

City of Canfield

Mahoning County, Ohio

Regular Audit

January 1, 2009 through December 31, 2009

Fiscal Year Audited Under GAGAS: 2009



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Dave Yost • 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, 2009 through December 31, 2009. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 30, 2011

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City of Canfield
Mahoning County, Ohio

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City of Canfield
Mahoning County, Ohio

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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, Mahoning County, Ohio, (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

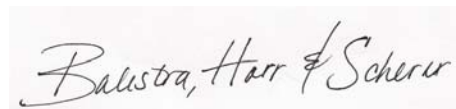
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canfield, Mahoning County, Ohio, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and 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 June 24, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Government Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The supplementary information on pages 63 to 89 provides additional information and is not a required part of the basic financial statements. We have applied certain limited procedures to the supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

As described in Note 3A to the basic financial statements, the City implemented Government Accounting Standards Board (GASB) Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, and GASB Statement No. 57, *Other Postemployment Benefit (OPEB) Measurements by Agent Employers and Agent Multiple-Employers*.



Balestra, Harr & Scherer, CPAs, Inc.

June 24, 2011

**CITY OF CANFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
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, 2009. 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 2009 are as follows:

- The total net assets of the City increased \$1,268,711. Net assets of governmental activities increased \$248,052 or 1.57% from 2008 and net assets of business-type activities increased \$1,020,659 or 6.34% over 2008.
- General revenues accounted for \$3,511,804 of total governmental activities revenue. Program specific revenues accounted for \$1,082,282 or 23.56% of total governmental activities revenue.
- The City had \$4,346,034 in expenses related to governmental activities; \$1,082,282 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$3,263,752 were offset by general revenues (primarily taxes and unrestricted grants and entitlements) of \$3,511,804.
- The general fund had revenues and other financing sources of \$3,288,966 in 2009. This represents an increase of \$106,996 from 2008. The expenditures and other financing uses of the general fund, which totaled \$3,333,679 in 2009, decreased \$70,029 from 2008. The net decrease in fund balance for the general fund was \$44,713 or 2.00%.
- The street construction maintenance and repair fund had revenues and other financing sources of \$930,247 in 2009. The expenditures of the street construction maintenance and repair fund, totaled \$531,560 in 2009. The net increase in fund balance for the street construction maintenance and repair fund was \$398,687 or 78.98%.
- Net assets for the business-type activities, which are made up of the Sewer, Water and Storm Water enterprise funds, increased in 2009 by \$1,020,659 over the prior year. This increase was primarily due to an increase in revenue from grant reimbursements for the NE Storm Water Projects.
- In the general fund, the actual revenues and other financing sources came in \$9,147 higher than they were in the final budget and actual expenditures and other financing uses were \$551,939 less than the amount in the final budget. Budgeted expenditures were increased \$344,415 from the original to the final budget. Budgeted revenues were decreased \$7,797 from the original to the final budget.
- In 2009 the City paid off all interest bearing debt except for the Red Gate Land Acquisition Debt. An optional payment of principle of \$150,000 was made with the goal of paying this loan off as soon as possible in an effort to save money on interest expenses in the long run. All other debt of the City is 0% interest OPWC Issue 2 loans. The State's OPWC Issue 2 Program has been the greatest, well run program and has benefitted the City over many years.

**CITY OF CANFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
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 2009?" 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
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund and the street construction maintenance and repair fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 20-25 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 26-28 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 29-30 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 31 of this report.

**CITY OF CANFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

Government-Wide Financial Analysis

The table below provides a summary of the City's net assets for 2009 and 2008:

	Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2009	Restated 2008	2009	Restated 2008	2009	Restated 2008
<u>Assets</u>						
Current and other assets	\$ 5,435,772	\$ 5,288,940	\$ 3,522,468	\$ 4,026,407	\$ 8,958,240	\$ 9,315,347
Capital assets	<u>12,923,919</u>	<u>13,290,934</u>	<u>14,156,678</u>	<u>13,256,528</u>	<u>27,080,597</u>	<u>26,547,462</u>
Total assets, net	18,359,691	18,579,874	17,679,146	17,282,935	36,038,837	35,862,809
<u>Liabilities</u>						
Long-term liabilities outstanding	1,519,550	2,026,455	542,600	1,044,724	2,062,150	3,071,179
Other liabilities	838,855	800,185	22,550	144,874	861,405	945,059
Total liabilities	<u>2,358,405</u>	<u>2,826,640</u>	<u>565,150</u>	<u>1,189,598</u>	<u>2,923,555</u>	<u>4,016,238</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	11,579,810	11,446,906	13,625,383	12,221,067	25,205,193	23,667,973
Restricted	1,937,576	1,843,779	-	-	1,937,576	1,843,779
Unrestricted	2,483,900	2,462,549	3,488,613	3,872,270	5,972,513	6,334,819
Total net assets	<u>\$ 16,001,286</u>	<u>\$ 15,753,234</u>	<u>\$ 17,113,996</u>	<u>\$ 16,093,337</u>	<u>\$ 33,115,282</u>	<u>\$ 31,846,571</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2009, the City's assets exceeded liabilities by \$33,115,282. At year-end, net assets were \$16,001,286 and \$17,113,996 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 75.14% 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, 2009, were \$11,579,810 and \$13,625,383 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, \$1,937,576, 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 \$2,483,900 may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF CANFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

The table below shows the changes in net assets for fiscal year 2009 and 2008.

Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	Restated		Restated		Restated	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 400,013	\$ 435,543	\$ 2,758,755	\$ 2,574,782	\$ 3,158,768	\$ 3,010,325
Operating grants and contributions	673,241	638,420	-	-	673,241	638,420
Capital grants and contributions	9,028	10,100	885,463	317,400	894,491	327,500
Total program revenues	<u>1,082,282</u>	<u>1,084,063</u>	<u>3,644,218</u>	<u>2,892,182</u>	<u>4,726,500</u>	<u>3,976,245</u>
General revenues:						
Property taxes	524,353	524,302	-	-	524,353	524,302
Income taxes	2,353,751	2,414,448	-	-	2,353,751	2,414,448
Unrestricted grants and entitlements	403,571	321,904	-	-	403,571	321,904
Increase/decrease in fair value of investments	81,996	(231,374)	-	-	81,996	(231,374)
Investment earnings	32,005	145,155	-	-	32,005	145,155
Miscellaneous	116,128	21,138	797	929	116,925	22,067
Total general revenues	<u>3,511,804</u>	<u>3,195,573</u>	<u>797</u>	<u>929</u>	<u>3,512,601</u>	<u>3,196,502</u>
Total revenues	<u>4,594,086</u>	<u>4,279,636</u>	<u>3,645,015</u>	<u>2,893,111</u>	<u>8,239,101</u>	<u>7,172,747</u>
Expenses:						
General government	916,106	841,803	-	-	916,106	841,803
Security of persons and property	2,262,729	2,346,205	-	-	2,262,729	2,346,205
Public health and welfare	59,767	56,935	-	-	59,767	56,935
Leisure time activity	97,046	106,795	-	-	97,046	106,795
Community environment	88,742	89,809	-	-	88,742	89,809
Transportation	832,667	1,094,543	-	-	832,667	1,094,543
Other	8,285	-	-	-	8,285	-
Interest and fiscal charges	80,692	85,326	-	-	80,692	85,326
Water	-	-	1,279,699	1,163,713	1,279,699	1,163,713
Sewer	-	-	1,186,984	1,128,897	1,186,984	1,128,897
Storm	-	-	157,673	159,651	157,673	159,651
Total expenses	<u>4,346,034</u>	<u>4,621,416</u>	<u>2,624,356</u>	<u>2,452,261</u>	<u>6,970,390</u>	<u>7,073,677</u>
Increase/decrease in net assets before transfers	248,052	(341,780)	1,020,659	440,850	1,268,711	99,070
Transfers	<u>-</u>	<u>(161,375)</u>	<u>-</u>	<u>161,375</u>	<u>-</u>	<u>-</u>
Change in net assets	248,052	(503,155)	1,020,659	602,225	1,268,711	99,070
Net assets at beginning of year	15,753,234	16,256,389	16,093,337	15,491,112	31,846,571	31,747,501
Net assets at end of year	<u>\$ 16,001,286</u>	<u>\$ 15,753,234</u>	<u>\$ 17,113,996</u>	<u>\$ 16,093,337</u>	<u>\$ 33,115,282</u>	<u>\$ 31,846,571</u>

**CITY OF CANFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

Governmental Activities

Governmental activities net assets increased \$248,052 in 2009. The majority of this increase is a result of an increase in the fair value of investments, a decrease in transportation program expenses and there were no transfers of assets to Business-type Activities. In 2008 the City transferred cash to a significant storm water capital project capital project.

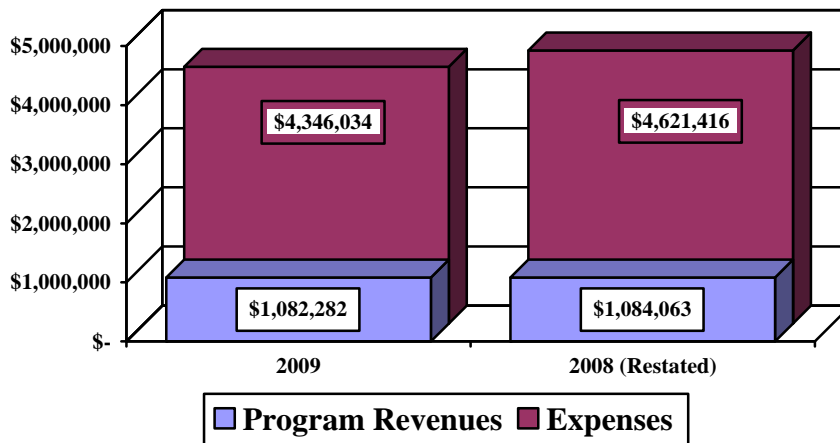
Security of persons and property which primarily supports the operations of the police department and street lights accounted for \$2,262,729 or 52.06% of the total expenses of the City. Security of persons and property expenses were partially funded by \$211,822 in direct charges to users of the services. General government expenses totaled \$916,106. General government expenses were partially funded by \$344,309 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$673,241 in operating grants and contributions and \$9,028 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$466,394 subsidized transportation programs.

General revenues totaled \$3,511,804, and amounted to 76.44% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$2,878,104. 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 \$403,571.

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



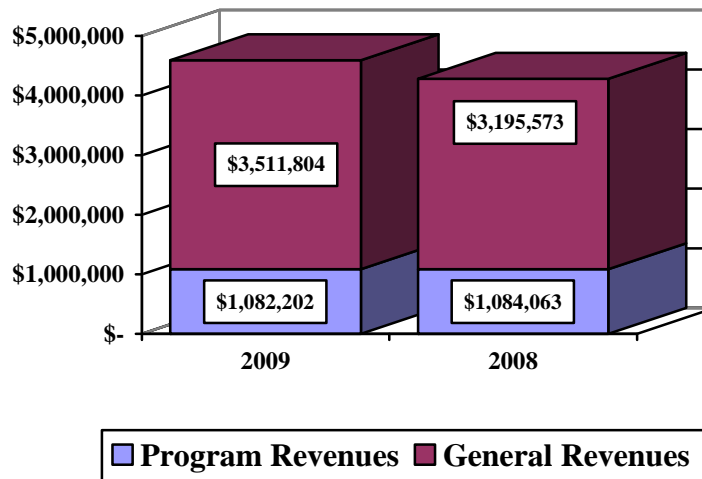
**CITY OF CANFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

Governmental Activities

	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>	Restated Total Cost of Services <u>2008</u>	Restated Net Cost of Services <u>2008</u>
Program Expenses:				
General government	\$ 916,106	\$ 571,797	\$ 841,803	\$ 486,306
Security of persons and property	2,262,729	2,050,907	2,346,205	2,203,812
Public health and welfare	59,767	51,540	56,935	42,031
Leisure time activity	97,046	80,854	106,795	86,613
Community environment	88,742	53,404	89,809	29,792
Transportation	832,667	366,273	1,094,543	603,473
Other	8,285	8,285	-	-
Interest and fiscal charges	80,692	80,692	85,326	85,326
Total	\$ 4,346,034	\$ 3,263,752	\$ 4,621,416	\$ 3,537,353

The dependence upon general revenues for governmental activities is apparent, with 80.80% of expenses supported through taxes and other general revenues. The chart below illustrates the City's program revenues versus general revenues for 2009 and 2008.

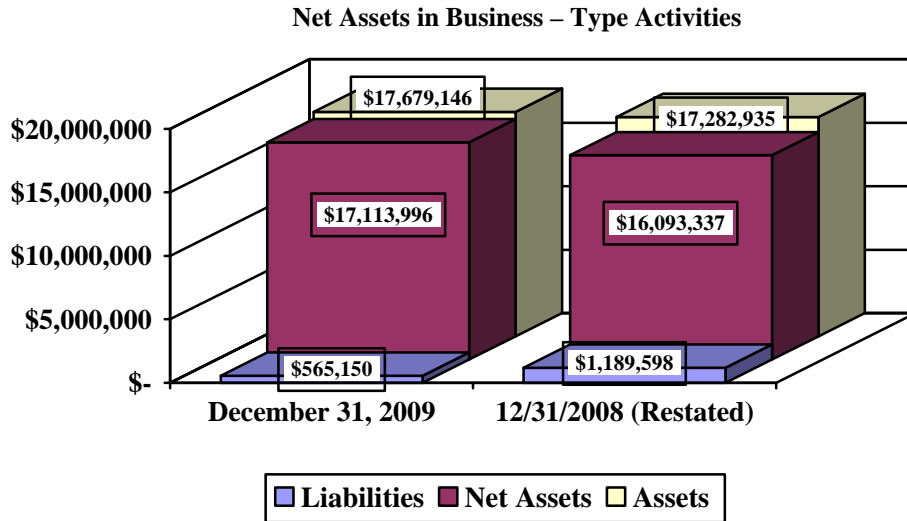
Governmental Activities – General and Program Revenues



**CITY OF CANFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

Business-type Activities

Business-type activities include the sewer, water and storm water enterprise funds. These programs had operating revenues of \$3,644,218, general revenues of \$797 and expenses of \$2,624,356 for 2009. 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 \$3,889,731 which is an increase of \$51,550 over last year's total of \$3,838,181.

