
Fund Balances:			
Reserved for Encumbrances	52,291	29,245	0
Reserved for Prepayments	37,993	5,681	0
Reserved for Unclaimed Monies	2,259	0	0
Reserved for Perpetual Care	0	0	0
Designated for Parks and Village Green	0	0	0
Unreserved, Undesignated, Reported In:			
General Fund	2,364,372	0	0
Special Revenue Funds	0	422,603	0
Debt Service Funds	0	0	0
Capital Projects Funds	0	0	9,790
Permanent Funds	0	0	0
Total Fund Balances:	<u>2,456,915</u>	<u>457,529</u>	<u>9,790</u>
Total Liabilities and Fund Balances	<u>\$ 3,342,242</u>	<u>\$ 1,085,544</u>	<u>\$ 9,790</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,092,081	\$ 3,486,689
0	445,142
0	587,003
131,943	565,472
21,328	86,561
0	3,459
45,832	46,332
26,628	491,056
1,826	45,500
<u>\$ 1,319,638</u>	<u>\$ 5,757,214</u>

\$ 706	\$ 25,339
553	127,003
3,459	3,459
1,631	230,760
<u>205,401</u>	<u>1,338,531</u>
<u>211,750</u>	<u>1,725,092</u>
31,446	112,982
1,826	45,500
0	2,259
87,400	87,400
100,000	100,000
0	2,364,372
302,880	725,483
402,172	402,172
68,480	78,270
<u>113,684</u>	<u>113,684</u>
<u>1,107,888</u>	<u>4,032,122</u>
<u>\$ 1,319,638</u>	<u>\$ 5,757,214</u>

CITY OF CANFIELD

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2007

Total Governmental Fund Balances \$ 4,032,122

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. 13,510,757

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

Income Taxes	\$	295,904
Real and Other Taxes		35,904
Charges for Services		38,752
Special Assessments		46,332
Intergovernmental		385,503
Other		<u>6,566</u>

Total 808,961

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. (6,770)

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		(157,234)
General Obligation Bonds Payable		(1,687,500)
OPWC Loans Payable		<u>(243,947)</u>

Total (2,088,681)

Net Assets of Governmental Activities **\$ 16,256,389**

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, 2007

	General	Street Construction, Maintenance and Repair
Revenues:		
Income Taxes	\$ 2,404,995	\$ -
Real and Other Taxes	0	411,210
Other Local Taxes	0	64,195
Special Assessments	2,724	0
Charges for Services	218,114	0
Licenses and Permits	70,133	0
Fines and Forfeitures	38,939	0
Intergovernmental	497,790	447,262
Investment Income	258,707	22,692
Increase in FV of Investments	45,869	0
Other	15,152	447
Total Revenues	3,552,423	945,806
Expenditures:		
Current:		
General Government	768,878	0
Security of Persons and Property	2,198,900	0
Public Health and Welfare	57,463	0
Leisure Time Activities	0	0
Community Environment	87,354	0
Transportation	0	691,852
Other	364	0
Capital Outlay	86,062	119,290
Debt Service:		
Principal Retirement	0	0
Interest & Fiscal Charges	0	0
Total Expenditures	3,199,021	811,142
Excess (Deficiency) of Revenues Over (Under) Expenditures	353,402	134,664
Other Financing Sources (Uses)		
Sale of Capital Assets	2,400	0
Transfers in	0	3,255
Transfers out	(142,000)	(159,400)
Total Other Financing Sources (Uses)	(139,600)	(156,145)
Net Change in Fund Balance	213,802	(21,481)
Fund Balances at the Beginning of the Year	2,243,113	479,010
Fund Balances at End of the Year	\$ 2,456,915	\$ 457,529

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>S Broad St Safety Upgrade</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 2,404,995
0	125,151	536,361
0	0	64,195
0	26,597	29,321
0	26,980	245,094
0	0	70,133
0	0	38,939
666,500	73,252	1,684,804
0	20,267	301,666
0	0	45,869
0	51,940	67,539
<u>666,500</u>	<u>324,187</u>	<u>5,488,916</u>
0	17,992	786,870
0	33,124	2,232,024
0	23,699	81,162
0	70,508	70,508
0	0	87,354
0	15,043	706,895
0		364
1,018,228	146,619	1,370,199
0		0
0	98,912	98,912
0	87,583	87,583
<u>1,018,228</u>	<u>493,480</u>	<u>5,521,871</u>
<u>(351,728)</u>	<u>(169,293)</u>	<u>(32,955)</u>
0	0	2,400
131,100	172,312	306,667
0	(1,400)	(302,800)
<u>131,100</u>	<u>170,912</u>	<u>6,267</u>
<u>(220,628)</u>	<u>1,619</u>	<u>(26,688)</u>
<u>230,418</u>	<u>1,106,269</u>	<u>4,058,810</u>
<u>\$ 9,790</u>	<u>\$ 1,107,888</u>	<u>\$ 4,032,122</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, 2007

Net Change in Fund Balances - Total Governmental Funds **\$ (26,688)**

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 capital outlays exceeded depreciation in the current period.

Capital Asset Additions	\$ 1,091,047	
Current Year Depreciation	(490,432)	
Total		600,615

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. (660)

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

Income Taxes	13,203	
Real and Other Taxes	(6,934)	
Charges for Services	4,861	
Special Assessments	31,319	
Intergovernmental Revenues	68,952	
Other	(1,577)	
Total		109,824

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. 98,912

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. 2,527

Change in Net Assets of Governmental Activities **\$ 784,774**

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Income Taxes	\$ 2,381,000	\$ 2,381,000	\$ 2,420,077	\$ 39,077
Charges for Services	208,938	208,938	217,507	8,569
Licenses and Permits	78,740	78,740	68,975	(9,765)
Fines and Forfeitures	44,410	44,410	39,168	(5,242)
Intergovernmental	238,285	238,285	489,969	251,684
Special Assessments	400	400	2,724	2,324
Investment Income	242,310	242,310	258,707	16,397
Other	15,389	15,389	15,150	(239)
Total Revenues	3,209,472	3,209,472	3,512,277	302,805
Expenditures:				
Current:				
General Government	944,644	959,704	817,623	142,081
Security of Persons and Property	2,345,859	2,371,849	2,316,755	55,094
Public Health and Welfare	116,845	116,845	114,082	2,763
Community Environment	124,368	124,868	101,912	22,956
Other	24,809	33,094	18,352	14,742
Capital Outlay	144,245	154,745	88,551	66,194
Total Expenditures	3,700,770	3,761,105	3,457,275	303,830
Excess (Deficiency) of Revenues Over (Under) Expenditures	(491,298)	(551,633)	55,002	606,635
Other Financing Sources (Uses):				
Sale of Capital Assets	399,370	399,370	2,400	(396,970)
Advances In	0	0	0	0
Transfers Out	(142,000)	(142,000)	(142,000)	0
Total Other Financing Sources (Uses)	257,370	257,370	(139,600)	(396,970)
Net Change in Fund Balance	(233,928)	(294,263)	(84,598)	209,665
Fund Balance at Beginning of Year	1,371,666	1,371,666	1,371,666	0
Prior Year Encumbrances Appropriated	280,777	280,777	280,777	0
Fund Balance at End of Year	\$ 1,418,515	\$ 1,358,180	\$ 1,567,845	\$ 209,665

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, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Real and Other Taxes	\$ 405,287	\$ 405,287	\$ 411,210	\$ 5,923
Other Local Taxes	67,000	67,000	63,692	(3,308)
Intergovernmental	435,283	435,283	446,433	11,150
Investment Income	19,270	19,270	22,692	3,422
Other	0	0	447	447
Total Revenues	926,840	926,840	944,474	17,634
Expenditures:				
Current:				
Transportation	845,001	848,311	752,819	95,492
Capital Outlay	135,444	135,544	122,041	13,503
Total Expenditures	980,445	983,855	874,860	108,995
Excess of Revenues Over Expenditures	(53,605)	(57,015)	69,614	126,629
Other Financing Sources (Uses):				
Transfers In	3,255	3,255	3,255	0
Transfers Out	(11,800)	(159,400)	(159,400)	0
Total Other Financing Sources (Uses)	(8,545)	(156,145)	(156,145)	0
Net Change in Fund Balance	(62,150)	(213,160)	(86,531)	126,629
Fund Balance at Beginning of Year	378,567	378,567	378,567	0
Prior Year Encumbrances Appropriated	68,470	68,470	68,470	0
Fund Balance at End of Year	\$ 384,887	\$ 233,877	\$ 360,506	\$ 126,629

