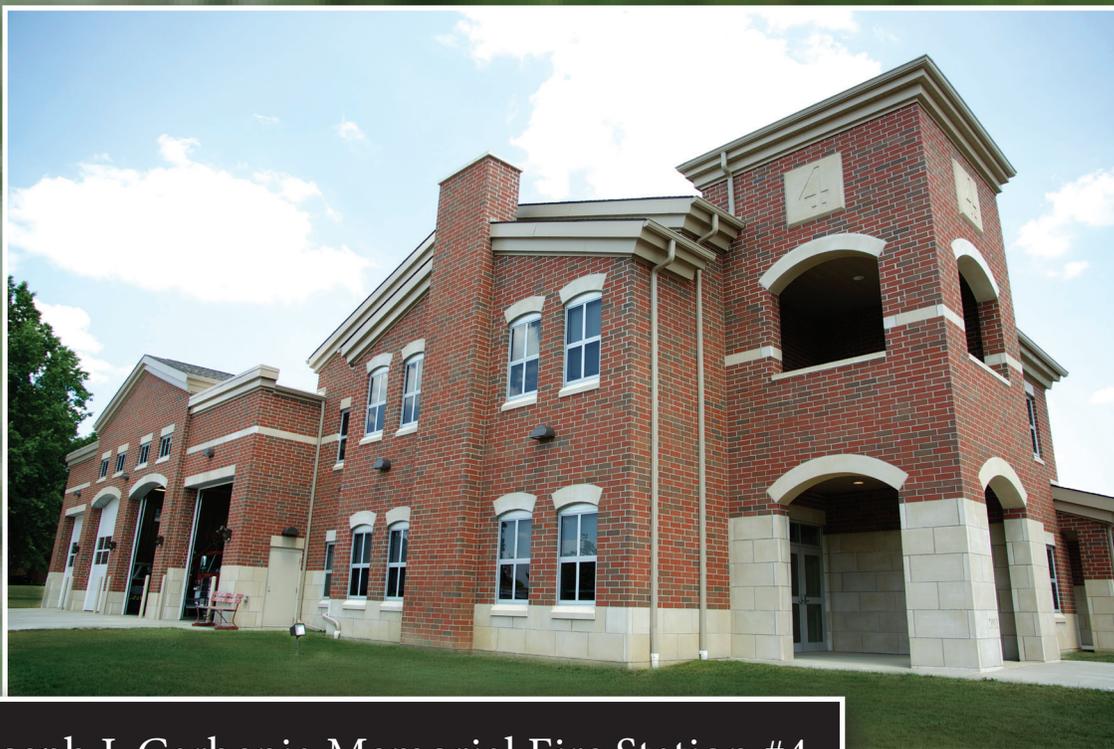


POPULAR ANNUAL FINANCIAL REPORT

Richard A. Mallonn II • Auditor, City of Canton



Joseph J. Carbenia Memorial Fire Station #4
City of Canton • 2504 Cleveland Avenue NW



For The Year Ended December 31, 2011



CITY OF CANTON

CITY OFFICIALS

City Auditor

Richard A Mallonn II

Phone (330) 489-3226

Council Members

Phone (330) 489-3223

Allen Schulman, President

**James Babcock
Mary Cirelli
Joe Cole
David Dougherty
Kevin Fisher
James E. Griffin**

**Gregory Hawk
Edmond Mack
John Mariol II
Frank Morris
Chris Smith
Thomas West**

Mayor

William J Healy II

Phone (330) 489-3291

City Treasurer

Robert C. Schirack

Phone (330) 489-3261

Law Director

Joseph Martuccio

Phone (330) 489-3251

Clerk of Courts

Phil Giavasis

Phone (330) 489-3203

Municipal Court Judges

Mary A. Falvey

Richard J. Kubilus

John J. Poulos

Stephen F. Belden

Phone (330) 489-3078

City of Canton, Ohio

Popular Annual

Financial Report

For the Year Ended December 31, 2011

Richard A Mallonn II
City Auditor

Prepared by the City Auditor's Office

Message from the Auditor

It is with great pleasure and a desire to make our finances easier to understand, that we present the City of Canton Popular Annual Financial Report (PAFR) for the year ending December 31, 2011. I would like to thank the Citizens of Canton for allowing me the opportunity to provide these services for them.