**CITY OF CANFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2009 for all major and non-major governmental funds.

	Fund Balances <u>12/31/09</u>	Restated Fund Balances <u>12/31/08</u>	Increase <u>(Decrease)</u>
Major Funds:			
General	\$ 2,190,464	\$ 2,235,177	\$ (44,713)
Street Construction, Maintenance and Repair	903,463	504,776	398,687
Other Nonmajor Governmental Funds	<u>795,804</u>	<u>1,098,228</u>	<u>(302,424)</u>
Total	<u>\$ 3,889,731</u>	<u>\$ 3,838,181</u>	<u>\$ 51,550</u>

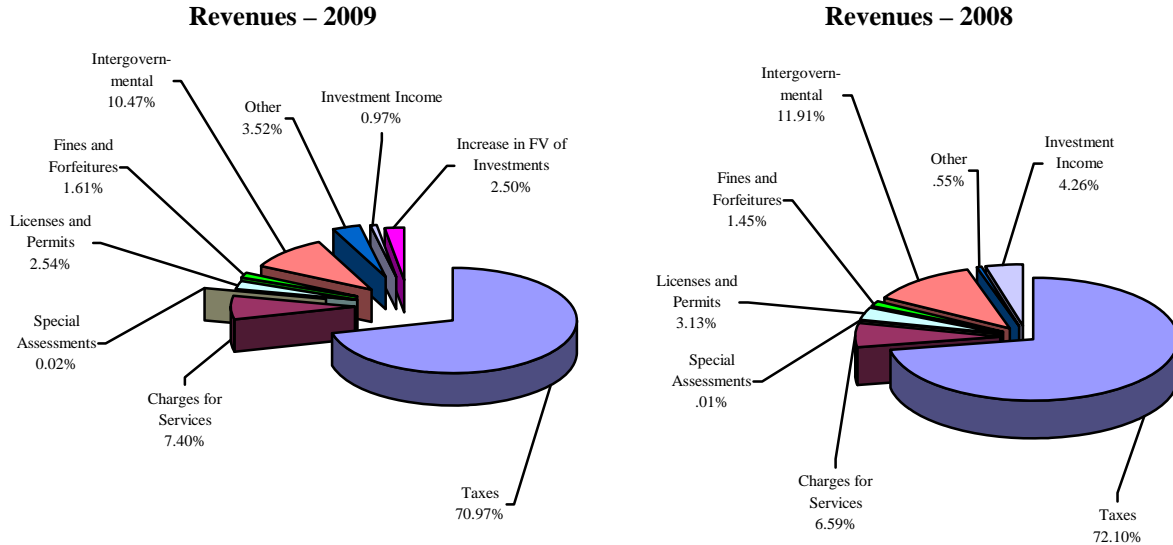
General Fund

The City's general fund balance decreased \$44,713. The table that follows assists in illustrating the revenues of the general fund.

	2009 <u>Amount</u>	2008 <u>Amount</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Income Taxes	\$ 2,332,004	\$ 2,455,425	(5.03) %
Special Assessments	675	500	35.00 %
Charges for Services	243,080	224,608	8.22 %
Licenses and Permits	83,323	106,678	(21.89) %
Fines and Forfeitures	52,886	49,452	6.94 %
Intergovernmental	343,948	405,257	(15.13) %
Investment income	32,005	145,155	(77.95) %
Increase/(Decrease) in Fair Value of Investments	81,996	(231,374)	135.44 %
Other	<u>115,701</u>	<u>18,746</u>	517.20 %
Total	<u>\$ 3,285,618</u>	<u>\$ 3,174,447</u>	3.50 %

Income tax revenue represents 70.98% of all general fund revenue. Income tax revenue decreased 5.03% over the prior year. The next significant decrease in revenue was for zoning permits due to the decline in building activity. The intergovernmental revenue decrease was related to the inheritance tax. The last significant decrease was in investment income. All of the decreases except for the inheritance tax are due to the national economical crisis. The inheritance tax generally fluctuates from year to year. Another significant effect on revenue was an increase in the value of stocks due to the major drop in value in the prior year. The last significant increase in revenue in the other category was for a one time receipt of \$100,000 from First Energy.

**CITY OF CANFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**



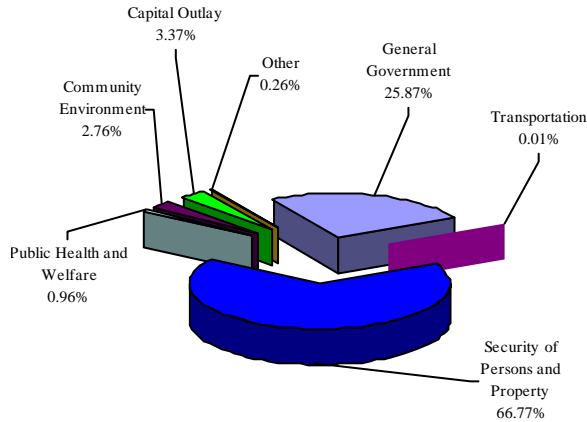
The table that follows assists in illustrating the expenditures of the general fund.

	2009 Amount	2008 Amount	Percentage Change
<u>Expenditures</u>			
General Government	\$ 813,572	\$ 737,781	10.27
Security of Persons and Property	2,099,808	2,153,995	(2.52)
Public Health and Welfare	30,099	28,774	4.60
Community Environment	86,958	86,290	0.77
Transportation	265	-	100.00%
Other	8,285	-	100.00%
Capital Outlay	105,979	115,744	(8.44)
Total	\$ 3,144,966	\$ 3,122,584	0.72

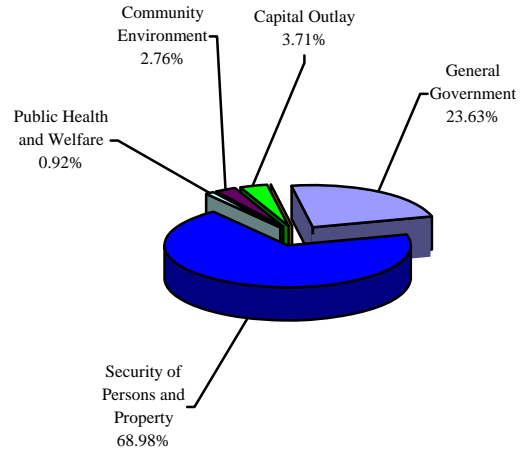
The City increased total expenditures by .72%. Security of persons and property and capital outlay had the only decreases.

**CITY OF CANFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

Expenditures - 2009



Expenditures - 2008



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 \$9,147 higher than they were in the final budget and actual expenditures and other financing uses were \$551,939 less than the amount in the final budget. Budgeted expenditures were increased \$344,415 from the original to the final budget. Budgeted revenues were decreased by \$7,797 from the original to the final budget.

Street Construction Maintenance and Repair Fund

The street construction maintenance and repair fund had revenues and other financing sources of \$930,247 in 2009. The expenditures of the street construction maintenance and repair fund, totaled \$531,560 in 2009. The net increase in fund balance for the street construction maintenance and repair fund was \$398,687 or 78.98%.

**CITY OF CANFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
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 \$1,155,117 and operating expenses of \$1,269,645 for 2009. The Water fund net assets decreased \$124,554 in 2009. The Sewer fund had operating revenues of \$1,435,624 and operating expenses of \$1,176,334 for 2009. The Sewer fund net assets increased \$248,640 in 2009. The Storm fund had operating revenues of \$168,783 and operating expenses of \$157,673 for 2009. The Storm fund net assets increased \$896,573 in 2009.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2009, the City had \$27,080,597 (net of accumulated depreciation) invested in land, buildings, land improvements, equipment, vehicles, infrastructure, and construction in progress (CIP). Of this total, \$12,923,919 was reported in governmental activities and \$14,156,678 was reported in business-type activities. See Note 9 for further description of capital assets. The following table shows fiscal 2009 balances compared to 2008:

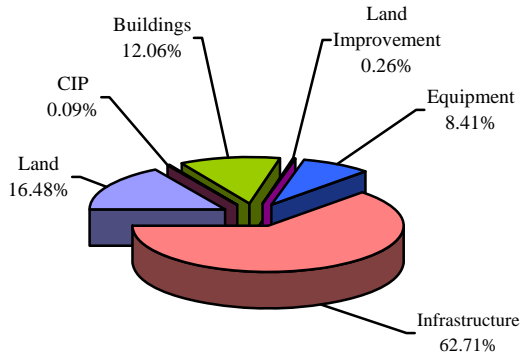
**Capital Assets at December 31
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>Restated 2008</u>	<u>2009</u>	<u>Restated 2008</u>
Land	\$ 2,130,272	\$ 2,130,272	\$ 9,140	\$ 9,140	\$ 2,139,412	\$ 2,139,412
Construction in progress	11,104	10,938	464,041	27,138	475,145	38,076
Buildings	1,558,207	1,618,019	947,540	978,518	2,505,747	2,596,537
Land improvements	33,293	35,623	-	-	33,293	35,623
Equipment	1,086,470	1,144,597	102,699	97,792	1,189,169	1,242,389
Infrastructure	<u>8,104,573</u>	<u>8,351,485</u>	<u>12,633,257</u>	<u>12,143,940</u>	<u>20,737,830</u>	<u>20,495,425</u>
Totals	<u>\$ 12,923,919</u>	<u>\$ 13,290,934</u>	<u>\$ 14,156,677</u>	<u>\$ 13,256,528</u>	<u>\$ 27,080,596</u>	<u>\$ 26,547,462</u>

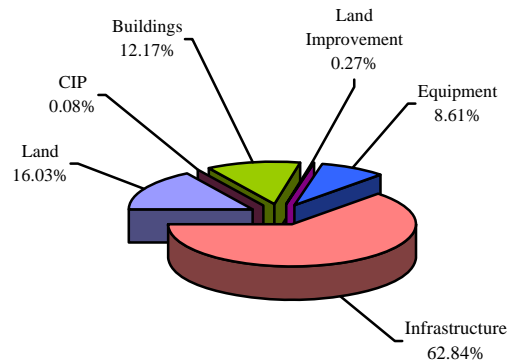
**CITY OF CANFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

The following graphs show the breakdown of governmental capital assets by category for 2009 and 2008.

Capital Assets - Governmental Activities 2009



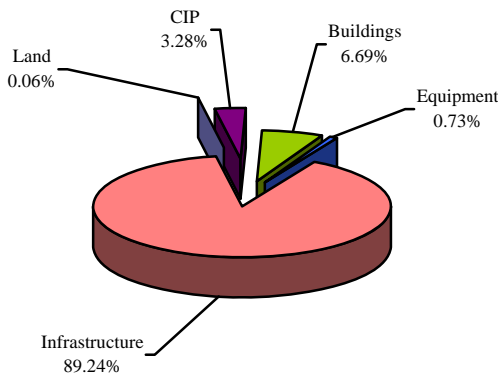
Capital Assets - Governmental Activities 2008



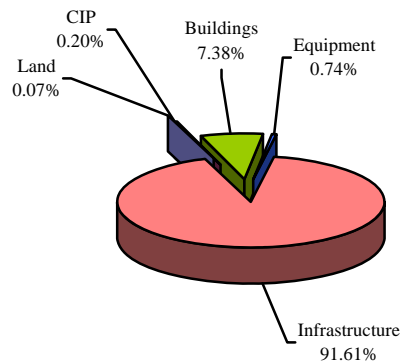
The City's infrastructure is the largest governmental activities capital asset category, which includes bridges and streets. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 62.71% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2009 and 2008.

Capital Assets - Business-Type Activities 2009



Capital Assets - Business-Type Activities 2008



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 89.24% of the City's total business-type capital assets.