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Storm	Total
Assets:				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 1,880,089	\$ 883,949	\$ 393,461	\$ 3,157,499
Investments	2,883	0	0	2,883
Receivables (Net of Allowance for Uncollectibles)				
Accounts	213,958	294,840	33,835	542,633
Due From Other Governments	0	0	0	0
Prepayments	12,374	2,534	993	15,901
Total Current Assets	<u>2,109,304</u>	<u>1,181,323</u>	<u>428,289</u>	<u>3,718,916</u>
Noncurrent Assets:				
Capital Assets				
Land and Construction in Progress	6,945	5,943	98,006	110,894
Depreciable Capital Assets, Net	5,438,630	4,100,068	3,453,191	12,991,889
Total Capital Assets	<u>5,445,575</u>	<u>4,106,011</u>	<u>3,551,197</u>	<u>13,102,783</u>
Total Noncurrent Assets	<u>5,445,575</u>	<u>4,106,011</u>	<u>3,551,197</u>	<u>13,102,783</u>
Total Assets	<u>7,554,879</u>	<u>5,287,334</u>	<u>3,979,486</u>	<u>16,821,699</u>
Liabilities:				
Current Liabilities:				
Accounts Payable	708	2,689	40,160	43,557
Accrued Wages and Benefits	2,837	3,624	1,205	7,666
Due to Other Governments	52,786	60,795	1,766	115,347
Compensated Absences	2,310	2,970	1,496	6,776
Current Portion of General Obligation Bonds	50,500	28,000	0	78,500
Current Portion of OPWC Loans	0	41,166	0	41,166
Accrued Interest Payable	1,083	1,031	0	2,114
Total Current Liabilities	<u>110,224</u>	<u>140,275</u>	<u>44,627</u>	<u>295,126</u>
Long-term Liabilities:				
General Obligation Bonds	227,000	236,000	0	463,000
OPWC Loans	0	572,461	0	572,461
Total Long-term Liabilities	<u>227,000</u>	<u>808,461</u>	<u>0</u>	<u>1,035,461</u>
Total Liabilities	<u>337,224</u>	<u>948,736</u>	<u>44,627</u>	<u>1,330,587</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	5,168,075	3,228,383	3,551,197	11,947,655
Unrestricted	<u>2,049,580</u>	<u>1,110,215</u>	<u>383,662</u>	<u>3,543,457</u>
Total Net Assets	<u>\$ 7,217,655</u>	<u>\$ 4,338,598</u>	<u>\$ 3,934,859</u>	<u>\$ 15,491,112</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, 2007

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Storm	Total
Operating Revenues				
Charges for Services	\$ 1,071,877	\$ 1,345,982	\$ 169,113	\$ 2,586,972
Other	1,984	682	11	2,677
Total Operating Revenues	<u>1,073,861</u>	<u>1,346,664</u>	<u>169,124</u>	<u>2,589,649</u>
Operating Expenses:				
Personal Services	123,847	107,134	33,674	264,655
Contractual Services	729,877	832,908	8,066	1,570,851
Supplies and Materials	20,399	4,917	5,384	30,700
Other	62,686	62,128	10,000	134,814
Depreciation	189,861	130,772	88,594	409,227
Total Operating Expenses	<u>1,126,670</u>	<u>1,137,859</u>	<u>145,718</u>	<u>2,410,247</u>
Operating Income (Loss)	<u>(52,809)</u>	<u>208,805</u>	<u>23,406</u>	<u>179,402</u>
Nonoperating Revenues (Expenses):				
Interest and Fiscal Charges	(15,383)	(13,673)	0	(29,056)
Increase in FV of Investments	2,770			2,770
Transfers In	67,242	41,857	94,323	203,422
Transfers Out	(66,080)	(40,200)	(101,009)	(207,289)
Total Nonoperating Revenues (Expenses)	<u>(11,451)</u>	<u>(12,016)</u>	<u>(6,686)</u>	<u>(30,153)</u>
Income (Loss)/Changes in Net Assets	(64,260)	196,789	16,720	149,249
Capital Contributions			279,153	279,153
Changes in Net Assets	(64,260)	196,789	295,873	428,402
Net Assets at Beginning of Year	<u>7,281,915</u>	<u>4,141,809</u>	<u>3,638,986</u>	<u>15,062,710</u>
Net Assets at End of Year	<u>\$ 7,217,655</u>	<u>\$ 4,338,598</u>	<u>\$ 3,934,859</u>	<u>\$ 15,491,112</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, 2007

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Storm	Total
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 1,061,094	\$ 1,316,582	\$ 171,351	\$ 2,549,027
Cash Received from Other Operations	1,966	20	4	1,990
Cash Payments for Personal Services	(125,915)	(102,393)	(32,472)	(260,780)
Cash Payments for Contractual Services	(778,489)	(824,896)	(7,295)	(1,610,680)
Cash Payments for Supplies and Materials	(20,324)	(4,923)	(5,290)	(30,537)
Cash Payments for Other Expenses	(62,959)	(59,625)	(10,000)	(132,584)
Net Cash Provided by Operating Activities	<u>75,373</u>	<u>324,765</u>	<u>116,298</u>	<u>516,436</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers In	67,242	41,857	94,323	203,422
Transfers Out	(66,080)	(40,200)	(101,009)	(207,289)
Net Cash Provided by Non-Capital Financing Activities	<u>1,162</u>	<u>1,657</u>	<u>(6,686)</u>	<u>(3,867)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(77,193)	(672)	(85,964)	(163,829)
Intergovernmental			27,600	27,600
Principal Retirement	(50,500)	(67,166)	0	(117,666)
Interest and Fiscal Charges	(15,580)	(13,775)	0	(29,355)
Net Cash Used in Capital and Related Financing Activities	<u>(143,273)</u>	<u>(81,613)</u>	<u>(58,364)</u>	<u>(283,250)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(66,738)	244,809	51,248	229,319
Cash and Cash Equivalents at Beginning of Year	1,946,827	639,140	342,213	2,928,180
Cash and Cash Equivalents at End of Year	<u>\$ 1,880,089</u>	<u>\$ 883,949</u>	<u>\$ 393,461</u>	<u>\$ 3,157,499</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ (52,809)	\$ 208,805	\$ 23,406	\$ 179,402
Adjustments:				
Depreciation	189,861	130,772	88,594	409,227
Changes in Assets and Liabilities:				
Decrease/(Increase) in Accounts Receivable	(10,800)	(30,063)	2,231	(38,632)
Decrease in Prepayments	761	773	726	2,260
Increase/(Decrease) in Accrued Wages and Benefits	(974)	1,666	340	1,032
Increase/(Decrease) in Due to Other Governments	(46,738)	11,162	1,193	(34,383)
Increase/(Decrease) in Compensated Absences Payable	(3,928)	285	(324)	(3,967)
Increase in Accounts Payable	0	1,365	132	1,497
Net Cash Provided by Operating Activities	<u>\$ 75,373</u>	<u>\$ 324,765</u>	<u>\$ 116,298</u>	<u>\$ 516,436</u>
Noncash Investing, Capital, and Financing Activities:				
Increase in Fair Value on Investments	2,770	0	0	2,770
Increase in Intergovernmental Receivables	0	0	27,600	27,600
Capital Assets Purchased on Account	(15,567)	(33)	(67)	(15,667)
Capital Contributions	0	0	279,153	279,153

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD, OHIO

STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2007

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 27,855	\$ 55,889
Total Current Assets	<u>27,855</u>	<u>55,889</u>
 Total Assets	 <u>27,855</u>	 <u>55,889</u>
 Liabilities:		
Current Liabilities:		
Deposits Held and Due to Others	0	55,889
Total Current Liabilities	<u>0</u>	<u>55,889</u>
 Total Liabilities	 <u>0</u>	 <u>55,889</u>
 Net Assets:		
Held in Trust for Other Purposes	<u>27,855</u>	<u>0</u>
 Total Net Assets	 <u>\$ 27,855</u>	 <u>\$ -</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, 2007

	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, 2007

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, 2007

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, 2007

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.

S Broad St Safety Upgrade Fund - This fund accounts for revenues generated from an OPWC Grant and City Revenues to be used to pay for the replacement and upgrade of S Broad St.

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, 2007

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, 2007

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, 2007, but which were levied to finance year 2008 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, 2007

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, 2007**

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 2007, 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 2007. 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, 2007.

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. 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 2007 amounted to \$258,707, which included \$188,518 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, 2007

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, 2007

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.

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, 2007, 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, 2007

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. The storm fund received \$279,153 in capital contributions from governmental funds during 2007.

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 Item

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 2007.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Changes in Accounting Principles

For 2007, the City has implemented GASB Statement No. 48 "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" GASB Statement No. 48 established criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 had no effect on the financial statements of the City.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Prior Period Adjustment

A prior period adjustment is required to restate net assets/fund balance at January 1, 2007 due to errors and omissions reported in the prior year related to capital assets (see Note 9 for detail). Buildings that were on the piece of land that was purchased in 2005 were recorded in the land account along with the land. They should have been recorded in the buildings account and depreciated. The restatement had the following effect on net assets/fund balances previously stated at December 31, 2006.

	<u>Governmental Activities</u>
Net assets at December 31, 2006	\$ 15,481,575
Prior period adjustments - accumulated depreciation	<u>(9,960)</u>
Net assets, restated at January 1, 2007	<u>\$ 15,471,615</u>

C. Deficit Fund Balance

Fund balances at December 31, 2007 included the following individual fund deficit:

	<u>Deficit</u>
<u>Non-Major Fund</u> MVLETF HIDTA Fund	\$ 3,194

The funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in a fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance is due to a grant reimbursement. The cash must be expended and the documents of the expenditures must be submitted before the granting agency will reimburse the City for the expenditures.

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.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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;
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.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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.

A. Deposits with Financial Institutions

At December 31, 2007, the carrying amount of all City deposits was \$(110,523), exclusive of the \$1,401,023 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, 2007, the City’s entire bank balance of \$41,595 was covered by the 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, 2007 the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
Anthem Stock	\$ 448,025	\$ -
Repurchase Agreements	1,401,023	1,401,023
STAR Ohio	<u>5,437,432</u>	<u>5,437,432</u>
Total	<u>\$ 7,286,480</u>	<u>\$ 6,838,455</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, 2007

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 \$1,401,023 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, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Anthem Stock	\$ 448,025	6.15%
Repurchase Agreements	1,401,023	19.23%
STAR Ohio	<u>5,437,432</u>	<u>74.62%</u>
Total	<u>\$ 7,286,480</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, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ (110,523)
Investments	<u>7,286,480</u>
Total	<u>\$ 7,175,957</u>

<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 3,931,831
Business type activities	3,160,382
Private purpose trust funds	27,855
Agency funds	<u>55,889</u>
Total	<u>\$ 7,175,957</u>

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 5 - INTERFUNDS

- A. Interfund transfers for the year ended December 31, 2007, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental Funds from:

General Fund	\$ 142,000
Street Construction, Maintenance and Repair	159,400
DEA Federal Forfeiture Fund	<u>1,400</u>
Total Transfers to Nonmajor Governmental Funds	<u>302,800</u>
Total Transfers	<u><u>\$ 302,800</u></u>

Transfers To Governmental Fund From Business-type Funds:

Storm Water Operating Fund	\$ 3,867
	<u>-</u>
Total Transfers to Nonmajor Governmental Funds	<u>3,867</u>
Total Transfers	<u><u>\$ 306,667</u></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.

- B. Interfund loans consisted of the following at December 31, 2007, as reported on the fund financial statements.

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 3,459

These balances resulted from the lag time between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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 2002. 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. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 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 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 12.5% for 2007. This percentage will be reduced to 6.25% for 2008 and 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.

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 2007-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The Mahoning County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City. The Mahoning County Auditor periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively. The full tax rate for all City operations for the year ended December 31, 2007 \$3.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real property	\$ 189,305,900
Public utility tangible personal property	2,825,670
Tangible personal property	<u>4,767,702</u>
Total assessed valuation	<u>\$ 196,899,272</u>

Property taxes receivables represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007. 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, 2007

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.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2007, 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, 2007.

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

Governmental Activities:

Income taxes	\$ 587,003
Real and other taxes	565,472
Accounts	86,561
Special assessments	46,332
Due from other governments	491,056

Business-type Activities:

Accounts	542,633
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CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 8 – RECEIVABLES – (Continued)

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.

NOTE 9 - CAPITAL ASSETS

- A. The capital asset balances of the governmental activities have been restated to correct a prior period error and omission. Buildings that were on the piece of land that was purchased in 2005 were recorded in the land account along with the land. They should have been recorded in the buildings account and depreciated.

<u>Governmental Activities:</u>	<u>Balance</u>	<u>Adjustments</u>	<u>Restated</u> <u>Balance</u>
	<u>12/31/06</u>		<u>1/01/07</u>
Land	\$ 2,267,375	\$ (213,000)	\$ 2,054,375
Construction in progress	90,789		90,789
Buildings	3,092,762	213,000	3,305,762
Land improvements	63,328	-	63,328
Equipment	2,826,695		2,826,695
Infrastructure	13,072,043		13,072,043
Less: accumulated depreciation	<u>(8,492,229)</u>	<u>(9,960)</u>	<u>(8,502,189)</u>
Total	<u>\$ 12,920,763</u>	<u>\$ (9,960)</u>	<u>\$ 12,910,803</u>

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 9 - CAPITAL ASSETS – (Continued)

Capital asset activity for governmental activities for the year ended December 31, 2007, was as follows:

	(Restated) Balance			Balance
<u>Governmental Activities:</u>	<u>1/01/07</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/07</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,054,375	\$ 67,233	\$ -	\$ 2,121,608
Construction in progress	<u>90,789</u>	<u>1,038,352</u>	<u>(1,099,966)</u>	<u>29,175</u>
Total capital assets, not being depreciated	<u>2,145,164</u>	<u>1,105,585</u>	<u>(1,099,966)</u>	<u>2,150,783</u>
<i>Capital assets, being depreciated:</i>				
Buildings	3,305,762	5,328	-	3,311,090
Land improvements	63,328	91	-	63,419
Equipment	2,826,695	253,385	(139,626)	2,940,454
Infrastructure	<u>13,072,043</u>	<u>826,623</u>	<u>-</u>	<u>13,898,666</u>
Total capital assets, being depreciated	<u>19,267,828</u>	<u>1,085,427</u>	<u>(139,626)</u>	<u>20,213,629</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(1,570,272)	(62,469)	-	(1,632,741)
Land improvements	(23,276)	(2,619)	-	(25,895)
Equipment	(1,794,596)	(194,742)	138,966	(1,850,372)
Infrastructure	<u>(5,114,045)</u>	<u>(230,602)</u>	<u>-</u>	<u>(5,344,647)</u>
Total accumulated depreciation	<u>(8,502,189)</u>	<u>(490,432)</u>	<u>138,966</u>	<u>(8,853,655)</u>
Total capital assets, being depreciated, net	<u>10,765,639</u>	<u>594,995</u>	<u>(660)</u>	<u>11,359,974</u>
Governmental activities capital assets, net	<u>\$ 12,910,803</u>	<u>\$ 1,700,580</u>	<u>\$ (1,100,626)</u>	<u>\$ 13,510,757</u>

CITY OF CANFIELD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 9 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

General government	\$ 80,176
Security of persons and property	121,830
Public health and welfare	3,180
Transportation	266,243
Community environment	1,136
Leisure time activities	<u>17,867</u>
Total depreciation expense - governmental activities	<u>\$ 490,432</u>

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 9 - CAPITAL ASSETS - (Continued)

Capital asset activity for business-type activities for the year ended December 31, 2007, was as follows:

<u>Business-type Activities:</u>	<u>Balance</u> <u>1/01/07</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/07</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 9,140	\$ -	\$ -	\$ 9,140
Construction in progress	<u>115,866</u>	<u>10,737</u>	<u>(24,849)</u>	<u>101,754</u>
Total capital assets, not being depreciated	<u>125,006</u>	<u>10,737</u>	<u>(24,849)</u>	<u>110,894</u>
<i>Capital assets, being depreciated:</i>				
Buildings	1,547,674	-	-	1,547,674
Equipment	374,366	25,370	(8,359)	391,377
Infrastructure	<u>18,818,744</u>	<u>416,056</u>	<u>-</u>	<u>19,234,800</u>
Total capital assets, being depreciated	<u>20,740,784</u>	<u>441,426</u>	<u>(8,359)</u>	<u>21,173,851</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(507,229)	(30,954)	-	(538,183)
Equipment	(273,940)	(22,027)	8,359	(287,608)
Infrastructure	<u>(6,999,925)</u>	<u>(356,246)</u>	<u>-</u>	<u>(7,356,171)</u>
Total accumulated depreciation	<u>(7,781,094)</u>	<u>(409,227)</u>	<u>8,359</u>	<u>(8,181,962)</u>
Total capital assets, being depreciated, net	<u>12,959,690</u>	<u>32,199</u>	<u>-</u>	<u>12,991,889</u>
Business-type activities capital assets, net	<u>\$ 13,084,696</u>	<u>\$ 42,936</u>	<u>\$ (24,849)</u>	<u>\$ 13,102,783</u>

CITY OF CANFIELD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 9 - CAPITAL ASSETS - (Continued)

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

Business-type activities:

Water	\$ 189,861
Sewer	130,772
Storm	<u>88,594</u>
Total depreciation expense - business-type activities	<u>\$ 409,227</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, 2007, the liability for unpaid compensated absences was \$164,010 for the entire City.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 11 - LONG-TERM OBLIGATIONS

A. During 2007, the following activity occurred in governmental activities long-term obligations:

Governmental Activities:	Date of <u>Issue</u>	Interest <u>Rate</u>	Balance <u>01/01/07</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>12/31/07</u>	Amounts Due in <u>One Year</u>
<u>OPWC Loans:</u>							
Hillside Drive Replacement	1992	3.00%	\$ 11,493	\$ -	\$ (11,493)	\$ -	\$ -
Brookpark Storm Water Imp.	1994	0.00%	20,462	-	(2,728)	17,734	2,728
Hillside Storm Water Imp	1994	0.00%	55,107	-	(7,872)	47,235	7,872
Court St. Area Storm Water Imp.	2000	0.00%	<u>193,298</u>	<u>-</u>	<u>(14,319)</u>	<u>178,979</u>	<u>14,319</u>
Total OPWC Loans			<u>280,360</u>	<u>-</u>	<u>(36,412)</u>	<u>243,948</u>	<u>24,919</u>
<u>General Obligation Bonds:</u>							
Storm Water Improvement	1992	4.75%	150,000	-	(25,000)	125,000	25,000
Red Gate Land Acquisition	2006	4.92%	1,300,000	-		1,300,000	-
Municipal Complex Improvement	1994	4.75%	<u>300,000</u>	<u>-</u>	<u>(37,500)</u>	<u>262,500</u>	<u>37,500</u>
Total G.O. Bonds			<u>1,750,000</u>	<u>-</u>	<u>(62,500)</u>	<u>1,687,500</u>	<u>62,500</u>
<u>Other Long-Term Obligations:</u>							
Compensated Absences			<u>159,760</u>	<u>165,165</u>	<u>(167,692)</u>	<u>157,233</u>	<u>101,936</u>
Total governmental activities long-term obligations			<u>\$ 2,190,120</u>	<u>\$ 165,165</u>	<u>\$ (266,604)</u>	<u>\$ 2,088,681</u>	<u>\$ 189,355</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:

Year Ending <u>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>
2008	\$ 24,919	\$ -	\$ 24,919	\$ 62,500	\$ 83,432	\$ 145,932
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	62,500	41,924	104,424
2012	24,919	-	24,919	1,362,500	6,531	1,369,031
2013 - 2017	83,557	-	83,557	75,000	5,344	80,344
2018 - 2022	<u>35,796</u>	<u>-</u>	<u>35,796</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 243,948</u>	<u>\$ -</u>	<u>\$ 243,948</u>	<u>\$ 1,687,500</u>	<u>\$ 294,834</u>	<u>\$ 1,982,334</u>