**CITY OF CANFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

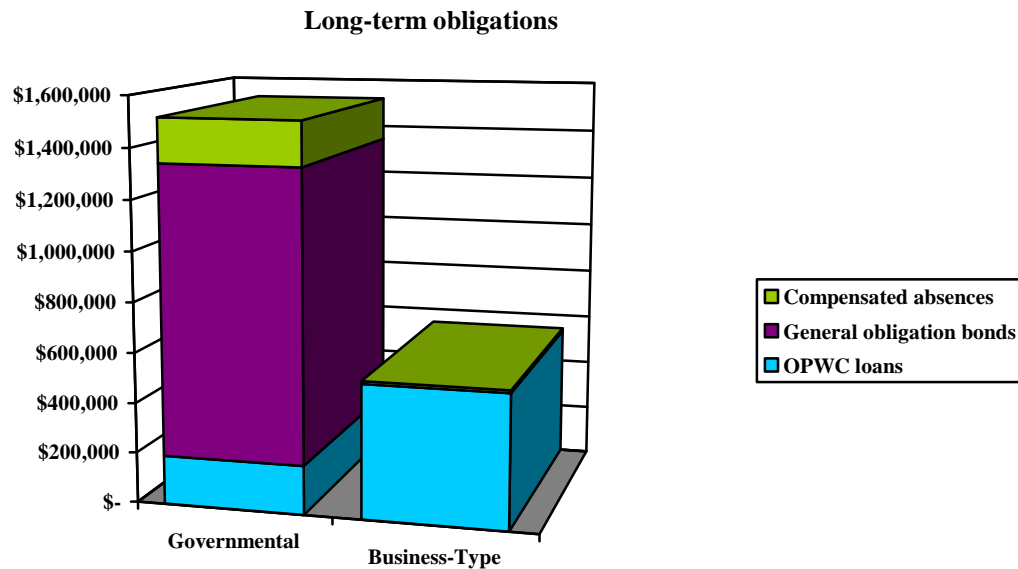
Debt Administration

The City had the following long-term obligations outstanding at December 31, 2009 and 2008:

Governmental Activities		
	2009	2008
OPWC loans	\$ 194,109	\$ 219,028
General obligation bonds	1,150,000	1,625,000
Compensated absences	<u>175,441</u>	<u>182,427</u>
Total long-term obligations	\$ 1,519,550	\$ 2,026,455

Business-type Activities		
	<u>2009</u>	<u>2008</u>
OPWC loans	\$ 531,295	\$ 572,461
General obligation bonds	-	463,000
Compensated absences	11,305	9,263
Total long-term obligations	<u>\$ 542,600</u>	<u>\$ 1,044,724</u>

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



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

**CITY OF CANFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

Economic Conditions and Outlook

The City of Canfield continues to grow, thriving as a small and attractive planned community of approximately 8,500 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 has a street paving program that maintains and improves thoroughfares with a rotation that would have each road improved once every ten years.

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. In July of 2005, the City was among the list of top 100 places to live. Canfield was 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 was \$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 was 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
AS OF DECEMBER 31, 2009**

	Governmental Activities	Business-type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 2,565,819	\$ 3,195,754	\$ 5,761,573
Investments	295,763	2,883	298,646
Receivables (Net of Allowance for Uncollectibles)			
Income Taxes	533,772	0	533,772
Real and Other Taxes	564,167	0	564,167
Accounts	108,150	615,316	723,466
Special Assessments	58,592	0	58,592
Due From Other Governments	453,048	469,670	922,718
Internal Balances	781,000	(781,000)	0
Prepayments	75,461	19,845	95,306
Capital Assets			
Land and Construction in Progress	2,141,376	473,181	2,614,557
Depreciable Capital Assets, net	10,782,543	13,683,497	24,466,040
Total Capital Assets	<u>12,923,919</u>	<u>14,156,678</u>	<u>27,080,597</u>
Total Assets	<u>18,359,691</u>	<u>17,679,146</u>	<u>36,038,837</u>
Liabilities:			
Accounts Payable	47,304	4,957	52,261
Accrued Wages and Benefits	94,885	8,915	103,800
Due to Other Governments	169,243	8,678	177,921
Unearned Revenue	522,773	0	522,773
Accrued Interest Payable	4,650	0	4,650
Long-term Liabilities:			
Due Within One Year	141,475	52,471	193,946
Due in More Than One Year	<u>1,378,075</u>	<u>490,129</u>	<u>1,868,204</u>
Total Liabilities	<u>2,358,405</u>	<u>565,150</u>	<u>2,923,555</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	11,579,810	13,625,383	25,205,193
Restricted for:			
Capital Projects	26,540	0	26,540
Debt Service	180,310	0	180,310
Security of Persons & Property	83,699	0	83,699
Public Health	6,830	0	6,830
Transportation	1,172,048	0	1,172,048
Leisuretime Activities	167,734	0	167,734
Other Purposes	80,857	0	80,857
Perpetual Care			
Expendable	132,158	0	132,158
Non-Expendable	87,400	0	87,400
Unrestricted	<u>2,483,900</u>	<u>3,488,613</u>	<u>5,972,513</u>
Total Net Assets	<u>\$ 16,001,286</u>	<u>\$ 17,113,996</u>	<u>\$ 33,115,282</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ (916,106)	\$ 306,265	\$ 38,044	\$ 0	\$ (571,797)	\$ 0	\$ (571,797)
Security of Persons and Property	(2,262,729)	37,760	165,034	9,028	(2,050,907)	0	(2,050,907)
Public Health and Welfare	(59,767)	7,300	927	0	(51,540)	0	(51,540)
Leisure Time Activities	(97,046)	13,350	2,842	0	(80,854)	0	(80,854)
Community Environment	(88,742)	35,338	0	0	(53,404)	0	(53,404)
Transportation	(832,667)	0	466,394	0	(366,273)	0	(366,273)
Other	(8,285)	0	0	0	(8,285)	0	(8,285)
Interest and Fiscal Charges	(80,692)	0	0	0	(80,692)	0	(80,692)
Total Governmental Activities	(4,346,034)	400,013	673,241	9,028	(3,263,752)	0	(3,263,752)
Business-type Activities:							
Water	(1,279,699)	1,154,471	0	0	0	(125,228)	(125,228)
Sewer	(1,186,984)	1,435,513	0	0	0	248,529	248,529
Storm	(157,673)	168,771	0	885,463	0	896,561	896,561
Total Business-type Activities	(2,624,356)	2,758,755	0	885,463	0	1,019,862	1,019,862
Total Primary Government	\$ (6,970,390)	\$ 3,158,768	\$ 673,241	\$ 894,491	(3,263,752)	1,019,862	(2,243,890)
General Revenues:							
Property Taxes Levied for:							
Street Construction, Maintenance and Repair					402,004	0	402,004
Debt Retirement					122,349	0	122,349
Income Taxes Levied for:							
General Purposes					2,353,751	0	2,353,751
Grants and Entitlements Not Restricted to Specific Programs					403,571	0	403,571
Increase in Fair Value of Investments					81,996	0	81,996
Investment Earnings					32,005	0	32,005
Miscellaneous					116,128	797	116,925
Total General Revenues					3,511,804	797	3,512,601
Change in Net Assets					248,052	1,020,659	1,268,711
Net Assets at Beginning of Year (Restated)					15,753,234	16,093,337	31,846,571
Net Assets at End of Year					\$ 16,001,286	\$ 17,113,996	\$ 33,115,282

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF CANFIELD
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2009**

	<u>General</u>	<u>Street Construction Maintenance and Repair</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 871,003	\$ 861,053	\$ 833,763	\$ 2,565,819
Investments	295,763	0	0	295,763
Receivables (Net of Allowance for Uncollectibles)				
Income Taxes	533,772	0	0	533,772
Real and Other Taxes	0	432,526	131,641	564,167
Accounts	90,645	1	17,504	108,150
Interfund Loans	838,000	0	0	838,000
Special Assessments	2,876	0	55,716	58,592
Due From Other Governments	206,102	221,738	25,208	453,048
Prepayments	65,096	8,310	2,055	75,461
Total Assets	<u><u>\$ 2,903,257</u></u>	<u><u>\$ 1,523,628</u></u>	<u><u>\$ 1,065,887</u></u>	<u><u>\$ 5,492,772</u></u>
Liabilities:				
Accounts Payable	\$ 33,196	\$ 13,867	\$ 241	\$ 47,304
Accrued Wages and Benefits	80,106	14,141	638	94,885
Interfund Loan Payable	0	0	57,000	57,000
Due to Other Governments	157,013	10,969	1,261	169,243
Deferred Revenue	442,478	581,188	210,943	1,234,609
Total Liabilities	<u>712,793</u>	<u>620,165</u>	<u>270,083</u>	<u>1,603,041</u>
Fund Balances:				
Reserved for Encumbrances	43,863	165,995	458	210,316
Reserved for Prepayments	65,096	8,310	2,055	75,461
Reserved for Unclaimed Monies	2,259	0	0	2,259
Reserved for Perpetual Care	0	0	100,000	100,000
Designated for Parks and Village Green	0	0	87,400	87,400
Unreserved, Undesignated, Reported In:				
General Fund	2,079,246	0	0	2,079,246
Special Revenue Funds	0	729,158	281,990	1,011,148
Debt Service Funds	0	0	165,768	165,768
Capital Projects Funds	0	0	26,539	26,539
Permanent Funds	0	0	131,594	131,594
Total Fund Balances:	<u>2,190,464</u>	<u>903,463</u>	<u>795,804</u>	<u>3,889,731</u>
Total Liabilities and Fund Balances	<u><u>\$ 2,903,257</u></u>	<u><u>\$ 1,523,628</u></u>	<u><u>\$ 1,065,887</u></u>	<u><u>\$ 5,492,772</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009

Total Governmental Fund Balances	\$	3,889,731
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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.		12,923,919
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Income Taxes	\$	276,673	
Real and Other Taxes		41,395	
Charges for Services		4,006	
Special Assessments		58,592	
Intergovernmental		326,623	
Other		<u>4,547</u>	
 Total			 711,836

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.		(4,650)
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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		(175,441)	
General Obligation Bonds Payable		(1,150,000)	
OPWC Loans Payable		<u>(194,109)</u>	
 Total			 <u>(1,519,550)</u>

Net Assets of Governmental Activities	\$	<u>16,001,286</u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Income Taxes	\$ 2,332,004	\$ 0	\$ 0	\$ 2,332,004
Real and Other Taxes	0	409,197	124,539	533,736
Other Local Taxes	0	60,428	0	60,428
Special Assessments	675	0	25,960	26,635
Charges for Services	243,080	0	20,650	263,730
Licenses and Permits	83,323	0	0	83,323
Fines and Forfeitures	52,886	0	0	52,886
Intergovernmental	343,948	456,663	107,628	908,239
Investment Income	32,005	3,359	2,674	38,038
Decrease in FV of Investments	81,996	0	0	81,996
Other	115,701	600	38,684	154,985
Total Revenues	<u>3,285,618</u>	<u>930,247</u>	<u>320,135</u>	<u>4,536,000</u>
Expenditures:				
Current:				
General Government	813,572	0	21,212	834,784
Security of Persons and Property	2,099,808	0	29,418	2,129,226
Public Health and Welfare	30,099	0	25,501	55,600
Leisure Time Activities	0	0	79,035	79,035
Community Environment	86,958	0	0	86,958
Transportation	265	531,012	23,957	555,234
Other	8,285	0	0	8,285
Capital Outlay	105,979	548	49,663	156,190
Debt Service:				
Principal Retirement	0	0	499,919	499,919
Interest & Fiscal Charges	0	0	82,567	82,567
Total Expenditures	<u>3,144,966</u>	<u>531,560</u>	<u>811,272</u>	<u>4,487,798</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>140,652</u>	<u>398,687</u>	<u>(491,137)</u>	<u>48,202</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	3,348	0	0	3,348
Transfers in	0	0	296,991	296,991
Transfers out	(188,713)	0	(108,278)	(296,991)
Total Other Financing Sources (Uses)	<u>(185,365)</u>	<u>0</u>	<u>188,713</u>	<u>3,348</u>
Net Change in Fund Balance	<u>(44,713)</u>	<u>398,687</u>	<u>(302,424)</u>	<u>51,550</u>
Fund Balances at the Beginning of the Year, Restated	<u>2,235,177</u>	<u>504,776</u>	<u>1,098,228</u>	<u>3,838,181</u>
Fund Balances at End of the Year	<u>\$ 2,190,464</u>	<u>\$ 903,463</u>	<u>\$ 795,804</u>	<u>\$ 3,889,731</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2009

Net Change in Fund Balances - Total Governmental Funds **\$ 51,550**

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

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

Capital Asset Additions	\$ 156,190	
Current Year Depreciation	(522,896)	
Total		(366,706)

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. (309)

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

Income Taxes	21,747	
Real and Other Taxes	(9,383)	
Charges for Services	(33,039)	
Special Assessments	6,478	
Intergovernmental Revenues	70,186	
Other	(1,252)	
Total		54,737

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. 499,919

In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due. 1,875

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. 6,986

Change in Net Assets of Governmental Activities **\$ 248,052**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD

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

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Income Taxes	\$ 2,231,000	\$ 2,231,000	\$ 2,343,689	\$ 112,689
Special Assessments	400	400	675	275
Charges for Services	226,118	226,118	206,810	(19,308)
Licenses and Permits	82,465	82,465	81,585	(880)
Fines and Forfeitures	41,510	41,510	54,377	12,867
Intergovernmental	294,876	287,079	343,653	56,574
Investment Income	94,990	94,990	32,005	(62,985)
Other	19,034	19,034	115,701	96,667
Total Revenues	<u>2,990,393</u>	<u>2,982,596</u>	<u>3,178,495</u>	<u>195,899</u>
Expenditures:				
Current:				
General Government	957,999	997,879	845,150	152,729
Security of Persons and Property	2,454,425	2,607,875	2,294,842	313,033
Public Health and Welfare	88,867	88,867	58,768	30,099
Community Environment	112,762	115,132	93,472	21,660
Basic Utility Services	3,000	3,000	265	2,735
Other	43,809	59,094	48,606	10,488
Capital Outlay	127,438	139,158	117,963	21,195
Total Expenditures	<u>3,788,300</u>	<u>4,011,005</u>	<u>3,459,066</u>	<u>551,939</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(797,907)</u>	<u>(1,028,409)</u>	<u>(280,571)</u>	<u>747,838</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	190,100	190,100	3,348	(186,752)
Advances In	0	0	9,028	9,028
Advances Out	0	0	(847,028)	(847,028)
Transfers Out	(67,003)	(188,713)	(188,713)	0
Total Other Financing Sources (Uses)	<u>123,097</u>	<u>1,387</u>	<u>(1,023,365)</u>	<u>(1,024,752)</u>
Net Change in Fund Balance	(674,810)	(1,027,022)	(1,303,936)	(276,914)
Fund Balance at Beginning of Year	1,511,399	1,511,399	1,511,399	0
Prior Year Encumbrances Appropriated	350,510	350,510	350,510	0
Fund Balance at End of Year	<u>\$ 1,187,099</u>	<u>\$ 834,887</u>	<u>\$ 557,973</u>	<u>\$ (276,914)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Real and Other Taxes	\$ 387,783	\$ 397,913	\$ 409,197	\$ 11,284
Other Local Taxes	63,000	63,000	61,292	(1,708)
Intergovernmental	469,757	470,536	455,507	(15,029)
Investment Income	7,320	7,320	3,359	(3,961)
Other	0	0	600	600
Total Revenues	<u>927,860</u>	<u>938,769</u>	<u>929,955</u>	<u>(8,814)</u>
Expenditures:				
Current:				
Transportation	889,281	899,471	727,180	172,291
Capital Outlay	10,657	6,157	685	5,472
Total Expenditures	<u>899,938</u>	<u>905,628</u>	<u>727,865</u>	<u>177,763</u>
Excess of Expenditures Over Revenues	<u>27,922</u>	<u>33,141</u>	<u>202,090</u>	<u>168,949</u>
Fund Balance at Beginning of Year	426,805	426,805	426,805	0
Prior Year Encumbrances Appropriated	<u>27,789</u>	<u>27,789</u>	<u>27,789</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 482,516</u></u>	<u><u>\$ 487,735</u></u>	<u><u>\$ 656,684</u></u>	<u><u>\$ 168,949</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 AS OF DECEMBER 31, 2009

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Storm	Total
Assets:				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 1,603,731	\$ 1,152,083	\$ 439,940	\$ 3,195,754
Investments	2,883	0	0	2,883
Receivables (Net of Allowance for Uncollectibles)				
Accounts	257,210	321,396	36,710	615,316
Due From Other Governments	0	0	469,670	469,670
Prepayments	14,143	4,531	1,171	19,845
Total Current Assets	<u>1,877,967</u>	<u>1,478,010</u>	<u>947,491</u>	<u>4,303,468</u>
Noncurrent Assets:				
Capital Assets				
Land and Construction in Progress	7,095	6,093	459,993	473,181
Depreciable Capital Assets, Net	5,133,503	3,849,752	4,700,242	13,683,497
Total Capital Assets	<u>5,140,598</u>	<u>3,855,845</u>	<u>5,160,235</u>	<u>14,156,678</u>
Total Noncurrent Assets	<u>5,140,598</u>	<u>3,855,845</u>	<u>5,160,235</u>	<u>14,156,678</u>
Total Assets	<u>7,018,565</u>	<u>5,333,855</u>	<u>6,107,726</u>	<u>18,460,146</u>
Liabilities:				
Current Liabilities:				
Accounts Payable	2,549	1,912	496	4,957
Accrued Wages and Benefits	3,857	4,003	1,055	8,915
Due to Other Governments	3,614	3,989	1,075	8,678
Interfund Loans Payable	0	0	781,000	781,000
Compensated Absences	4,630	4,914	1,761	11,305
Current Portion of OPWC Loans	0	41,166	0	41,166
Total Current Liabilities	<u>14,650</u>	<u>55,984</u>	<u>785,387</u>	<u>856,021</u>
Long-term Liabilities:				
OPWC Loans	0	490,129	0	490,129
Total Long-term Liabilities	<u>0</u>	<u>490,129</u>	<u>0</u>	<u>490,129</u>
Total Liabilities	<u>14,650</u>	<u>546,113</u>	<u>785,387</u>	<u>1,346,150</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	5,140,598	3,324,550	5,160,235	13,625,383
Unrestricted	1,863,317	1,463,192	162,104	3,488,613
Total Net Assets	<u>\$ 7,003,915</u>	<u>\$ 4,787,742</u>	<u>\$ 5,322,339</u>	<u>\$ 17,113,996</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Storm	Total
Operating Revenues				
Charges for Services	\$ 1,154,471	\$ 1,435,513	\$ 168,771	\$ 2,758,755
Other	646	111	12	769
Total Operating Revenues	1,155,117	1,435,624	168,783	2,759,524
Operating Expenses:				
Personal Services	114,982	123,271	29,767	268,020
Contractual Services	881,265	859,507	5,563	1,746,335
Supplies and Materials	16,299	4,006	4,808	25,113
Other	56,630	58,000	10,000	124,630
Depreciation	200,469	131,550	107,535	439,554
Total Operating Expenses	1,269,645	1,176,334	157,673	2,603,652
Operating Income (Loss)	(114,528)	259,290	11,110	155,872
Nonoperating Revenues (Expenses):				
Interest and Fiscal Charges	(10,054)	(10,650)	0	(20,704)
Intergovernmental Revenue	0	0	885,463	885,463
Transfers In	152,762	207,361	187,559	547,682
Transfers Out	(152,762)	(207,361)	(187,559)	(547,682)
Gain on Disposal of Assets	28	0	0	28
Total Nonoperating Revenues (Expenses)	(10,026)	(10,650)	885,463	864,787
Income (Loss)/Changes in Net Assets	(124,554)	248,640	896,573	1,020,659
Changes in Net Assets	(124,554)	248,640	896,573	1,020,659
Net Assets at Beginning of Year, Restated	7,128,469	4,539,102	4,425,766	16,093,337
Net Assets at End of Year	\$ 7,003,915	\$ 4,787,742	\$ 5,322,339	\$ 17,113,996

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Storm</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 1,135,768	\$ 1,415,343	\$ 170,172	\$ 2,721,283
Cash Received from Other Operations	646	111	12	769
Cash Payments for Personal Services	(114,673)	(124,627)	(30,370)	(269,670)
Cash Payments for Contractual Services	(944,064)	(914,221)	(5,128)	(1,863,413)
Cash Payments for Supplies and Materials	(19,810)	(4,006)	(5,258)	(29,074)
Cash Payments for Other Expenses	(56,630)	(58,000)	(10,000)	(124,630)
Net Cash Provided by Operating Activities	<u>1,237</u>	<u>314,600</u>	<u>119,428</u>	<u>435,265</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(52,111)	(1,684)	(1,285,632)	(1,339,427)
Gain on Disposal of Assets	28	0	0	28
Intergovernmental	0	0	415,793	415,793
Principal Retirement	(227,000)	(277,166)	0	(504,166)
Interest and Fiscal Charges	(10,940)	(11,571)	0	(22,511)
Advances in	0	0	781,000	781,000
Transfers In	152,762	207,361	187,559	547,682
Transfers Out	(152,762)	(207,361)	(187,559)	(547,682)
Net Cash Used in Capital and Related Financing Activities	<u>(290,023)</u>	<u>(290,421)</u>	<u>(88,839)</u>	<u>(669,283)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(288,786)	24,179	30,589	(234,018)
Cash and Cash Equivalents at Beginning of Year	1,892,517	1,127,904	409,351	3,429,772
Cash and Cash Equivalents at End of Year	<u>\$ 1,603,731</u>	<u>\$ 1,152,083</u>	<u>\$ 439,940</u>	<u>\$ 3,195,754</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ (114,528)	\$ 259,290	\$ 11,110	\$ 155,872
Adjustments:				
Depreciation	200,469	131,550	107,535	439,554
Changes in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	(18,704)	(20,170)	1,401	(37,473)
(Increase)/Decrease in Prepayments	(1,848)	(2,278)	190	(3,936)
Increase/(Decrease) in Accrued Wages and Benefits	(156)	52	31	(73)
Increase/(Decrease) in Due to Other Governments	(62,496)	(54,418)	(57)	(116,971)
Increase/(Decrease) in Compensated Absences Payable	1,988	403	(349)	2,042
Increase/(Decrease) in Accounts Payable	(3,488)	171	(156)	(3,473)
Net Cash Provided by Operating Activities	<u>\$ 1,237</u>	<u>\$ 314,600</u>	<u>\$ 119,705</u>	<u>\$ 435,542</u>
Noncash Investing, Capital, and Financing Activities:				
Capital Assets Purchased on Account	0	0	(277)	(277)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD

STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2009

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 27,855	\$ 45,003
Total Current Assets	<u>27,855</u>	<u>45,003</u>
 Total Assets	 <u>27,855</u>	 <u>45,003</u>
 Liabilities:		
Current Liabilities:		
Deposits Held and Due to Others	<u>0</u>	<u>45,003</u>
Total Current Liabilities	<u>0</u>	<u>45,003</u>
 Total Liabilities	 <u>0</u>	 <u>45,003</u>
 Net Assets:		
Held in Trust for Other Purposes	<u>27,855</u>	<u>0</u>
 Total Net Assets	 <u>\$ 27,855</u>	 <u>\$ 0</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CANFIELD

STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

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

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. This includes, but is not limited to, police and fire protection, public health activities, cemetery, and the general administration of City functions.

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

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

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

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

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

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

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

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

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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, 2009, but which were levied to finance year 2010 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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 2009, 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 2009. 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, 2009.

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

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2009 amounted to \$32,005, which included \$24,198 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The City had no other interfund loans outstanding at December 31, 2009.

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, 2009, 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

P. Estimates

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

Q. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements. There were no capital contributions from governmental funds during 2009.

R. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

S. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer and storm water programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2009.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Changes in Accounting Principles

For 2009, the City has implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", and GASB Statement No. 57 "Other Postemployment Benefit (OPEB) Measurements by Agent Employers and Agent Multiple-Employers".

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the City.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the City.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the City.

GASB Statement No. 57 establishes standards for the measurement and financial reporting of actuarially determined information by agent employers with individual-employer OPEB plans that have fewer than 100 total plan members and by the agent multiple-employer OPEB plans in which they participate. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the City.

B. Prior Period Adjustment

A prior period adjustment is required to restate net assets at January 1, 2009 due to posting error in accounts payable in Leisure Time Activities in Governmental Activities. It also required the restatement of the Parks 1010 Fund beginning balance at January 1, 2009. The restatement had the following effect on net assets/fund balances previously stated at December 31, 2008.

		<u>Governmental</u>		
		<u>Activities</u>		
Net assets at				
December 31, 2008		\$ 15,753,159		
Prior period adjustments - accounts payable		<u>75</u>		
Net assets, restated at				
January 1, 2009		<u>\$ 15,753,234</u>		
	Parks	Special	Other	Total
	<u>1010</u>	<u>Revenue</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>	<u>Funds</u>
Fund Balance at the				
Beginning of the Year	\$ 56,731	\$ 958,291	\$ 1,098,153	\$ 3,838,106
Prior period adjustments - Leisure Time Activities	<u>75</u>	<u>75</u>	<u>75</u>	<u>75</u>
Fund Balance at the				
Beginning of the Year, Restated	<u>\$ 56,806</u>	<u>\$ 958,366</u>	<u>\$ 1,098,228</u>	<u>\$ 3,838,181</u>

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

A prior period adjustment is required to restate net assets/fund balance at January 1, 2009 due to errors and omissions reported in the prior year related to capital assets (see Note 9 for detail). Depreciation was charged on an item in construction in progress in the Storm Water Enterprise. The restatement had the following effect on net assets previously stated at December 31, 2008.

	NE Storm Water Management Project <u>Phase 2</u>	NE Storm Water Management Project <u>Phase 3</u>	<u>Storm</u>	Business-type <u>Activities</u>
Net assets at December 31, 2008	\$ 161,328	\$ 161,328	\$ 4,425,672	\$ 16,093,243
Prior period adjustments - accumulated depreciation	<u>47</u>	<u>47</u>	<u>94</u>	<u>94</u>
Net assets, restated at January 1, 2009	<u>\$ 161,375</u>	<u>\$ 161,375</u>	<u>\$ 4,425,766</u>	<u>\$ 16,093,337</u>

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

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

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

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

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

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

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

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

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

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

A. Deposits with Financial Institutions

At December 31, 2009, the carrying amount of all City deposits was \$(674,318), exclusive of the \$6,506,825 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, 2009, the City’s entire bank balance of \$49,709 was covered by FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. As permitted by Ohio Revised Code, the City’s deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the depository bank and pledged as a pool of collateral against all public deposits held by the depository. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

B. Investments

As of December 31, 2009 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	\$ 295,763	\$ -
Wheeling Pittsburgh Stock	2,883	-
Repurchase Agreements	6,506,825	6,506,825
STAR Ohio	<u>1,924</u>	<u>1,924</u>
Total	<u>\$ 6,807,395</u>	<u>\$ 6,508,749</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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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 \$6,506,824 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, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Anthem Stock	\$ 295,763	4.34%
Wheeling Pittsburgh Stock	2,883	0.04%
Repurchase Agreements	6,506,825	95.58%
STAR Ohio	<u>1,924</u>	<u>0.03%</u>
Total	<u>\$ 6,807,395</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, 2009:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ (674,318)
Investments	<u>6,807,395</u>
Total	<u>\$ 6,133,077</u>

<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 2,861,582
Business type activities	3,198,637
Private purpose trust funds	27,855
Agency funds	<u>45,003</u>
Total	<u>\$ 6,133,077</u>

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 5 - INTERFUNDS

- A. Interfund transfers for the year ended December 31, 2009, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental Funds from General Fund	\$ 188,713
Transfer from the Red Gate Operating Fund to the Red Gate Debt Retirement Fund	75,000
Transfer from the Red Gate Land Acquisition Fund to the Red Gate Debt Retirement Fund	<u>33,278</u>
Total Transfers	<u>\$ 296,991</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, 2009, as reported on the fund financial statements.