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. During the fiscal year 2007, 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 01/01/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/07</u>	<u>Amounts Due in One Year</u>
<u>OPWC Loans:</u>							
Sawmill Sanitary Main Replacement	2002	0.00%	\$ 261,166	\$ -	\$ (18,012)	\$ 243,154	\$ 18,012
Sawmill Sanitary Main Lining	2003	0.00%	<u>393,627</u>	<u>-</u>	<u>(23,154)</u>	<u>370,473</u>	<u>23,154</u>
Total OPWC Loans			<u>\$ 654,793</u>	<u>\$ -</u>	<u>\$ (41,166)</u>	<u>\$ 613,627</u>	<u>\$ 41,166</u>
<u>General Obligation Bonds:</u>							
Water Main Construction	1994	4.75%	\$ 100,000	\$ -	\$ (12,500)	\$ 87,500	\$ 12,500
Water Storage Tank	1992	4.75%	228,000	-	(38,000)	190,000	38,000
Sewer System Improvement	1996	4.75%	<u>290,000</u>	<u>-</u>	<u>(26,000)</u>	<u>264,000</u>	<u>28,000</u>
Total G.O. Bonds			<u>\$ 618,000</u>	<u>\$ -</u>	<u>\$ (76,500)</u>	<u>\$ 541,500</u>	<u>\$ 78,500</u>
<u>Other Long-Term Obligations:</u>							
Compensated absences			<u>\$ 10,743</u>	<u>\$ 11,034</u>	<u>\$ (15,001)</u>	<u>\$ 6,776</u>	<u>\$ 6,776</u>
Total business-type activities long-term obligations			<u>\$ 1,283,536</u>	<u>\$ 11,034</u>	<u>\$ (132,667)</u>	<u>\$ 1,161,903</u>	<u>\$ 126,442</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>
2008	\$ 41,166	\$ -	\$ 41,166	\$ 78,500	\$ 25,721	\$ 104,221
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 - 2017	205,830	-	205,830	136,000	12,516	148,516
2018 - 2022	178,813	-	178,813	-	-	-
2022 - 2024	<u>23,154</u>	<u>-</u>	<u>23,154</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 613,627</u>	<u>\$ -</u>	<u>\$ 613,627</u>	<u>\$ 541,500</u>	<u>\$ 103,313</u>	<u>\$ 644,813</u>

CITY OF CANFIELD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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, 2007, the City's total debt margin was \$19,389,096 and the unvoted debt margin was \$9,544,132.

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 2007, 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
	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, 2007

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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional pension plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to established and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 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 the year ended December 31, 2007, the member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the traditional plan.

The 2007 member contribution rates were 9.5% for members in state, local, and public safety classifications. Members in the law enforcement classification, which consists generally of sheriffs, deputy sheriffs and township police, contributed at a rate of 10.1%. The City's contribution rate for 2007 was 13.85%, except for those plan members in law enforcement or public safety. For those classifications, the City's contributions were 17.17% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$167,074, \$161,902, and \$162,724, respectively; 100% has been contributed for 2006 and 2005. 92.60% has been contributed for 2007.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the 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, 2007

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 10.0% of their annual covered salary to fund pension obligations while the City is required to contribute 19.50% for police officers and 24.00% for firefighters. Contributions are authorized by State statute. The City's contributions to the fund for the police were \$180,119, \$166,143, and \$170,393 for the years ended December 31, 2007, 2006, and 2005. The full amount has been contributed for 2006 and 2005. 78.49% for police has been contributed for 2007 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 primary survivor 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 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 2007 local government employer contribution rate was 13.85% of covered payroll (17.17% for public safety and law enforcement); 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007 of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.30% based on additional annual pay increases. Health care premiums were assumed to increase .50% and 5.00% annually for the next eight years. In subsequent years, (9 and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

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

The number of active contributing participants in the traditional and combined plans was 374,979 as of December 31, 2007. The number of active participants for both plans used in the December 31, 2006 actuarial valuation was 362,130. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$66,177. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007 were \$12.0 billion. At December 31, 2007, the actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 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.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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 Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% 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 2007. 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 2007 that were used to fund postemployment benefits were \$62,321 for police. The OP&F's total health care expense for the year ended December 31, 2007 was \$120.373 million, which was net of member contributions of \$58.532 million. The number of OP&F participants eligible to receive health care benefits as of December 31, 2007 was 14,120 for police and 10,563 for firefighters.

CITY OF CANFIELD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

	General	Street Construction Maintenance and Repair
Budget basis	\$ (84,598)	\$ (86,531)
Net adjustment for revenue accruals	40,146	1,332
Net adjustment for expenditure accruals	(136,123)	1,628
Net adjustment for other sources/uses	-	-
Adjustment for encumbrances	394,377	62,090
GAAP basis	\$ 213,802	\$ (21,481)

CITY OF CANFIELD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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, 2007.

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, 2007

SUPPLEMENTARY
INFORMATION

**CITY OF CANFIELD
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	General Fund 0???	Special Revenue Funds 1???	Debt Service Funds 2???	Capital Projects Funds 3???
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,962,222	\$ 815,375	\$ 402,172	\$ 106,093
Investments	445,142	0	0	0
Receivables (net of allowance for uncollectibles)				
Income Taxes	587,003	0	0	0
Real and other taxes	0	433,529	131,943	0
Accounts	65,141	20,077	0	0
Interfund Loans	3,459	0	0	0
Special Assessments	500	45,832	0	0
Due from other governments	240,782	242,907	7,367	0
Prepayments	37,993	7,507	0	0
Total Assets	\$ 3,342,242	\$ 1,565,227	\$ 541,482	\$ 106,093
Liabilities:				
Accounts Payable	\$ 15,343	\$ 9,996	\$ 0	\$ 0
Contracts Payable	0	0	0	0
Accrued wages and benefits	116,408	10,595	0	0
Interfund Loan Payable	0	3,459	0	0
Due to other governments	215,020	15,740	0	0
Deferred revenue	538,556	659,579	139,310	0
Total Liabilities	885,327	699,369	139,310	0
Fund Balances (deficit):				
Reserved for Encumbrances	52,291	32,868	0	27,823
Reserved for Prepayments	37,993	7,507	0	0
Reserved for Unclaimed Monies	2,259	0	0	0
Designated for Parks and Village Green	0	100,000	0	0
Reserved for Perpetual Care	0	0	0	0
Unreserved, undesignated (deficit), reported in:				
General Fund	2,364,372	0	0	0
Special Revenue Funds	0	725,483	0	0
Debt Service Funds	0	0	402,172	0
Capital Projects Funds	0	0	0	78,270
Permanent Funds	0	0	0	0
Total fund balances (deficit):	2,456,915	865,858	402,172	106,093
Total liabilities and fund balances	\$ 3,342,242	\$ 1,565,227	\$ 541,482	\$ 106,093

Permanent Funds 4???	Total Governmental Funds	Less: Major Funds			Other Governmental Funds
		General Fund 0???	Street Construction Maintenance & Repair Fund 1040	S Broad St Safety Upgrade Fund 3260	
\$ 200,827 0	\$ 3,486,689 445,142	\$ 1,962,222 445,142	\$ 422,596 0	\$ 9,790 0	\$ 1,092,081 0
0	587,003	587,003	0	0	0
0	565,472	0	433,529	0	131,943
1,343	86,561	65,141	92	0	21,328
0	3,459	3,459	0	0	0
0	46,332	500	0	0	45,832
0	491,056	240,782	223,646	0	26,628
0	45,500	37,993	5,681	0	1,826
<u>\$ 202,170</u>	<u>\$ 5,757,214</u>	<u>\$ 3,342,242</u>	<u>\$ 1,085,544</u>	<u>\$ 9,790</u>	<u>\$ 1,319,638</u>
\$ 0 0 0 0 0 1,086 1,086	\$ 25,339 0 127,003 3,459 230,760 1,338,531 1,725,092	\$ 15,343 0 116,408 0 215,020 538,556 885,327	\$ 9,290 0 10,042 0 14,109 594,574 628,015	\$ 0 0 0 0 0 0 0	\$ 706 0 553 3,459 1,631 205,401 211,750
0 0 0 0 87,400	112,982 45,500 2,259 100,000 87,400	52,291 37,993 2,259 0 0	29,245 5,681 0 0 0	0 0 0 0 0	31,446 1,826 0 100,000 87,400
0 0 0 0 113,684	2,364,372 725,483 402,172 78,270 113,684	2,364,372 0 0 0 0	0 422,603 0 0 0	0 0 0 9,790 0	0 302,880 402,172 68,480 113,684
<u>201,084</u>	<u>4,032,122</u>	<u>2,456,915</u>	<u>457,529</u>	<u>9,790</u>	<u>1,107,888</u>
<u>\$ 202,170</u>	<u>\$ 5,757,214</u>	<u>\$ 3,342,242</u>	<u>\$ 1,085,544</u>	<u>\$ 9,790</u>	<u>\$ 1,319,638</u>

**CITY OF CANFIELD
COMBINING BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2007**

	General Fund	Self Insurance Fund	Unclaimed Monies Fund	Total General Fund
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,834,115	\$ 125,848	\$ 2,259	\$ 1,962,222
Investments	445,142	0	0	445,142
Receivables (net of allowance for uncollectibles)				
Income Taxes	587,003	0	0	587,003
Real and other taxes	0	0	0	0
Accounts	65,141	0	0	65,141
Interfund Loans	3,459	0	0	3,459
Special Assessments	500	0	0	500
Due from other governments	240,782	0	0	240,782
Prepayments	37,993	0	0	37,993
Total Assets	\$ 3,214,135	\$ 125,848	\$ 2,259	\$ 3,342,242
Liabilities:				
Accounts Payable	\$ 15,343	\$ 0	\$ 0	\$ 15,343
Contracts Payable	0	0	0	0
Accrued wages and benefits	116,408	0	0	116,408
Interfund Loan Payable	0	0	0	0
Due to other governments	215,020	0	0	215,020
Deferred revenue	538,556	0	0	538,556
Total Liabilities	885,327	0	0	885,327
Fund Balances (deficit):				
Reserved for Encumbrances	52,291	0	0	52,291
Reserved for Prepayments	37,993	0	0	37,993
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	2,238,524	125,848	0	2,364,372
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):	2,328,808	125,848	2,259	2,456,915
Total liabilities and fund balances	\$ 3,214,135	\$ 125,848	\$ 2,259	\$ 3,342,242

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**CITY OF CANFIELD
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2007**

	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	\$ 58,324	\$ 115,532	\$ 1,754	\$ 19,985	\$ 422,596	\$ 73,136	\$ 79,993
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	433,529	0	0
Accounts	6	0	1	168	92	0	19,810
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	223,646	15,772	0
Prepayments	643	0	26	182	5,681	22	922
Total Assets	\$ 58,973	\$ 115,532	\$ 1,781	\$ 20,335	\$ 1,085,544	\$ 88,930	\$ 100,725
Liabilities:							
Accounts Payable	\$ 261	\$ 0	\$ 0	\$ 22	\$ 9,290	\$ 423	\$ 0
Contracts Payable	0	0	0	0	0	0	0
Accrued wages and benefits	0	0	0	553	10,042	0	0
Interfund Loan Payable	0	0	0	0	0	0	0
Due to other governments	669	0	109	853	14,109	0	0
Deferred revenue	5	0	1	61	594,574	11,088	4,559
Total Liabilities	935	0	110	1,489	628,015	11,511	4,559
Fund Balances (deficit):							
Reserved for Encumbrances	77	0	0	188	29,245	3,358	0
Reserved for Prepayments	643	0	26	182	5,681	22	922
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	18,476	0	0	0
Transportation	0	0	0	0	422,603	74,039	0
Leisuretime Activities	57,318	15,532	1,645	0	0	0	0
Other Purposes	0	0	0	0	0	0	95,244
Total fund balances (deficit):	58,038	115,532	1,671	18,846	457,529	77,419	96,166
Total liabilities and fund balances	\$ 58,973	\$ 115,532	\$ 1,781	\$ 20,335	\$ 1,085,544	\$ 88,930	\$ 100,725

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 Mobile Data Terminals Fund 1508	Mahoning Valley law Enforcement Task Force 19xx	Total Special Revenue Funds
\$ 26,962	\$ 931	\$ 3,675	\$ 882	\$ 3,222	\$ 2,638	\$ 5,480	\$ 0	\$ 265	\$ 815,375
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	433,529
0	0	0	0	0	0	0	0	0	20,077
0	0	0	0	0	0	0	0	0	0
0	45,832	0	0	0	0	0	0	0	45,832
0	0	0	0	0	30	0	0	3,459	242,907
0	31	0	0	0	0	0	0	0	7,507
\$ 26,962	\$ 46,794	\$ 3,675	\$ 882	\$ 3,222	\$ 2,668	\$ 5,480	\$ 0	\$ 3,724	\$ 1,565,227
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,996
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	10,595
0	0	0	0	0	0	0	0	3,459	3,459
0	0	0	0	0	0	0	0	0	15,740
0	45,832	0	0	0	0	0	0	3,459	659,579
0	45,832	0	0	0	0	0	0	6,918	699,369
0	0	0	0	0	0	0	0	0	32,868
0	31	0	0	0	0	0	0	0	7,507
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	931	3,675	882	3,222	2,668	5,480	0	(3,194)	13,664
0	0	0	0	0	0	0	0	0	18,476
0	0	0	0	0	0	0	0	0	496,642
0	0	0	0	0	0	0	0	0	74,495
26,962	0	0	0	0	0	0	0	0	122,206
26,962	962	3,675	882	3,222	2,668	5,480	0	(3,194)	865,858
\$ 26,962	\$ 46,794	\$ 3,675	\$ 882	\$ 3,222	\$ 2,668	\$ 5,480	\$ 0	\$ 3,724	\$ 1,565,227

**CITY OF CANFIELD
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
DECEMBER 31, 2007**

	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	\$ 693	\$ 297,693	\$ 6,892	\$ 76,050	\$ 402,172
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	47,123	84,820	131,943
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	2,631	4,736	7,367
Prepayments	0	0	0	0	0	0
Total Assets	\$ 20,844	\$ 693	\$ 297,693	\$ 56,646	\$ 165,606	\$ 541,482
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	49,754	89,556	139,310
Total Liabilities	0	0	0	49,754	89,556	139,310
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	693	297,693	6,892	76,050	402,172
Capital Projects Funds	0	0	0	0	0	0
Permanent Funds	0	0	0	0	0	0
Total fund balances (deficit):	20,844	693	297,693	6,892	76,050	402,172
Total liabilities and fund balances	\$ 20,844	\$ 693	\$ 297,693	\$ 56,646	\$ 165,606	\$ 541,482

**CITY OF CANFIELD
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2007**

	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	\$ 35,203	\$ 27,822	\$ 33,278	\$ 9,790	\$ 106,093
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	\$ 35,203	\$ 27,822	\$ 33,278	\$ 9,790	\$ 106,093
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	1	27,822	0	0	27,823
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	35,202	0	33,278	9,790	78,270
Permanent Funds	0	0	0	0	0
Total fund balances (deficit):	35,203	27,822	33,278	9,790	106,093
Total liabilities and fund balances	\$ 35,203	\$ 27,822	\$ 33,278	\$ 9,790	\$ 106,093

**CITY OF CANFIELD
COMBINING BALANCE SHEET
PERMANENT FUNDS
DECEMBER 31, 2007**

	Cemetery Perpetual Care 4001	Faripark Trust 4002	Total Permanent Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 136,225	\$ 64,602	\$ 200,827
Investments	0	0	0
Receivables (net of allowance for uncollectibles)			
Income Taxes	0	0	0
Real and other taxes	0	0	0
Accounts	0	1,343	1,343
Interfund Loans	0	0	0
Special Assessments	0	0	0
Due from other governments	0	0	0
Prepayments	0	0	0
Total Assets	\$ 136,225	\$ 65,945	\$ 202,170
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	1,086	1,086
Total Liabilities	0	1,086	1,086
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	63,825	49,859	113,684
Total fund balances (deficit):	136,225	64,859	201,084
Total liabilities and fund balances	\$ 136,225	\$ 65,945	\$ 202,170

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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, 2007

	General Fund 0???	Special Revenue Funds 1???	Debt Service Funds 2???	Capital Projects Funds 3???
Revenues:				
Income Taxes	\$ 2,404,995	\$ 0	\$ 0	\$ 0
Real and Other Taxes	0	411,210	125,151	0
Other Local Taxes	0	64,195	0	0
Special Assessments	2,724	26,597	0	0
Charges for Services	218,114	23,580	0	0
Licenses and Permits	70,133	0	0	0
Fines and Forfeitures	38,939	0	0	0
Intergovernmental	497,790	502,108	18,406	666,500
Investment Income	258,707	34,320	0	0
Increase in FV of Investments	45,869	0	0	0
Other	15,152	49,105	0	0
Total Revenues	3,552,423	1,111,115	143,557	666,500
Expenditures:				
Current:				
General Government	768,878	17,992	0	0
Security of Persons and Property	2,198,900	33,124	0	0
Public Health and Welfare	57,463	23,699	0	0
Leisuretime Activities	0	70,508	0	0
Community Environment	87,354	0	0	0
Basic Utility Services	0	0	0	0
Transportation	0	706,895	0	0
Other	364	0	0	0
Capital Outlay	86,062	182,176	0	1,101,961
Debt Service:				
Principal Retirement	0	0	98,912	0
Interest & Fiscal Charges	0	0	87,583	0
Total Expenditures	3,199,021	1,034,394	186,495	1,101,961
Excess (deficiency) of revenues over (under) expenditures	353,402	76,721	(42,938)	(435,461)
Other Financing Sources (Uses)				
Sale of Capital Assets	2,400	0	0	0
Transfers in	0	147,267	11,800	147,600
Transfers out	(142,000)	(160,800)	0	0
Total Other Financing Sources (Uses)	(139,600)	(13,533)	11,800	147,600
Net Change in Fund Balance	213,802	63,188	(31,138)	(287,861)
Fund Balances at the Beginning of the Year (Restated)	2,243,113	802,670	433,310	393,954
Fund Balances (Deficit) at End of the Year	\$ 2,456,915	\$ 865,858	\$ 402,172	\$ 106,093

Permanent Funds 4???	Total Governmental Funds	Less: Major Funds			
		General Fund 0???	Street Construction, Maintenance, & Repair Fund 1040	S Broad St Safety Upgrade Fund 3260	Other Governmental Funds
\$ 0	\$ 2,404,995	\$ 2,404,995	\$ 0	\$ 0	\$ 0
0	536,361	0	411,210	0	125,151
0	64,195	0	64,195	0	0
0	29,321	2,724	0	0	26,597
3,400	245,094	218,114	0	0	26,980
0	70,133	70,133	0	0	0
0	38,939	38,939	0	0	0
0	1,684,804	497,790	447,262	666,500	73,252
8,639	301,666	258,707	22,692	0	20,267
0	45,869	45,869	0	0	0
3,282	67,539	15,152	447	0	51,940
<u>15,321</u>	<u>5,488,916</u>	<u>3,552,423</u>	<u>945,806</u>	<u>666,500</u>	<u>324,187</u>
0	786,870	768,878	0	0	17,992
0	2,232,024	2,198,900	0	0	33,124
0	81,162	57,463	0	0	23,699
0	70,508	0	0	0	70,508
0	87,354	87,354	0	0	0
0	0	0	0	0	0
0	706,895	0	691,852	0	15,043
0	364	364	0	0	0
0	1,370,199	86,062	119,290	1,018,228	146,619
0	98,912	0	0	0	98,912
0	87,583	0	0	0	87,583
<u>0</u>	<u>5,521,871</u>	<u>3,199,021</u>	<u>811,142</u>	<u>1,018,228</u>	<u>493,480</u>
15,321	(32,955)	353,402	134,664	(351,728)	(169,293)
0	2,400	2,400	0	0	0
0	306,667	0	3,255	131,100	172,312
0	(302,800)	(142,000)	(159,400)	0	(1,400)
<u>0</u>	<u>6,267</u>	<u>(139,600)</u>	<u>(156,145)</u>	<u>131,100</u>	<u>170,912</u>
15,321	(26,688)	213,802	(21,481)	(220,628)	1,619
185,763	4,058,810	2,243,113	479,010	230,418	1,106,269
\$ 201,084	\$ 4,032,122	\$ 2,456,915	\$ 457,529	\$ 9,790	\$ 1,107,888