Receivable Fund	Payable Fund	Amount
General	Storm Water Enterprise Fund	\$ 781,000
General	Muni Complex Renovation Debt Fund	<u>\$ 57,000</u>
		<u>\$ 838,000</u>

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.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility 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. 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

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 6 - PROPERTY TAXES - (Continued)

varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Beginning in calendar year 2009 tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property tax collections in calendar year 2009 represent delinquent collections.

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 was 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 2009-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Canfield. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2009 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2009 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The full tax rate for all City operations for the year ended December 31, 2009 was \$3.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$ 171,095,070
Commercial/Industrial/Mineral	26,173,070
 <u>Public Utility</u>	
Real	2,694,870
Personal	<u>202,253</u>
Total Assessed Value	<u><u>\$ 200,165,263</u></u>

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 7 - LOCAL INCOME TAX

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

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

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

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

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

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

Income tax proceeds are received by the general fund.

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 8 - RECEIVABLES

Receivables at December 31, 2009, 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, 2009.

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

Governmental Activities:

Income taxes	\$ 533,772
Real and other taxes	564,167
Special assessments	58,592
Accounts	108,150
Due from other governments	453,048

Business-type Activities:

Accounts	615,316
Due from other governments	469,670

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

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2009, was as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>1/01/09</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/09</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,130,272	\$ -	\$ -	\$ 2,130,272
Construction in progress	10,938	166	-	11,104
Total capital assets, not being depreciated	<u>2,141,210</u>	<u>166</u>	<u>-</u>	<u>2,141,376</u>
<i>Capital assets, being depreciated:</i>				
Buildings	3,313,245	2,689	-	3,315,934
Land improvements	64,137	289	-	64,426
Equipment	3,139,158	152,998	(58,697)	3,233,459
Infrastructure	13,943,200	48	-	13,943,248
Total capital assets, being depreciated	<u>20,459,740</u>	<u>156,024</u>	<u>(58,697)</u>	<u>20,557,067</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(1,695,226)	(62,501)	-	(1,757,727)
Land improvements	(28,514)	(2,619)	-	(31,133)
Equipment	(1,994,561)	(210,816)	58,388	(2,146,989)
Infrastructure	(5,591,715)	(246,960)	-	(5,838,675)
Total accumulated depreciation	<u>(9,310,016)</u>	<u>(522,896)</u>	<u>58,388</u>	<u>(9,774,524)</u>
Total capital assets, being depreciated, net	<u>11,149,724</u>	<u>(366,872)</u>	<u>(309)</u>	<u>10,782,543</u>
Governmental activities capital assets, net	<u>\$ 13,290,934</u>	<u>\$ (366,706)</u>	<u>\$ (309)</u>	<u>\$ 12,923,919</u>

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

General Government	\$ 76,552
Security of Persons and Property	141,872
Public Health and Welfare	4,038
Leisure Time Activities	18,011
Community Environment	1,255
Transportation	<u>281,168</u>
Total Depreciation Expense - Governmental Activities	<u>\$522,896</u>

The capital asset balances of the business-type activities have been restated to correct a prior period error. Depreciation was charged on an item in construction in progress in the Storm Water Enterprise.

	Balance		Restated
<u>Business-type Activities:</u>	<u>12/31/08</u>	<u>Adjustments</u>	<u>1/01/09</u>
Land	\$ 9,140		\$ 9,140
Construction in progress	27,138		27,138
Buildings	1,547,674		1,547,674
Equipment	404,676		404,676
Infrastructure	19,877,941		19,877,941
Less: accumulated depreciation	<u>(8,610,135)</u>	<u>94</u>	<u>(8,610,041)</u>
Total	<u>\$ 13,256,434</u>	<u>\$ 94</u>	<u>\$ 13,256,528</u>

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - CAPITAL ASSETS - (Continued)

Capital asset activity for business-type activities for the year ended December 31, 2009, was as follows:

<u>Business-type Activities:</u>	Restated Balance 1/01/09	Additions	Disposals	Balance 12/31/09
<i>Capital assets, not being depreciated:</i>				
Land	\$ 9,140	\$ -	\$ -	\$ 9,140
Construction in progress	27,138	448,077	(11,174)	464,041
Total capital assets, not being depreciated	36,278	448,077	(11,174)	473,181
<i>Capital assets, being depreciated:</i>				
Buildings	1,547,674	-	-	1,547,674
Equipment	404,676	24,987	-	429,663
Infrastructure	19,877,941	877,814	-	20,755,755
Total capital assets, being depreciated	21,830,291	902,801	-	22,733,092
<i>Less: accumulated depreciation:</i>				
Buildings	(569,156)	(30,977)	-	(600,133)
Equipment	(306,884)	(20,080)	-	(326,964)
Infrastructure	(7,734,001)	(388,497)	-	(8,122,498)
Total accumulated depreciation	(8,610,041)	(439,554)	-	(9,049,595)
Total capital assets, being depreciated, net	13,220,250	463,247	-	13,683,497
Business-type activities capital assets, net	<u>\$ 13,256,528</u>	<u>\$ 911,324</u>	<u>\$ (11,174)</u>	<u>\$ 14,156,678</u>

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - CAPITAL ASSETS - (Continued)

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

Business-type activities:

Water	\$ 200,469
Sewer	131,550
Storm	107,535
Total depreciation expense - business-type activities	<u>\$ 439,554</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, 2009, the liability for unpaid compensated absences was \$186,746 for the entire City.

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 11 - LONG-TERM OBLIGATIONS

A. During 2009, the following activity occurred in governmental activities long-term obligations:

Governmental Activities:	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Balance 01/01/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/09</u>	<u>Amounts Due in One Year</u>
<u>OPWC Loans:</u>							
Brookpark Storm Water Imp.	1994	0.00%	15,005	-	(2,728)	12,277	2,728
Hillside Storm Water Imp	1994	0.00%	39,362	-	(7,873)	31,489	7,873
Court St. Area Storm Water Imp.	2000	0.00%	164,661	-	(14,318)	150,343	14,318
Total OPWC Loans			<u>219,028</u>	<u>-</u>	<u>(24,919)</u>	<u>194,109</u>	<u>24,919</u>
<u>General Obligation Bonds:</u>							
Storm Water Improvement	1992	4.75%	100,000	-	(100,000)	-	-
Red Gate Land Acquisition	2006	4.92%	1,300,000	-	(150,000)	1,150,000	-
Municipal Complex Improvement	1994	4.75%	225,000	-	(225,000)	-	-
Total G.O. Bonds			<u>1,625,000</u>	<u>-</u>	<u>(475,000)</u>	<u>1,150,000</u>	<u>-</u>
<u>Other Long-Term Obligations:</u>							
Compensated Absences			<u>182,427</u>	<u>161,248</u>	<u>(168,234)</u>	<u>175,441</u>	<u>116,556</u>
Total governmental activities long-term obligations			<u>\$ 2,026,455</u>	<u>\$ 161,248</u>	<u>\$ (668,153)</u>	<u>\$ 1,519,550</u>	<u>\$ 141,475</u>

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

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

<u>Year Ending December 31,</u>	<u>OPWC Loans</u>			<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 24,919	\$ -	\$ 24,919	\$ -	57,366	\$ 57,366
2011	24,919	-	24,919	1,150,000	28,604	1,178,604
2012	24,919	-	24,919	-	-	-
2013	24,919	-	24,919	-	-	-
2014	15,682	-	15,682	-	-	-
2015 - 2019	71,592	-	71,592	-	-	-
2020 - 2024	7,159	-	7,159	-	-	-
	<u>\$ 194,109</u>	<u>\$ -</u>	<u>\$ 194,109</u>	<u>\$ 1,150,000</u>	<u>\$ 85,970</u>	<u>\$ 1,235,970</u>

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. During the fiscal year 2009, 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 01/01/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/09</u>	<u>Amounts Due in One Year</u>
<u>OPWC Loans:</u>							
Sawmill Sanitary Main Replacement	2002	0.00%	\$ 225,142	\$ -	\$ (18,010)	\$ 207,132	\$ 18,012
Sawmill Sanitary Main Lining	2003	0.00%	<u>347,319</u>	<u>-</u>	<u>(23,156)</u>	<u>324,163</u>	<u>23,154</u>
Total OPWC Loans			<u>\$ 572,461</u>	<u>\$ -</u>	<u>\$ (41,166)</u>	<u>\$ 531,295</u>	<u>\$ 41,166</u>
<u>General Obligation Bonds:</u>							
Water Main Construction	1994	4.75%	\$ 75,000	\$ -	\$ (75,000)	\$ -	\$ -
Water Storage Tank	1992	4.75%	152,000	-	(152,000)	-	-
Sewer System Improvement	1996	4.75%	<u>236,000</u>	<u>-</u>	<u>(236,000)</u>	<u>-</u>	<u>-</u>
Total G.O. Bonds			<u>\$ 463,000</u>	<u>\$ -</u>	<u>\$ (463,000)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other Long-Term Obligations:</u>							
Compensated Absences			<u>\$ 9,263</u>	<u>\$ 12,104</u>	<u>\$ (10,062)</u>	<u>\$ 11,305</u>	<u>\$ 11,305</u>
Total business-type activities long-term obligations			<u>\$ 1,044,724</u>	<u>\$ 12,104</u>	<u>\$ (514,228)</u>	<u>\$ 542,600</u>	<u>\$ 52,471</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>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 41,166	\$ -	\$ 41,166
2011	41,166	-	41,166
2012	41,166	-	41,166
2013	41,166	-	41,166
2014	41,166	-	41,166
2015 - 2019	205,830	-	205,830
2020 - 2023	<u>119,635</u>	<u>-</u>	<u>119,635</u>
	<u>\$ 531,295</u>	<u>\$ -</u>	<u>\$ 531,295</u>

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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, 2009, the City's total debt margin was \$20,033,121 and the unvoted debt margin was \$10,024,857.

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 2009, the City contracted with several companies for various types of insurance as follows:

City of Canfield Insurance Policies:

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

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

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 13 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2009 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%. The City's contribution rate for 2009 was 14.00%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.63% of covered payroll.

The City's contribution rate for pension benefits for 2009 was 7.00% from January 1 through March 31, 2009 and 8.50% from April 1 through December 31, 2009, except for those plan members in law enforcement and public safety. For those classifications, pension contributions were 10.63% from January 1 through March 31, 2009 and 12.13% from April 1 through December 31, 2009. The City's required contributions for pension obligations for the years ended December 31, 2009, 2008, and 2007 were \$179,779, \$171,412, and \$167,074, respectively; 91.79% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

B. Ohio Police and Fire Pension Fund

Plan Description - 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 statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 13 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% for police officers. Contribution rates are established by State statute. For 2009, the portion of the City's contributions to fund pension obligations was 12.75% for police officers. The City's required contributions for pension obligations to OP&F for police officers was \$178,457 for the year ended December 31, 2009, \$179,948 for the year ended December 31, 2008, and \$180,119, for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 77.32% has been contributed for police for 2009.

NOTE 14 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which 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.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.00% of covered payroll (17.63% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for 2009 was 7.00% from January 1 through March 31, 2009 and 5.50% from April 1 through December 31, 2009.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$75,347, \$85,706, and \$66,177, respectively; 91.79% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment 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.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers was \$61,746 for the year ended December 31, 2009, \$62,262 for the year ended December 31, 2008, and \$62,321 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 77.32% has been contributed for police for 2009.

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:

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

Net Change in Fund Balance

	General	Street Construction Maintenance and Repair
Budget basis	\$ (1,303,936)	\$ 202,090
Net adjustment for revenue accruals	107,123	292
Net adjustment for expenditure accruals	1,071	(8,065)
Net adjustment for other sources/uses	838,000	-
Adjustment for encumbrances	<u>313,029</u>	<u>204,370</u>
GAAP basis	<u>\$ (44,713)</u>	<u>\$ 398,687</u>

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, 2009.

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.

CITY OF CANFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 17 - LAND LEASE AGREEMENTS

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.

**SUPPLEMENTARY
INFORMATION**

**CITY OF CANFIELD
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	General Fund	Special Revenue Funds	Debt Service Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 871,003	\$ 1,226,864	\$ 222,768
Investments	295,763	0	0
Receivables (net of allowance for uncollectibles)			
Income Taxes	533,772	0	0
Real and other taxes	0	432,526	131,641
Accounts	90,645	16,592	0
Interfund Loans	838,000	0	0
Special Assessments	2,876	55,716	0
Due from other governments	206,102	237,412	9,534
Prepayments	65,096	10,365	0
Total Assets	<u>2,903,257</u>	<u>1,979,475</u>	<u>363,943</u>
Liabilities:			
Accounts Payable	33,196	14,108	0
Accrued wages and benefits	80,106	14,779	0
Interfund Loan Payable	0	0	57,000
Due to other governments	157,013	12,230	0
Deferred revenue	442,478	650,392	141,175
Total Liabilities	<u>712,793</u>	<u>691,509</u>	<u>198,175</u>
Fund Balances (deficit):			
Reserved for Encumbrances	43,863	166,453	0
Reserved for Prepayments	65,096	10,365	0
Reserved for Unclaimed Monies	2,259	0	0
Designated for Parks and Village Green	0	100,000	0
Reserved for Perpetual Care	0	0	0
Unreserved, undesignated (deficit), reported in:			
General Fund	2,079,246	0	0
Special Revenue Funds	0	1,011,148	0
Debt Service Funds	0	0	165,768
Capital Projects Funds	0	0	0
Permanent Funds	0	0	0
Total fund balances (deficit):	<u>2,190,464</u>	<u>1,287,966</u>	<u>165,768</u>
Total liabilities and fund balances	<u>\$ 2,903,257</u>	<u>\$ 1,979,475</u>	<u>\$ 363,943</u>

Capital Projects Funds	Permanent Funds	Total Governmental Funds	Less: Major Funds		
			General Fund	Street Construction Maintenance & Repair Fund	Other Governmental Funds
\$ 26,539	\$ 218,645	\$ 2,565,819	\$ 871,003	\$ 861,053	\$ 833,763
0	0	295,763	295,763	0	0
0	0	533,772	533,772	0	0
0	0	564,167	0	432,526	131,641
0	913	108,150	90,645	1	17,504
0	0	838,000	838,000	0	0
0	0	58,592	2,876	0	55,716
0	0	453,048	206,102	221,738	25,208
0	0	75,461	65,096	8,310	2,055
<u>26,539</u>	<u>219,558</u>	<u>5,492,772</u>	<u>2,903,257</u>	<u>1,523,628</u>	<u>1,065,887</u>
0	0	47,304	33,196	13,867	241
0	0	94,885	80,106	14,141	638
0	0	57,000	0	0	57,000
0	0	169,243	157,013	10,969	1,261
0	564	1,234,609	442,478	581,188	210,943
<u>0</u>	<u>564</u>	<u>1,603,041</u>	<u>712,793</u>	<u>620,165</u>	<u>270,083</u>
0	0	210,316	43,863	165,995	458
0	0	75,461	65,096	8,310	2,055
0	0	2,259	2,259	0	0
0	0	100,000	0	0	100,000
0	87,400	87,400	0	0	87,400
0	0	2,079,246	2,079,246	0	0
0	0	1,011,148	0	729,158	281,990
0	0	165,768	0	0	165,768
26,539	0	26,539	0	0	26,539
0	131,594	131,594	0	0	131,594
<u>26,539</u>	<u>218,994</u>	<u>3,889,731</u>	<u>2,190,464</u>	<u>903,463</u>	<u>795,804</u>
<u>\$ 26,539</u>	<u>\$ 219,558</u>	<u>\$ 5,492,772</u>	<u>\$ 2,903,257</u>	<u>\$ 1,523,628</u>	<u>\$ 1,065,887</u>

**CITY OF CANFIELD
COMBINING BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2009**

	<u>General</u>	<u>Self Insurance</u>	<u>Unclaimed Monies</u>	<u>General Fund Total</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 758,074	\$ 110,670	\$ 2,259	\$ 871,003
Investments	295,763	0	0	295,763
Receivables (net of allowance for uncollectibles)				
Income Taxes	533,772	0	0	533,772
Accounts	90,645	0	0	90,645
Interfund Loans	838,000	0	0	838,000
Special Assessments	2,876	0	0	2,876
Due from other governments	206,102	0	0	206,102
Prepayments	65,096	0	0	65,096
Total Assets	<u>2,790,328</u>	<u>110,670</u>	<u>2,259</u>	<u>2,903,257</u>
Liabilities:				
Accounts Payable	33,196	0	0	33,196
Accrued wages and benefits	80,106	0	0	80,106
Due to other governments	157,013	0	0	157,013
Deferred revenue	442,478	0	0	442,478
Total Liabilities	<u>712,793</u>	<u>0</u>	<u>0</u>	<u>712,793</u>
Fund Balances (deficit):				
Reserved for Encumbrances	43,863	0	0	43,863
Reserved for Prepayments	65,096	0	0	65,096
Reserved for Unclaimed Monies	0	0	2,259	2,259
Unreserved, undesignated (deficit), reported in:				
General Fund	1,968,576	110,670	0	2,079,246
Total fund balances (deficit):	<u>2,077,535</u>	<u>110,670</u>	<u>2,259</u>	<u>2,190,464</u>
Total liabilities and fund balances	<u>\$ 2,790,328</u>	<u>\$ 110,670</u>	<u>\$ 2,259</u>	<u>\$ 2,903,257</u>

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**CITY OF CANFIELD
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2009**

	Parks	Parks & Village Green Trust	Recreation	Cemeteries	Street Construction Maintenance & Repair
Assets:					
Equity in pooled cash and cash equivalents	\$ 46,893	\$ 119,022	\$ 1,770	\$ 12,152	\$ 861,053
Receivables (net of allowance for uncollectibles)					
Real and other taxes	0	0	0	0	432,526
Accounts	0	0	0	244	1
Special Assessments	0	0	0	0	0
Due from other governments	0	0	0	0	221,738
Prepayments	592	0	25	410	8,310
Total Assets	<u>\$ 47,485</u>	<u>\$ 119,022</u>	<u>\$ 1,795</u>	<u>\$ 12,806</u>	<u>\$ 1,523,628</u>
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 241	\$ 13,867
Accrued wages and benefits	0	0	0	638	14,141
Due to other governments	516	0	53	692	10,969
Deferred revenue	0	0	0	0	581,188
Total Liabilities	<u>516</u>	<u>0</u>	<u>53</u>	<u>1,571</u>	<u>620,165</u>
Fund Balances (deficit):					
Reserved for Encumbrances	0	0	0	0	165,995
Reserved for Prepayments	592	0	25	410	8,310
Designated for Parks and Village Green	0	100,000	0	0	0
Unreserved, undesignated (deficit), reported in:					
Security of Persons and Property	0	0	0	0	0
Public Health	0	0	0	10,825	0
Transportation	0	0	0	0	729,158
Leisuretime Activities	46,377	19,022	1,717	0	0
Other Purposes	0	0	0	0	0
Total fund balances (deficit):	<u>46,969</u>	<u>119,022</u>	<u>1,742</u>	<u>11,235</u>	<u>903,463</u>
Total liabilities and fund balances	<u>\$ 47,485</u>	<u>\$ 119,022</u>	<u>\$ 1,795</u>	<u>\$ 12,806</u>	<u>\$ 1,523,628</u>

State Highway	Red Gate Operating	Publications	Street Light Assessment	Law Enforcement Trust	Mandatory Drug Fine	Education Enforcement Trust	DEA Federal Forfeiture	Total Special Revenue Funds
\$ 95,143	\$ 45,970	\$ 17,580	\$ 6,508	\$ 10,539	\$ 308	\$ 8,705	\$ 1,221	\$ 1,226,864
0	0	0	0	0	0	0	0	432,526
0	16,347	0	0	0	0	0	0	16,592
0	0	0	55,716	0	0	0	0	55,716
15,003	0	0	0	500	0	171	0	237,412
36	959	0	33	0	0	0	0	10,365
<u>\$ 110,182</u>	<u>\$ 63,276</u>	<u>\$ 17,580</u>	<u>\$ 62,257</u>	<u>\$ 11,039</u>	<u>\$ 308</u>	<u>\$ 8,876</u>	<u>\$ 1,221</u>	<u>\$ 1,979,475</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,108
0	0	0	0	0	0	0	0	14,779
0	0	0	0	0	0	0	0	12,230
9,513	3,975	0	55,716	0	0	0	0	650,392
<u>9,513</u>	<u>3,975</u>	<u>0</u>	<u>55,716</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>691,509</u>
178	0	0	0	0	280	0	0	166,453
36	959	0	33	0	0	0	0	10,365
0	0	0	0	0	0	0	0	100,000
0	0	0	6,508	11,039	28	8,876	1,221	27,672
0	0	0	0	0	0	0	0	10,825
100,455	0	0	0	0	0	0	0	829,613
0	0	0	0	0	0	0	0	67,116
0	58,342	17,580	0	0	0	0	0	75,922
<u>100,669</u>	<u>59,301</u>	<u>17,580</u>	<u>6,541</u>	<u>11,039</u>	<u>308</u>	<u>8,876</u>	<u>1,221</u>	<u>1,287,966</u>
<u>\$ 110,182</u>	<u>\$ 63,276</u>	<u>\$ 17,580</u>	<u>\$ 62,257</u>	<u>\$ 11,039</u>	<u>\$ 308</u>	<u>\$ 8,876</u>	<u>\$ 1,221</u>	<u>\$ 1,979,475</u>

**CITY OF CANFIELD
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
DECEMBER 31, 2009**

	G O Debt Retirement	Storm Water Debt Retirement	Muni Complex Renovation Debt Retirement	Red Gate Debt Retirement	Total Debt Service Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 20,844	\$ 112,119	\$ 0	\$ 89,805	\$ 222,768
Receivables (net of allowance for uncollectibles)					
Real and other taxes	0	0	47,015	84,626	131,641
Due from other governments	0	0	3,405	6,129	9,534
Total Assets	\$ 20,844	\$ 112,119	\$ 50,420	\$ 180,560	\$ 363,943
Liabilities:					
Interfund Loan Payable	0	0	57,000	0	57,000
Deferred revenue	0	0	50,420	90,755	141,175
Total Liabilities	0	0	107,420	90,755	198,175
Fund Balances (deficit):					
Unreserved, undesignated (deficit), reported in:					
Debt Service Funds	20,844	112,119	(57,000)	89,805	165,768
Total fund balances (deficit):	20,844	112,119	(57,000)	89,805	165,768
Total liabilities and fund balances	\$ 20,844	\$ 112,119	\$ 50,420	\$ 180,560	\$ 363,943

**CITY OF CANFIELD
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2009**

	General Capital Improvement Fund	Total Capital Projects Funds
	<hr/>	<hr/>
Assets:		
Equity in pooled cash and cash equivalents	\$ 26,539	\$ 26,539
Total Assets	<u>\$ 26,539</u>	<u>\$ 26,539</u>
Fund Balances (deficit):		
Unreserved, undesignated (deficit), reported in: Capital Projects Funds	<u>26,539</u>	<u>26,539</u>
Total fund balances (deficit):	<u>26,539</u>	<u>26,539</u>
Total liabilities and fund balances	<u>\$ 26,539</u>	<u>\$ 26,539</u>

**CITY OF CANFIELD
COMBINING BALANCE SHEET
PERMANENT FUNDS
DECEMBER 31, 2009**

	Cemetery Perpetual Care	Faripark Trust	Total Permanent Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 143,669	\$ 74,976	\$ 218,645
Receivables (net of allowance for uncollectibles)			
Accounts	0	913	913
Total Assets	<u>\$ 143,669</u>	<u>\$ 75,889</u>	<u>\$ 219,558</u>
Liabilities:			
Deferred revenue	0	564	564
Total Liabilities	<u>0</u>	<u>564</u>	<u>564</u>
Fund Balances (deficit):			
Reserved for Perpetual Care	72,400	15,000	87,400
Unreserved, undesignated (deficit), reported in:			
Permanent Funds	71,269	60,325	131,594
Total fund balances (deficit):	<u>143,669</u>	<u>75,325</u>	<u>218,994</u>
Total liabilities and fund balances	<u>\$ 143,669</u>	<u>\$ 75,889</u>	<u>\$ 219,558</u>

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CITY OF CANFIELD

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2009

	General Fund	Special Revenue Funds	Debt Service Funds
	<hr/>	<hr/>	<hr/>
Revenues:			
Income Taxes	\$ 2,332,004	\$ 0	\$ 0
Real and Other Taxes	0	409,197	124,539
Other Local Taxes	0	60,428	0
Special Assessments	675	25,960	0
Charges for Services	243,080	19,450	0
Licenses and Permits	83,323	0	0
Fines and Forfeitures	52,886	0	0
Intergovernmental	343,948	538,943	25,348
Investment Income	32,005	4,860	0
Increase in FMV of Investments	81,996	0	0
Other	115,701	36,604	0
Total Revenues	<hr/> 3,285,618	<hr/> 1,095,442	<hr/> 149,887
Expenditures:			
Current:			
General Government	813,572	21,212	0
Security of Persons and Property	2,099,808	29,418	0
Public Health and Welfare	30,099	25,501	0
Leisuretime Activities	0	79,035	0
Community Environment	86,958	0	0
Transportation	265	554,969	0
Other	8,285	0	0
Capital Outlay	105,979	50,211	0
Debt Service:			
Principal Retirement	0	0	499,919
Interest & Fiscal Charges	0	0	82,567
Total Expenditures	<hr/> 3,144,966	<hr/> 760,346	<hr/> 582,486
Excess (deficiency) of revenues over (under) expenditures	<hr/> 140,652	<hr/> 335,096	<hr/> (432,599)
Other Financing Sources (Uses)			
Sale of Capital Assets	3,348	0	0
Transfers in	0	69,504	227,487
Transfers out	(188,713)	(75,000)	0
Total Other Financing Sources (Uses)	<hr/> (185,365)	<hr/> (5,496)	<hr/> 227,487
Net Change in Fund Balance	(44,713)	329,600	(205,112)
Fund Balances at the Beginning of the Year (Restated)	<hr/> 2,235,177	<hr/> 958,366	<hr/> 370,880
Fund Balances (Deficit) at End of the Year	<hr/> \$ 2,190,464	<hr/> \$ 1,287,966	<hr/> \$ 165,768