CITY OF CANFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	General Fund 0100	Self Insurance Fund 0601	Unclaimed Monies Fund 0904	Total General Fund
Revenues:				
Income Taxes	\$ 2,404,995	\$ 0	\$ 0	\$ 2,404,995
Real and Other Taxes	0	0	0	0
Other Local Taxes	0	0	0	0
Special Assessments	2,724	0	0	2,724
Charges for Services	218,114	0	0	218,114
Licenses and Permits	70,133	0	0	70,133
Fines and Forfeitures	38,939	0	0	38,939
Intergovernmental	497,790	0	0	497,790
Investment Income	258,707	0	0	258,707
Increase in FMV of Investments	45,869	0	0	45,869
Other	15,152	0	0	15,152
Total Revenues	3,552,423	0	0	3,552,423
Expenditures:				
Current:				
General Government	768,878	0	0	768,878
Security of Persons and Property	2,198,900	0	0	2,198,900
Public Health and Welfare	57,463	0	0	57,463
Leisuretime Activities	0	0	0	0
Community Environment	87,354	0	0	87,354
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
Other	364	0	0	364
Capital Outlay	86,062	0	0	86,062
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	3,199,021	0	0	3,199,021
Excess (deficiency) of revenues over (under) expenditures	353,402	0	0	353,402
Other Financing Sources (Uses)				
Sale of Capital Assets	2,400	0	0	2,400
Transfers in	0	0	0	0
Transfers out	(142,000)	0	0	(142,000)
Total Other Financing Sources (Uses)	(139,600)	0	0	(139,600)
Net Change in Fund Balance	213,802	0	0	213,802
Fund Balances at the Beginning of the Year (Restated)	2,115,006	125,848	2,259	2,243,113
Fund Balances (Deficit) at End of the Year	\$ 2,328,808	\$ 125,848	\$ 2,259	\$ 2,456,915

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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, 2007

	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	411,210	0	0
Other Local Taxes	0	0	0	0	64,195	0	0
Special Assessments	0	0	0	0	0	0	0
Charges for Services	11,930	0	0	11,650	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	447,262	31,361	0
Investment Income	0	5,048	0	1,273	22,692	2,843	0
Increase in FMV of Investments	0	0	0	0	0	0	0
Other	165	0	2,350	839	447	0	43,572
Total Revenues	<u>12,095</u>	<u>5,048</u>	<u>2,350</u>	<u>13,762</u>	<u>945,806</u>	<u>34,204</u>	<u>43,572</u>
Expenditures:							
Current:							
General Government	0	0	0	0	0	0	13,945
Security of Persons and Property	0	0	0	0	0	0	0
Public Health and Welfare	0	0	0	23,699	0	0	0
Leisuretime Activities	42,824	0	27,684	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	691,852	15,043	0
Other	0	0	0	0	0	0	0
Capital Outlay	5,628	0	0	11,179	119,290	19	1,223
Debt Service:							
Principal Retirement	0	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0	0
Total Expenditures	<u>48,452</u>	<u>0</u>	<u>27,684</u>	<u>34,878</u>	<u>811,142</u>	<u>15,062</u>	<u>15,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,357)</u>	<u>5,048</u>	<u>(25,334)</u>	<u>(21,116)</u>	<u>134,664</u>	<u>19,142</u>	<u>28,404</u>
Other Financing Sources (Uses)							
Sale of Capital Assets	0	0	0	0	0	0	0
Transfers in	74,227	0	25,000	36,385	3,255	0	0
Transfers out	0	0	0	0	(159,400)	0	0
Total Other Financing Sources (Uses)	<u>74,227</u>	<u>0</u>	<u>25,000</u>	<u>36,385</u>	<u>(156,145)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	37,870	5,048	(334)	15,269	(21,481)	19,142	28,404
Fund Balances at the Beginning of the Year (Restated)	<u>20,168</u>	<u>110,484</u>	<u>2,005</u>	<u>3,577</u>	<u>479,010</u>	<u>58,277</u>	<u>67,762</u>
Fund Balances (Deficit) at End of the Year	<u>\$ 58,038</u>	<u>\$ 115,532</u>	<u>\$ 1,671</u>	<u>\$ 18,846</u>	<u>\$ 457,529</u>	<u>\$ 77,419</u>	<u>\$ 96,166</u>

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- Mobile Data Terminals 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	411,210
0	0	0	0	0	0	0	0	0	64,195
0	26,597	0	0	0	0	0	0	0	26,597
0	0	0	0	0	0	0	0	0	23,580
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	1,329	8,156	14,000	0	502,108
1,286	0	344	70	0	187	577	0	0	34,320
0	0	0	0	0	0	0	0	0	0
1,732	0	0	0	0	0	0	0	0	49,105
<u>3,018</u>	<u>26,597</u>	<u>344</u>	<u>70</u>	<u>0</u>	<u>1,516</u>	<u>8,733</u>	<u>14,000</u>	<u>0</u>	<u>1,111,115</u>
4,047	0	0	0	0	0	0	0	0	17,992
0	33,124	0	0	0	0	0	0	0	33,124
0	0	0	0	0	0	0	0	0	23,699
0	0	0	0	0	0	0	0	0	70,508
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	706,895
0	0	0	0	0	0	0	0	0	0
0	0	4,550	2,100	0	5,699	17,088	15,400	0	182,176
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
<u>4,047</u>	<u>33,124</u>	<u>4,550</u>	<u>2,100</u>	<u>0</u>	<u>5,699</u>	<u>17,088</u>	<u>15,400</u>	<u>0</u>	<u>1,034,394</u>
(1,029)	(6,527)	(4,206)	(2,030)	0	(4,183)	(8,355)	(1,400)	0	76,721
0	0	0	0	0	0	0	0	0	0
0	7,000	0	0	0	0	0	1,400	0	147,267
0	0	0	0	0	0	(1,400)	0	0	(160,800)
0	7,000	0	0	0	0	(1,400)	1,400	0	(13,533)
(1,029)	473	(4,206)	(2,030)	0	(4,183)	(9,755)	0	0	63,188
<u>27,991</u>	<u>489</u>	<u>7,881</u>	<u>2,912</u>	<u>3,222</u>	<u>6,851</u>	<u>15,235</u>	<u>0</u>	<u>(3,194)</u>	<u>802,670</u>
\$ 26,962	\$ 962	\$ 3,675	\$ 882	\$ 3,222	\$ 2,668	\$ 5,480	\$ 0	\$ (3,194)	\$ 865,858

CITY OF CANFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	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	44,696	80,455	125,151
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	6,574	11,832	18,406
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	51,270	92,287	143,557
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	11,493	49,919	37,500	0	98,912
Interest & Fiscal Charges	(1,000)	259	7,125	15,000	66,199	87,583
Total Expenditures	(1,000)	11,752	57,044	52,500	66,199	186,495
Excess (deficiency) of revenues over (under) expenditures	1,000	(11,752)	(57,044)	(1,230)	26,088	(42,938)
Other Financing Sources (Uses)						
Sale of Capital Assets	0	0	0	0	0	0
Transfers in	0	11,800	0	0	0	11,800
Transfers out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	11,800	0	0	0	11,800
Net Change in Fund Balance	1,000	48	(57,044)	(1,230)	26,088	(31,138)
Fund Balances at the Beginning of the Year (Restated)	19,844	645	354,737	8,122	49,962	433,310
Fund Balances (Deficit) at End of the Year	\$ 20,844	\$ 693	\$ 297,693	\$ 6,892	\$ 76,050	\$ 402,172

CITY OF CANFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	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	666,500	666,500
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	<u>0</u>	<u>0</u>	<u>0</u>	<u>666,500</u>	<u>666,500</u>
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	67,233	16,500	0	1,018,228	1,101,961
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0
Total Expenditures	<u>67,233</u>	<u>16,500</u>	<u>0</u>	<u>1,018,228</u>	<u>1,101,961</u>
Excess (deficiency) of revenues over (under) expenditures	(67,233)	(16,500)	0	(351,728)	(435,461)
Other Financing Sources (Uses)					
Sale of Capital Assets	0	0	0	0	0
Transfers in	0	16,500	0	131,100	147,600
Transfers out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>16,500</u>	<u>0</u>	<u>131,100</u>	<u>147,600</u>
Net Change in Fund Balance	(67,233)	0	0	(220,628)	(287,861)
Fund Balances at the Beginning of the Year (Restated)	102,436	27,822	33,278	230,418	393,954
Fund Balances (Deficit) at End of the Year	\$ 35,203	\$ 27,822	\$ 33,278	\$ 9,790	\$ 106,093

CITY OF CANFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Cemetery Perpetual Care Fund 4001	Fair Park Trust Fund 4002	Total Permanent Funds
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	3,400	0	3,400
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	0	0	0
Investment Income	5,887	2,752	8,639
Increase in FMV of Investments	0	0	0
Other	0	3,282	3,282
Total Revenues	9,287	6,034	15,321
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	0	0	0
Excess (deficiency) of revenues over (under) expenditures	9,287	6,034	15,321
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)	0	0	0
Net Change in Fund Balance	9,287	6,034	15,321
Fund Balances at the Beginning of the Year (Restated)	126,938	58,825	185,763
Fund Balances (Deficit) at End of the Year	\$ 136,225	\$ 64,859	\$ 201,084