Capital Projects Funds	Permanent Funds	Total Governmental Funds	Less: Major Funds		
			General Fund	Street Construction, Maintenance, & Repair Fund	Other Governmental Funds
\$ 0	\$ 0	\$ 2,332,004	\$ 2,332,004	\$ 0	\$ 0
0	0	533,736	0	409,197	124,539
0	0	60,428	0	60,428	0
0	0	26,635	675	0	25,960
0	1,200	263,730	243,080	0	20,650
0	0	83,323	83,323	0	0
0	0	52,886	52,886	0	0
0	0	908,239	343,948	456,663	107,628
0	1,173	38,038	32,005	3,359	2,674
0	0	81,996	81,996	0	0
0	2,680	154,985	115,701	600	38,684
0	5,053	4,536,000	3,285,618	930,247	320,135
0	0	834,784	813,572	0	21,212
0	0	2,129,226	2,099,808	0	29,418
0	0	55,600	30,099	0	25,501
0	0	79,035	0	0	79,035
0	0	86,958	86,958	0	0
0	0	555,234	265	531,012	23,957
0	0	8,285	8,285	0	0
0	0	156,190	105,979	548	49,663
0	0	499,919	0	0	499,919
0	0	82,567	0	0	82,567
0	0	4,487,798	3,144,966	531,560	811,272
0	5,053	48,202	140,652	398,687	(491,137)
0	0	3,348	3,348	0	0
0	0	296,991	0	0	296,991
(33,278)	0	(296,991)	(188,713)	0	(108,278)
(33,278)	0	3,348	(185,365)	0	188,713
(33,278)	5,053	51,550	(44,713)	398,687	(302,424)
59,817	213,941	3,838,181	2,235,177	504,776	1,098,228
\$ 26,539	\$ 218,994	\$ 3,889,731	\$ 2,190,464	\$ 903,463	\$ 795,804

CITY OF CANFIELD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	General	Self Insurance	Unclaimed Monies	General Fund Total
Revenues:				
Income Taxes	\$ 2,332,004	\$ 0	\$ 0	\$ 2,332,004
Special Assessments	675	0	0	675
Charges for Services	243,080	0	0	243,080
Licenses and Permits	83,323	0	0	83,323
Fines and Forfeitures	52,886	0	0	52,886
Intergovernmental	343,948	0	0	343,948
Investment Income	32,005	0	0	32,005
Increase in FMV of Investments	81,996	0	0	81,996
Other	115,701	0	0	115,701
Total Revenues	3,285,618	0	0	3,285,618
Expenditures:				
Current:				
General Government	813,572	0	0	813,572
Security of Persons and Property	2,097,138	2,670	0	2,099,808
Public Health and Welfare	30,099	0	0	30,099
Community Environment	86,958	0	0	86,958
Transportation	0	265	0	265
Other	8,285	0	0	8,285
Capital Outlay	105,979	0	0	105,979
Total Expenditures	3,142,031	2,935	0	3,144,966
Excess (deficiency) of revenues over (under) expenditures	143,587	(2,935)	0	140,652
Other Financing Sources (Uses)				
Sale of Capital Assets	3,348	0	0	3,348
Transfers out	(188,713)	0	0	(188,713)
Total Other Financing Sources (Uses)	(185,365)	0	0	(185,365)
Net Change in Fund Balance	(41,778)	(2,935)	0	(44,713)
Fund Balances at the Beginning of the Year	2,119,313	113,605	2,259	2,235,177
Fund Balances (Deficit) at End of the Year	\$ 2,077,535	\$ 110,670	\$ 2,259	\$ 2,190,464

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CITY OF CANFIELD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Parks	Parks & Village Green Trust	Recreation	Cemeteries	Street Construction, Maintenance, & Repair	State Highway
Revenues:						
Real and Other Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 409,197	\$ 0
Other Local Taxes	0	0	0	0	60,428	0
Special Assessments	0	0	0	0	0	0
Charges for Services	13,350	0	0	6,100	0	0
Intergovernmental	0	0	0	0	456,663	30,274
Investment Income	0	644	0	152	3,359	477
Other	6	0	1,801	547	600	0
Total Revenues	<u>13,356</u>	<u>644</u>	<u>1,801</u>	<u>6,799</u>	<u>930,247</u>	<u>30,751</u>
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	25,501	0	0
Leisuretime Activities	53,193	0	25,842	0	0	0
Transportation	0	0	0	0	531,012	23,957
Capital Outlay	0	0	0	0	548	0
Total Expenditures	<u>53,193</u>	<u>0</u>	<u>25,842</u>	<u>25,501</u>	<u>531,560</u>	<u>23,957</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,837)</u>	<u>644</u>	<u>(24,041)</u>	<u>(18,702)</u>	<u>398,687</u>	<u>6,794</u>
Other Financing Sources (Uses)						
Transfers in	30,000	0	19,500	10,000	0	0
Transfers out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>0</u>	<u>19,500</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(9,837)	644	(4,541)	(8,702)	398,687	6,794
Fund Balances at the Beginning of the Year (Restated)	<u>56,806</u>	<u>118,378</u>	<u>6,283</u>	<u>19,937</u>	<u>504,776</u>	<u>93,875</u>
Fund Balances (Deficit) at End of the Year	<u>\$ 46,969</u>	<u>\$ 119,022</u>	<u>\$ 1,742</u>	<u>\$ 11,235</u>	<u>\$ 903,463</u>	<u>\$ 100,669</u>

Red Gate Operating	Publications	Street Light Assessment	State Law Enforcement Trust	Mandatory Drug Fine	Education Enforcement Trust	DEA Federal Forfeiture	Federal JAG Grant-Computer Equipment	Total Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 409,197
0	0	0	0	0	0	0	0	60,428
0	0	25,960	0	0	0	0	0	25,960
0	0	0	0	0	0	0	0	19,450
0	0	0	36,244	0	6,735	0	9,027	538,943
0	116	0	77	2	26	7	0	4,860
32,367	1,283	0	0	0	0	0	0	36,604
<u>32,367</u>	<u>1,399</u>	<u>25,960</u>	<u>36,321</u>	<u>2</u>	<u>6,761</u>	<u>7</u>	<u>9,027</u>	<u>1,095,442</u>
15,233	5,979	0	0	0	0	0	0	21,212
0	0	29,418	0	0	0	0	0	29,418
0	0	0	0	0	0	0	0	25,501
0	0	0	0	0	0	0	0	79,035
0	0	0	0	0	0	0	0	554,969
0	0	0	39,199	0	0	433	10,031	50,211
<u>15,233</u>	<u>5,979</u>	<u>29,418</u>	<u>39,199</u>	<u>0</u>	<u>0</u>	<u>433</u>	<u>10,031</u>	<u>760,346</u>
17,134	(4,580)	(3,458)	(2,878)	2	6,761	(426)	(1,004)	335,096
0	0	9,000	0	0	0	0	1,004	69,504
(75,000)	0	0	0	0	0	0	0	(75,000)
<u>(75,000)</u>	<u>0</u>	<u>9,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,004</u>	<u>(5,496)</u>
(57,866)	(4,580)	5,542	(2,878)	2	6,761	(426)	0	329,600
<u>117,167</u>	<u>22,160</u>	<u>999</u>	<u>13,917</u>	<u>306</u>	<u>2,115</u>	<u>1,647</u>	<u>0</u>	<u>958,366</u>
\$ 59,301	\$ 17,580	\$ 6,541	\$ 11,039	\$ 308	\$ 8,876	\$ 1,221	\$ 0	\$ 1,287,966

CITY OF CANFIELD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2009

	G O Debt Retirement	Storm Water Debt Retirement	Muni Complex Debt Retirement	Red Gate Debt Retirement	Total Debt Service Funds
Revenues:					
Real and Other Taxes	\$ 0	\$ 0	\$ 44,479	\$ 80,060	\$ 124,539
Intergovernmental	0	0	9,053	16,295	25,348
Total Revenues	0	0	53,532	96,355	149,887
Expenditures:					
Debt Service:					
Principal Retirement	0	124,919	225,000	150,000	499,919
Interest & Fiscal Charges	0	4,798	11,754	66,015	82,567
Total Expenditures	0	129,717	236,754	216,015	582,486
Excess (deficiency) of revenues over (under) expenditures	0	(129,717)	(183,222)	(119,660)	(432,599)
Other Financing Sources (Uses)					
Transfers in	0	0	119,209	108,278	227,487
Total Other Financing Sources (Uses)	0	0	119,209	108,278	227,487
Net Change in Fund Balance	0	(129,717)	(64,013)	(11,382)	(205,112)
Fund Balances at the Beginning of the Year	20,844	241,836	7,013	101,187	370,880
Fund Balances (Deficit) at End of the Year	\$ 20,844	\$ 112,119	\$ (57,000)	\$ 89,805	\$ 165,768

CITY OF CANFIELD

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2009

	General Capital Improvement	Red Gate Land Acquisition	Total Capital Projects Funds
Other Financing Sources (Uses)			
Transfers out	0	(33,278)	(33,278)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(33,278)</u>	<u>(33,278)</u>
Net Change in Fund Balance	0	(33,278)	(33,278)
Fund Balances at the Beginning of the Year	26,539	33,278	59,817
Fund Balances (Deficit) at End of the Year	<u>\$ 26,539</u>	<u>\$ 0</u>	<u>\$ 26,539</u>

CITY OF CANFIELD

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

FOR THE YEAR ENDED DECEMBER 31, 2009

	Cemetery Perpetual Care	Fair Park Trust	Total Permanent Funds
	<hr/>	<hr/>	<hr/>
Revenues:			
Charges for Services	\$ 1,200	\$ 0	\$ 1,200
Investment Income	775	398	1,173
Other	0	2,680	2,680
Total Revenues	<hr/> 1,975	<hr/> 3,078	<hr/> 5,053
Net Change in Fund Balance	1,975	3,078	5,053
Fund Balances at the Beginning of the Year	<hr/> 141,694	<hr/> 72,247	<hr/> 213,941
Fund Balances (Deficit) at End of the Year	<hr/> \$ 143,669	<hr/> \$ 75,325	<hr/> \$ 218,994

CITY OF CANFIELD
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - WATER
DECEMBER 31, 2009

Business-type Activities - Enterprise Funds

	Water Operating	Waterline Improvement	Meter Replacement/ Water Tank Improvement	Water Enterprise Total
Assets:				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 853,118	\$ 613	\$ 750,000	\$ 1,603,731
Investments	2,883	0	0	2,883
Receivables (Net of Allowance for Uncollectibles)				
Accounts	257,210	0	0	257,210
Prepayments	14,143	0	0	14,143
Total Current Assets	1,127,354	613	750,000	1,877,967
Noncurrent Assets:				
Capital Assets				
Land and Construction in Progress	7,095	0	0	7,095
Depreciable Capital Assets, Net	5,133,503	0	0	5,133,503
Total Capital Assets	5,140,598	0	0	5,140,598
Total Noncurrent Assets	5,140,598	0	0	5,140,598
Total Assets	6,267,952	613	750,000	7,018,565
Liabilities:				
Current Liabilities:				
Accounts Payable	2,549	0	0	2,549
Accrued Wages and Benefits	3,857	0	0	3,857
Due to Other Governments	3,614	0	0	3,614
Compensated Absences	4,630	0	0	4,630
Total Current Liabilities	14,650	0	0	14,650
Total Liabilities	14,650	0	0	14,650
Net Assets:				
Invested in Capital Assets, Net of Related Debt	5,140,598	0	0	5,140,598
Unrestricted	1,112,704	613	750,000	1,863,317
Total Net Assets	\$ 6,253,302	\$ 613	\$ 750,000	\$ 7,003,915

CITY OF CANFIELD
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - SEWER
DECEMBER 31, 2009

Business-type Activities - Enterprise Funds

	Sewer Operating	NW Sewer Debt Retirement	Sewer System Improvement Debt Retirement	Sanitary Sewer System Improvement	Sawmill Sanitary Sewer Lining Improvement	Sewer Enterprise Total
Assets:						
Current Assets:						
Equity in Pooled Cash and Cash Equivalents	\$ 1,098,007	\$ 551	\$ 16,588	\$ 36,937	\$ 0	\$ 1,152,083
Receivables (Net of Allowance for Uncollectibles)						
Accounts	309,735	0	11,661	0	0	321,396
Prepayments	4,531	0	0	0	0	4,531
Total Current Assets	1,412,273	551	28,249	36,937	0	1,478,010
Noncurrent Assets:						
Capital Assets						
Land and Construction in Progress	6,093	0	0	0	0	6,093
Depreciable Capital Assets, Net	3,430,521	0	0	0	419,231	3,849,752
Total Capital Assets	3,436,614	0	0	0	419,231	3,855,845
Total Noncurrent Assets	3,436,614	0	0	0	419,231	3,855,845
Total Assets	4,848,887	551	28,249	36,937	419,231	5,333,855
Liabilities:						
Current Liabilities:						
Accounts Payable	1,912	0	0	0	0	1,912
Accrued Wages and Benefits	4,003	0	0	0	0	4,003
Due to Other Governments	3,989	0	0	0	0	3,989
Compensated Absences	4,914	0	0	0	0	4,914
Current Portion of OPWC Loans	0	0	41,166	0	0	41,166
Total Current Liabilities	14,818	0	41,166	0	0	55,984
Long-term Liabilities:						
OPWC Loans	0	0	490,129	0	0	490,129
Total Long-term Liabilities	0	0	490,129	0	0	490,129
Total Liabilities	14,818	0	531,295	0	0	546,113
Net Assets:						
Invested in Capital Assets, Net of Related Debt	3,436,614	0	(531,295)	0	419,231	3,324,550
Unrestricted	1,397,455	551	28,249	36,937	0	1,463,192
Total Net Assets	\$ 4,834,069	\$ 551	\$ (503,046)	\$ 36,937	\$ 419,231	\$ 4,787,742