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CITY OF CANFIELD, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - WATER
DECEMBER 31, 2007

Business-type Activities -

	Water Operating 5100	Water Tank Debt Retirement 5110	W Main St Waterline Debt Retirement 5111
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 947,167	\$ 60,962	\$ 24,216
Investments	2,883	0	0
Receivables (Net of Allowance for Uncollectibles)			
Accounts	213,958	0	0
Due From Other Governments	0	0	0
Prepayments	12,374	0	0
Total Current Assets	1,176,382	60,962	24,216
Noncurrent Assets:			
Capital Assets			
Land and Construction in Progress	6,945	0	0
Depreciable Capital Assets, Net	5,438,630	0	0
Total Capital Assets	5,445,575	0	0
Total Noncurrent Assets	5,445,575	0	0
Total Assets	6,621,957	60,962	24,216
Liabilities:			
Current Liabilities:			
Accounts Payable	708	0	0
Accrued Wages and Benefits	2,837	0	0
Due to Other Governments	52,786	0	0
Compensated Absences	2,310	0	0
Current Portion of General Obligation Bonds	0	38,000	12,500
Current Portion of OPWC Loans	0	0	0
Accrued Interest Payable	0	742	341
Total Current Liabilities	58,641	38,742	12,841
Long-term Liabilities:			
General Obligation Bonds	0	152,000	75,000
OPWC Loans	0	0	0
Total Long-term Liabilities	0	152,000	75,000
Total Liabilities	58,641	190,742	87,841
Net Assets:			
Invested in Capital Assets, Net of Related Debt	5,445,575	(190,000)	(87,500)
Unrestricted	1,117,741	60,220	23,875
Total Net Assets	\$ 6,563,316	\$ (129,780)	\$ (63,625)

Enterprise Funds

Waterline Improvement 5130	Meter Replacement/ Water Tank Improvement 5135	Total
\$ 97,744	\$ 750,000	\$ 1,880,089
0	0	2,883
0	0	213,958
0	0	0
0	0	12,374
<u>97,744</u>	<u>750,000</u>	<u>2,109,304</u>
0	0	6,945
0	0	5,438,630
<u>0</u>	<u>0</u>	<u>5,445,575</u>
0	0	5,445,575
<u>97,744</u>	<u>750,000</u>	<u>7,554,879</u>
0	0	708
0	0	2,837
0	0	52,786
0	0	2,310
0	0	50,500
0	0	0
<u>0</u>	<u>0</u>	<u>1,083</u>
0	0	110,224
0	0	227,000
<u>0</u>	<u>0</u>	<u>0</u>
0	0	227,000
<u>0</u>	<u>0</u>	<u>337,224</u>
0	0	5,168,075
<u>97,744</u>	<u>750,000</u>	<u>2,049,580</u>
<u>\$ 97,744</u>	<u>\$ 750,000</u>	<u>\$ 7,217,655</u>

CITY OF CANFIELD, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - SEWER
DECEMBER 31, 2007

	Business-type Activities -		
	Sewer Operating 5200	NW Sewer Debt Retirement 5210	Sewer System Improvement Debt Retirement 5211
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 840,724	\$ 551	\$ 21,837
Investments	0	0	0
Receivables (Net of Allowance for Uncollectibles)			
Accounts	275,021	551	19,268
Due From Other Governments	0	0	0
Prepayments	2,534	0	0
Total Current Assets	1,118,279	1,102	41,105
Noncurrent Assets:			
Capital Assets			
Land and Construction in Progress	5,943	0	0
Depreciable Capital Assets, Net	3,663,669	0	0
Total Capital Assets	3,669,612	0	0
Total Noncurrent Assets	3,669,612	0	0
Total Assets	4,787,891	1,102	41,105
Liabilities:			
Current Liabilities:			
Accounts Payable	189	0	0
Accrued Wages and Benefits	3,624	0	0
Due to Other Governments	60,795	0	0
Compensated Absences	2,970	0	0
Current Portion of General Obligation Bonds	0	0	28,000
Current Portion of OPWC Loans	0	0	41,166
Accrued Interest Payable	0	0	1,031
Total Current Liabilities	67,578	0	70,197
Long-term Liabilities:			
General Obligation Bonds	0	0	236,000
OPWC Loans	0	0	572,461
Total Long-term Liabilities	0	0	808,461
Total Liabilities	67,578	0	878,658
Net Assets:			
Invested in Capital Assets, Net of Related Debt	3,669,611	0	(877,627)
Unrestricted	1,050,702	1,102	40,074
Total Net Assets	\$ 4,720,313	\$ 1,102	\$ (837,553)

Enterprise Funds

Sanitary Sewer System Improvement 5230	Sawmill Sanitary Sewer Lining Improvement 5233	Total
\$ 20,837	\$ -	\$ 883,949
0	0	0
0	0	294,840
0	0	0
0	0	2,534
<u>20,837</u>	<u>0</u>	<u>1,181,323</u>
0	0	5,943
0	436,399	4,100,068
0	436,399	4,106,011
0	436,399	4,106,011
<u>20,837</u>	<u>436,399</u>	<u>5,287,334</u>
2,500	0	2,689
0	0	3,624
0	0	60,795
0	0	2,970
0	0	28,000
0	0	41,166
0	0	1,031
<u>2,500</u>	<u>0</u>	<u>140,275</u>
0	0	236,000
0	0	572,461
0	0	808,461
<u>2,500</u>	<u>0</u>	<u>948,736</u>
0	436,399	3,228,383
18,337	0	1,110,215
<u>\$ 18,337</u>	<u>\$ 436,399</u>	<u>\$ 4,338,598</u>

CITY OF CANFIELD, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - STORM
DECEMBER 31, 2007

	Business-type Activities -		
	Storm Operating 5300	Fema Storm Water Reimbursement 5301	NE Storm Water Management Project Phase 1 5333
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 157,327	\$ -	\$ 236,134
Investments	0	0	0
Receivables (Net of Allowance for Uncollectibles)			
Accounts	33,835	0	0
Due From Other Governments	0	0	0
Prepayments	993	0	0
Total Current Assets	192,155	0	236,134
Noncurrent Assets:			
Capital Assets			
Land and Construction in Progress	11,839	0	86,167
Depreciable Capital Assets, Net	3,453,191	0	0
Total Capital Assets	3,465,030	0	86,167
Total Noncurrent Assets	3,465,030	0	86,167
Total Assets	3,657,185	0	322,301
Liabilities:			
Current Liabilities:			
Accounts Payable	160	0	40,000
Accrued Wages and Benefits	1,205	0	0
Due to Other Governments	1,766	0	0
Compensated Absences	1,496	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	4,627	0	40,000
Long-term Liabilities:			
General Obligation Bonds	0	0	0
OPWC Loans	0	0	0
Total Long-term Liabilities	0	0	0
Total Liabilities	4,627	0	40,000
Net Assets:			
Invested in Capital Assets, Net of Related Debt	3,465,030	0	86,167
Unrestricted	187,528	0	196,134
Total Net Assets	\$ 3,652,558	\$ -	\$ 282,301

Enterprise Funds

NE Storm Water Management Project Phase 2 5334	NE Storm Water Management Project Phase 3 5335	Total
\$ -	\$ -	\$ 393,461
0	0	0
0	0	33,835
0	0	0
0	0	993
<u>0</u>	<u>0</u>	<u>428,289</u>
0	0	98,006
0	0	3,453,191
<u>0</u>	<u>0</u>	<u>3,551,197</u>
0	0	3,551,197
<u>0</u>	<u>0</u>	<u>3,979,486</u>
0	0	40,160
0	0	1,205
0	0	1,766
0	0	1,496
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>44,627</u>
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
0	0	0
<u>0</u>	<u>0</u>	<u>44,627</u>
0	0	3,551,197
<u>0</u>	<u>0</u>	<u>383,662</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,934,859</u>

CITY OF CANFIELD, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS - WATER
FOR THE YEAR ENDED DECEMBER 31, 2007

Business-type Activities -

	Water Operating 5100	Water Tank Debt Retirement 5110	W Main St Waterline Debt Retirement 5111
Operating Revenues			
Charges for Services	\$ 1,025,254	\$ 0	\$ 0
Other	1,984	0	0
Total Operating Revenues	1,027,238	0	0
Operating Expenses:			
Personal Services	123,847	0	0
Contractual Services	729,877	0	0
Supplies and Materials	20,399	0	0
Other	62,686	0	0
Depreciation	189,861	0	0
Total Operating Expenses	1,126,670	0	0
Operating Income (Loss)	(99,432)	0	0
Nonoperating Revenues (Expenses):			
Interest and Fiscal Charges	0	(10,682)	(4,701)
Increase in FV of Investments	2,770		
Intergovernmental Revenue	0	0	0
Transfers In	1,162	48,830	17,250
Transfers Out	0	0	0
Gain on Disposal of Assets	0	0	0
Total Nonoperating Revenues (Expenses)	3,932	38,148	12,549
Income (Loss)/Changes in Net Assets	(95,500)	38,148	12,549
Capital Contributions	0	0	0
Changes in Net Assets	(95,500)	38,148	12,549
Net Assets at Beginning of Year	6,658,816	(167,928)	(76,174)
Net Assets at End of Year	\$ 6,563,316	\$ (129,780)	\$ (63,625)

Enterprise Funds

Waterline Improvement 5130	Meter Replacement/ Water Tank Improvement 5135	Total
\$ 46,623	\$ 0	\$ 1,071,877
0	0	1,984
<u>46,623</u>	<u>0</u>	<u>1,073,861</u>
0	0	123,847
0	0	729,877
0	0	20,399
0	0	62,686
<u>0</u>	<u>0</u>	<u>189,861</u>
<u>0</u>	<u>0</u>	<u>1,126,670</u>
<u>46,623</u>	<u>0</u>	<u>(52,809)</u>
0	0	(15,383)
0	0	2,770
0	0	0
0	0	67,242
(66,080)	0	(66,080)
<u>0</u>	<u>0</u>	<u>0</u>
<u>(66,080)</u>	<u>0</u>	<u>(11,451)</u>
(19,457)	0	(64,260)
<u>0</u>	<u>0</u>	<u>0</u>
(19,457)	0	(64,260)
117,201	750,000	7,281,915
<u>\$ 97,744</u>	<u>\$ 750,000</u>	<u>\$ 7,217,655</u>

CITY OF CANFIELD, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS - SEWER
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities -		
	Sewer Operating 5200	NW Sewer Debt Retirement 5210	Sewer System Improvement Debt Retirement 5211
Operating Revenues			
Charges for Services	\$ 1,254,281	\$ (7,654)	\$ 79,655
Other	32	551	99
Total Operating Revenues	1,254,313	(7,103)	79,754
Operating Expenses:			
Personal Services	107,134	0	0
Contractual Services	832,908	0	0
Supplies and Materials	4,917	0	0
Other	59,522	0	106
Depreciation	122,188	0	0
Total Operating Expenses	1,126,669	0	106
Operating Income (Loss)	127,644	(7,103)	79,648
Nonoperating Revenues (Expenses):			
Interest and Fiscal Charges	0	0	(13,673)
Increase in FV of Investments	0	0	0
Intergovernmental Revenue	0	0	0
Transfers In	1,657	0	40,200
Transfers Out	(40,200)	0	0
Gain on Disposal of Assets	0	0	0
Total Nonoperating Revenues (Expenses)	(38,543)	0	26,527
Income (Loss)/Changes in Net Assets	89,101	(7,103)	106,175
Capital Contributions	0	0	0
Changes in Net Assets	89,101	(7,103)	106,175
Net Assets at Beginning of Year	4,581,212	8,205	(943,728)
Net Assets at End of Year	\$ 4,670,313	\$ 1,102	\$ (837,553)

Enterprise Funds

Sanitary Sewer System Improvement 5230	Sawmill Sanitary Sewer Lining Improvement 5233	Total
\$ 19,700	\$ 0	\$ 1,345,982
0	0	682
19,700	0	1,346,664
0	0	107,134
0	0	832,908
0	0	4,917
2,500	0	62,128
0	8,584	130,772
2,500	8,584	1,137,859
17,200	(8,584)	208,805
0	0	(13,673)
0	0	0
0	0	0
0	0	41,857
0	0	(40,200)
0	0	0
0	0	(12,016)
17,200	(8,584)	196,789
0	0	0
17,200	(8,584)	196,789
51,137	444,983	4,141,809
\$ 68,337	\$ 436,399	\$ 4,338,598

CITY OF CANFIELD, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS - STORM
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities -		
	Storm Operating 5300	Fema Storm Water Reimbursement 5301	NE Storm Water Management Project Phase 1 5333
Operating Revenues			
Charges for Services	\$ 169,113	\$ 0	\$ 0
Other	11	0	0
Total Operating Revenues	169,124	0	0
Operating Expenses:			
Personal Services	33,674	0	0
Contractual Services	8,066	0	0
Supplies and Materials	5,384	0	0
Other	10,000	0	0
Depreciation	88,594	0	0
Total Operating Expenses	145,718	0	0
Operating Income (Loss)	23,406	0	0
Nonoperating Revenues (Expenses):			
Interest and Fiscal Charges	0	0	0
Increase in FV of Investments	0	0	0
Intergovernmental Revenue	0	0	0
Transfers In	323	0	94,000
Transfers Out	(94,000)	(7,009)	0
Gain on Disposal of Assets	0	0	0
Total Nonoperating Revenues (Expenses)	(93,677)	(7,009)	94,000
Income (Loss)/Changes in Net Assets	(70,271)	(7,009)	94,000
Capital Contributions	279,153	0	0
Changes in Net Assets	208,882	(7,009)	94,000
Net Assets at Beginning of Year	3,443,676	7,009	188,301
Net Assets at End of Year	\$ 3,652,558	\$ 0	\$ 282,301

Enterprise Funds

NE Storm Water Management Project Phase 1 5334	NE Storm Water Management Project Phase 1 5335	Total
\$ 0	\$ 0	\$ 169,113
0	0	11
0	0	169,124
0	0	33,674
0	0	8,066
0	0	5,384
0	0	10,000
0	0	88,594
0	0	145,718
0	0	23,406
0	0	0
0	0	0
0	0	0
0	0	94,323
0	0	(101,009)
0	0	0
0	0	(6,686)
0	0	16,720
0	0	279,153
0	0	295,873
0	0	3,638,986
\$ 0	\$ 0	\$ 3,934,859

CITY OF CANFIELD, OHIO
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST
DECEMBER 31, 2007

	Cemetery Endowment 7040	Total
	<u> </u>	<u> </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><u>\$ 27,855</u></u>	<u><u>\$ 27,855</u></u>

CITY OF CANFIELD, OHIO
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUND - PRIVATE PURPOSE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2007

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

CITY OF CANFIELD, OHIO
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS - AGENCY
DECEMBER 31, 2007

	<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	\$ 5,508	\$ 3,700	\$ 1,500
Total Current Assets	<u>5,508</u>	<u>3,700</u>	<u>1,500</u>
Total Assets	<u>5,508</u>	<u>3,700</u>	<u>1,500</u>
Liabilities:			
Current Liabilities:			
Deposits Held and Due to Others	<u>5,508</u>	<u>3,700</u>	<u>1,500</u>
Total Current Liabilities	<u>5,508</u>	<u>3,700</u>	<u>1,500</u>
Total Liabilities	<u>5,508</u>	<u>3,700</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	\$ 3,745	\$ 0	\$ 55,889
<u>41,436</u>	<u>0</u>	<u>3,745</u>	<u>0</u>	<u>55,889</u>
<u>41,436</u>	<u>0</u>	<u>3,745</u>	<u>0</u>	<u>55,889</u>
<u>41,436</u>	<u>0</u>	<u>3,745</u>	<u>0</u>	<u>55,889</u>
<u>41,436</u>	<u>0</u>	<u>3,745</u>	<u>0</u>	<u>55,889</u>
<u>41,436</u>	<u>0</u>	<u>3,745</u>	<u>0</u>	<u>55,889</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, 2007

	Performance Deposit 9010	Security Deposit 9020	Performance Deposit 9030
Nonoperating Revenues (Expenses):			
Other Sources	\$ 2,500	\$ 3,600	\$ 0
Other Uses	(3,600)	(3,475)	0
Total Nonoperating Revenues (Expenses)	(1,100)	125	0
Changes in Net Assets	(1,100)	125	0
Net Assets at Beginning of Year	6,608	3,575	1,500
Net Assets at End of Year	\$ 5,508	\$ 3,700	\$ 1,500

Subdivision Deposits 9050	Fire Damage Escrow 9060	Mayor's Court 9070	MVLETF Forfeiture Pending 9080	Total
\$ 1,500	\$ 0	\$ 53,339	\$ 0	\$ 60,939
(13,032)	0	(53,663)	0	(73,770)
(11,532)	0	(324)	0	(12,831)
(11,532)	0	(324)	0	(12,831)
52,968	0	4,069	0	68,720
\$ 41,436	\$ 0	\$ 3,745	\$ 0	\$ 55,889

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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH 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, 2007, and have issued our report thereon dated November 30, 2009, wherein we noted the City implemented GASB Statement No. 48. 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 audit procedures for the purpose of expressing our opinions on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

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 deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below we identified a certain deficiency in internal control over financial reporting that we consider to be significant deficiency.

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 its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement. We consider the deficiency described in the accompanying schedule of findings and responses as 2007-COC-01 to be a significant deficiency in internal control over financial reporting.

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 a material financial statement misstatement.

Members of Council and the Mayor
City of Canfield

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Page 2

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 deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

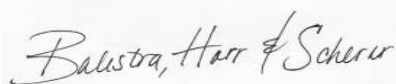
Compliance and Other Matters

As part of obtaining reasonable 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 noted certain matters that we reported to management in a separate letter dated November 30, 2009.

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

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



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

**CITY OF CANFIELD
MAHONING COUNTY**

*SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007*

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

FINDING NUMBER: 2007-COC-001

Significant Deficiency

The City lacks controls over timely and accurate financial reports. The City prepares its own financial statements; however, the City's draft financial statements were not completed until November 2009, well beyond the deadline for filing the financial report with the Auditor of State's office.

This could significantly impact management's ability to effectively guide the City. Critical areas such as financial analysis, budgeting and debt financing, etc. could be negatively impacted.

We recommend the City management take more active role in overseeing the timeliness of the financial reporting process. We further recommend that they evaluate steps necessary to ensure financial reports are issued in a timely manner. This will help ensure that reports are submitted as required.

Client's Response

The City Finance Director is aware of the requirements and is making an effort to be timelier in the future. The delay in the preparation of the financial statements is partly due to the implementation of new computer software used to prepare the financial statements. Synchronizing a computer system to be able to prepare GASB 34 statements is a very difficult task. The City Finance Director is very, very pleased with the end result. Management is aware of the delay and will be timely again, as they were prior to the implementation of the new software.

**CITY OF CANFIELD
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-COC-001	The City lacks control over timely and accurate financial reports.	No	Reissued as Finding 2007-COC-01.



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