CITY OF CANFIELD
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - STORM
DECEMBER 31, 2009

	Business-type Activities - Enterprise Funds					Storm Enterprise Total
	Storm Operating	NE Storm Water Management Project Phase 1	NE Storm Water Management Project Phase 2	NE Storm Water Management Project Phase 3	NE Storm Water Management Project Phase 4	
Assets:						
Current Assets:						
Equity in Pooled Cash and Cash Equivalents	\$ 33,344	\$ 0	\$ 186,136	\$ 140,649	\$ 79,811	\$ 439,940
Receivables (Net of Allowance for Uncollectibles)						
Accounts	36,710	0	0	0	0	36,710
Due From Other Governments	0	0	76,205	85,246	308,219	469,670
Prepayments	1,171	0	0	0	0	1,171
Total Current Assets	71,225	0	262,341	225,895	388,030	947,491
Noncurrent Assets:						
Capital Assets						
Land and Construction in Progress	12,267	0	0	0	447,726	459,993
Depreciable Capital Assets, Net	3,277,061	576,837	444,997	401,347	0	4,700,242
Total Capital Assets	3,289,328	576,837	444,997	401,347	447,726	5,160,235
Total Noncurrent Assets	3,289,328	576,837	444,997	401,347	447,726	5,160,235
Total Assets	3,360,553	576,837	707,338	627,242	835,756	6,107,726
Liabilities:						
Current Liabilities:						
Accounts Payable	496	0	0	0	0	496
Accrued Wages and Benefits	1,055	0	0	0	0	1,055
Due to Other Governments	1,075	0	0	0	0	1,075
Interfund Loans Payable	0	0	243,000	193,000	345,000	781,000
Compensated Absences	1,761	0	0	0	0	1,761
Total Current Liabilities	4,387	0	243,000	193,000	345,000	785,387
Total Liabilities	4,387	0	243,000	193,000	345,000	785,387
Net Assets:						
Invested in Capital Assets, Net of Related Debt	3,289,328	576,837	444,997	401,347	447,726	5,160,235
Unrestricted	66,838	0	19,341	32,895	43,030	162,104
Total Net Assets	\$ 3,356,166	\$ 576,837	\$ 464,338	\$ 434,242	\$ 490,756	\$ 5,322,339

CITY OF CANFIELD
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 PROPRIETARY FUNDS - WATER
 FOR THE YEAR ENDED DECEMBER 31, 2009

Business-type Activities - Enterprise Funds

	Water Operating	Water Tank Debt Retirement	W Main St Waterline Debt Retirement	Waterline Improvement	Meter Replacement/ Water Tank Improvement	Water Enterprise Total
Operating Revenues						
Charges for Services	\$ 1,149,971	\$ 0	\$ 0	\$ 4,500	\$ 0	\$ 1,154,471
Other	646	0	0	0	0	646
Total Operating Revenues	<u>1,150,617</u>	<u>0</u>	<u>0</u>	<u>4,500</u>	<u>0</u>	<u>1,155,117</u>
Operating Expenses:						
Personal Services	114,982	0	0	0	0	114,982
Contractual Services	881,265	0	0	0	0	881,265
Supplies and Materials	16,299	0	0	0	0	16,299
Other	56,630	0	0	0	0	56,630
Depreciation	200,469	0	0	0	0	200,469
Total Operating Expenses	<u>1,269,645</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,269,645</u>
Operating Income (Loss)	<u>(119,028)</u>	<u>0</u>	<u>0</u>	<u>4,500</u>	<u>0</u>	<u>(114,528)</u>
Nonoperating Revenues (Expenses):						
Interest and Fiscal Charges	0	(6,702)	(3,352)	0	0	(10,054)
Transfers In	0	98,333	54,429	0	0	152,762
Transfers Out	(104,762)	0	0	(48,000)	0	(152,762)
Gain on Disposal of Assets	28	0	0	0	0	28
Total Nonoperating Revenues (Expenses)	<u>(104,734)</u>	<u>91,631</u>	<u>51,077</u>	<u>(48,000)</u>	<u>0</u>	<u>(10,026)</u>
Income (Loss)/Changes in Net Assets	<u>(223,762)</u>	<u>91,631</u>	<u>51,077</u>	<u>(43,500)</u>	<u>0</u>	<u>(124,554)</u>
Changes in Net Assets	<u>(223,762)</u>	<u>91,631</u>	<u>51,077</u>	<u>(43,500)</u>	<u>0</u>	<u>(124,554)</u>
Net Assets at Beginning of Year	<u>6,477,064</u>	<u>(91,631)</u>	<u>(51,077)</u>	<u>44,113</u>	<u>750,000</u>	<u>7,128,469</u>
Net Assets at End of Year	<u>\$ 6,253,302</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 613</u>	<u>\$ 750,000</u>	<u>\$ 7,003,915</u>

CITY OF CANFIELD
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 PROPRIETARY FUNDS - SEWER
 FOR THE YEAR ENDED DECEMBER 31, 2009

Business-type Activities - Enterprise Funds

	Sewer Operating	NW Sewer Debt Retirement	Sewer System Improvement Debt Retirement	Sanitary Sewer System Improvement	Sawmill Sanitary Sewer Lining Improvement	Sewer Enterprise Total
Operating Revenues						
Charges for Services	\$ 1,361,629	\$ 0	\$ 72,084	\$ 1,800	\$ 0	\$ 1,435,513
Other	111	0	0	0	0	111
Total Operating Revenues	<u>1,361,740</u>	<u>0</u>	<u>72,084</u>	<u>1,800</u>	<u>0</u>	<u>1,435,624</u>
Operating Expenses:						
Personal Services	123,271	0	0	0	0	123,271
Contractual Services	859,507	0	0	0	0	859,507
Supplies and Materials	4,006	0	0	0	0	4,006
Other	58,000	0	0	0	0	58,000
Depreciation	122,966	0	0	0	8,584	131,550
Total Operating Expenses	<u>1,167,750</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,584</u>	<u>1,176,334</u>
Operating Income (Loss)	<u>193,990</u>	<u>0</u>	<u>72,084</u>	<u>1,800</u>	<u>(8,584)</u>	<u>259,290</u>
Nonoperating Revenues (Expenses):						
Interest and Fiscal Charges	0	0	(10,650)	0	0	(10,650)
Transfers In	0	0	207,361	0	0	207,361
Transfers Out	(207,361)	0	0	0	0	(207,361)
Total Nonoperating Revenues (Expenses)	<u>(207,361)</u>	<u>0</u>	<u>196,711</u>	<u>0</u>	<u>0</u>	<u>(10,650)</u>
Income (Loss)/Changes in Net Assets	<u>(13,371)</u>	<u>0</u>	<u>268,795</u>	<u>1,800</u>	<u>(8,584)</u>	<u>248,640</u>
Changes in Net Assets	<u>(13,371)</u>	<u>0</u>	<u>268,795</u>	<u>1,800</u>	<u>(8,584)</u>	<u>248,640</u>
Net Assets at Beginning of Year	<u>4,847,440</u>	<u>551</u>	<u>(771,841)</u>	<u>35,137</u>	<u>427,815</u>	<u>4,539,102</u>
Net Assets at End of Year	<u>\$ 4,834,069</u>	<u>\$ 551</u>	<u>\$ (503,046)</u>	<u>\$ 36,937</u>	<u>\$ 419,231</u>	<u>\$ 4,787,742</u>

CITY OF CANFIELD
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 PROPRIETARY FUNDS - STORM
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-type Activities - Enterprise Funds					Storm Enterprise Total
	Storm Operating	NE Storm Water Management Project Phase 1	NE Storm Water Management Project Phase 2	NE Storm Water Management Project Phase 3	NE Storm Water Management Project Phase 4	
Operating Revenues						
Charges for Services	\$ 168,771	\$ 0	\$ 0	\$ 0	\$ 0	\$ 168,771
Other	12	0	0	0	0	12
Total Operating Revenues	<u>168,783</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>168,783</u>
Operating Expenses:						
Personal Services	29,767	0	0	0	0	29,767
Contractual Services	5,563	0	0	0	0	5,563
Supplies and Materials	4,808	0	0	0	0	4,808
Other	10,000	0	0	0	0	10,000
Depreciation	94,229	11,893	743	670	0	107,535
Total Operating Expenses	<u>144,367</u>	<u>11,893</u>	<u>743</u>	<u>670</u>	<u>0</u>	<u>157,673</u>
Operating Income (Loss)	<u>24,416</u>	<u>(11,893)</u>	<u>(743)</u>	<u>(670)</u>	<u>0</u>	<u>11,110</u>
Nonoperating Revenues (Expenses):						
Intergovernmental Revenue	0	0	303,706	273,537	308,220	885,463
Transfers In	5,023	0	0	0	182,536	187,559
Transfers Out	(182,536)	(5,023)	0	0	0	(187,559)
Total Nonoperating Revenues (Expenses)	<u>(177,513)</u>	<u>(5,023)</u>	<u>303,706</u>	<u>273,537</u>	<u>490,756</u>	<u>885,463</u>
Income (Loss)/Changes in Net Assets	<u>(153,097)</u>	<u>(16,916)</u>	<u>302,963</u>	<u>272,867</u>	<u>490,756</u>	<u>896,573</u>
Changes in Net Assets	<u>(153,097)</u>	<u>(16,916)</u>	<u>302,963</u>	<u>272,867</u>	<u>490,756</u>	<u>896,573</u>
Net Assets at Beginning of Year (Restated)	<u>3,509,263</u>	<u>593,753</u>	<u>161,375</u>	<u>161,375</u>	<u>0</u>	<u>4,425,766</u>
Net Assets at End of Year	<u>\$ 3,356,166</u>	<u>\$ 576,837</u>	<u>\$ 464,338</u>	<u>\$ 434,242</u>	<u>\$ 490,756</u>	<u>\$ 5,322,339</u>

CITY OF CANFIELD
COMBINING STATEMENT OF NET ASSETS
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST
AS OF DECEMBER 31, 2009

	Cemetery Endowment	Private Purpose Trust Total
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 27,855	\$ 27,855
Total Current Assets	27,855	27,855
Total Assets	27,855	27,855
Net Assets:		
Held in Trust for Other Purposes	27,855	27,855
Total Net Assets	\$ 27,855	\$ 27,855

CITY OF CANFIELD
COMBINING STATEMENT OF NET ASSETS
FIDUCIARY FUNDS - AGENCY
AS OF DECEMBER 31, 2009

	Performance Deposit	Security Deposit	Performance Deposit	Subdivision Deposits	Mayor's Court	Agency Funds Total
Assets:						
Current Assets:						
Equity in Pooled Cash and Cash Equivalents	\$ 4,608	\$ 3,625	\$ 1,500	\$ 27,261	\$ 8,009	\$ 45,003
Total Current Assets	<u>4,608</u>	<u>3,625</u>	<u>1,500</u>	<u>27,261</u>	<u>8,009</u>	<u>45,003</u>
Total Assets	<u>4,608</u>	<u>3,625</u>	<u>1,500</u>	<u>27,261</u>	<u>8,009</u>	<u>45,003</u>
Liabilities:						
Current Liabilities:						
Deposits Held and Due to Others	4,608	3,625	1,500	27,261	8,009	45,003
Total Current Liabilities	<u>4,608</u>	<u>3,625</u>	<u>1,500</u>	<u>27,261</u>	<u>8,009</u>	<u>45,003</u>
Total Liabilities	<u>4,608</u>	<u>3,625</u>	<u>1,500</u>	<u>27,261</u>	<u>8,009</u>	<u>45,003</u>
Total Net Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF CANFIELD

STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUND - PRIVATE PURPOSE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2009

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

CITY OF CANFIELD

COMBINING STATEMENT OF CHANGES IN NET ASSETS
 FIDUCIARY FUND - AGENCY
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Performance Deposit	Security Deposit	Mayor's Court	Agency Funds Total
Nonoperating Revenues (Expenses):				
Other Sources	\$ 300	\$ 4,450	\$ 76,995	\$ 81,745
Other Uses	<u>(300)</u>	<u>(4,450)</u>	<u>(76,995)</u>	<u>(81,745)</u>
Total Nonoperating Revenues (Expenses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Changes in Net Assets	0	0	0	0
Net Assets at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Assets at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>



**Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards***

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canfield, Mahoning County, Ohio, (the City), as of and for the year ended December 31, 2009, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 24, 2011, wherein we noted the City implemented GASB Statement No. 52, 55, 56, and 57. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States’ *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the City’s financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Members of Council and Mayor
City of Canfield
Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management, Members of Council, Mayor, and others within the City. We intend it for no one other than these specified parties.

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

Balestra, Harr & Scherer, CPAs, Inc.
June 24, 2011



Dave Yost • 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
SEPTEMBER 13, 2011