As City Auditor I feel my primary responsibility is to assure the integrity of the City's financial system. I am responsible for assuring all expenditures are made in accordance with all applicable federal, state, and local laws. As auditor and a former member of City Council, I have seen the benefit of timely financial information especially in the volatile economic times the City presently finds itself in. I feel this (PAFR) provides City Council, administrators, employees and our citizens the tools necessary to effectively communicate our financial conditions as we move forward.

The Popular Annual Financial Report is a project for which we encourage and ask for your continued support. Any individual with questions, comments and/or suggestions regarding this report is encouraged to contact my office at (330) 489-3226

Thank you



Richard A Mallonn II
Auditor, City of Canton

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June 30, 2012



Citizens of the City of Canton, Ohio

We are pleased to present the City of Canton, Ohio's Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2011. This report provides an analysis of the financial position of the City, where the revenues come from to operate the City and where those same dollars are spent. Above all else, our goal is to better communicate the results of financial operations from the City in a more easily understandable report.

The PAFR is intended to summarize the financial activities of the City of Canton and was drawn from the financial information appearing in the 2011 Comprehensive Annual Financial Report (CAFR). The financial statements appearing in the CAFR were prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by the State Auditor Mary Taylor's office receiving an unqualified (or clean) opinion. The numbers within the CAFR were arrived at by employing accrual and modified accrual accounting techniques as prescribed by the Governmental Accounting Standards Board (GASB). The financial information presented in the CAFR goes into much greater detail on the City's financial status at the end of 2011. Among other things, it provides greater detail on the individual funds the City uses and presents information on where the City is going in the future. For readers wishing to obtain a complete copy of the City's CAFR contact the Auditor's Office at 218 Cleveland SW, Canton, Ohio 44702, (330) 489-3226. A complete version of the CAFR and PAFR is available on the City's website www.cityofcanton.com.

Canton's PAFR is un-audited and presented on a GAAP basis consistent with the rules defined by GASB. The major differences between GAAP and non-GAAP reporting deals with the presentation of segregated funds as well as full disclosure of all material financial and non-financial events in notes to the financial statements. Since the amounts in the PAFR are drawn from the larger CAFR, the method of accounting employed is the same except where noted within the report. The statements contained on pages nine and ten, as well as references to the individual amounts on all intervening pages, contain all funds used by the City to account for its financial affairs as well as comparative statements from 2010 unless otherwise noted within the report. Citizens who desire to review audited GAAP basis, full disclosure financial statements, or information on the City's component unit (which is not included in this document) should refer to the City's audited financial statements, which is contained in the CAFR and available from the City's Auditor's Office.

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Canton for its Popular Annual Financial Report for the fiscal year ended December 31, 2011. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

The Popular Annual Financial Report of the City of Canton, Ohio is presented as a means of increasing public awareness of the operations for the City. Citizens deserve accountability for the use of their tax dollars and this report is designed to provide a vehicle for a better understanding of the City's finances. We are proud to serve the citizens of Canton and consider this report to be a notable achievement as we seek to increase the level of accountability offered to our taxpayers. We urge your support of this project and appreciate your taking the time to review its contents. Do not hesitate to contact us with any question or comments at (330) 489-3226.

Sincerely,

Richard A Mallonn II
City Auditor
City of Canton, Ohio

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

City of Canton
Ohio

for the Fiscal Year Ended
December 31, 2010



Linda C. Davidson
President

Jeffrey L. Esser
Executive Director

CITY BACKGROUND

The City of Canton is located in, and is the County Seat of, Stark County in northeastern Ohio, approximately 58 miles southeast of Cleveland, 23 miles south of Akron, and 94 miles west of Pittsburgh, Pennsylvania. It was incorporated as village in 1828, and became a city in 1854. The City's 2010 population of 73,007 placed it as the largest city in the County and the eighth largest in the State.

The City provides its residents with police protection, fire protection, street maintenance and repairs, building inspection, and parks and recreation with revenue derived primarily from taxes and small amounts of revenue generated from user fees. The City owns and operates its own water, sewer, and sanitation departments, which are funded solely through user fees.

The City has portions of four school districts within its corporation limits, the largest of which being Canton City Schools. The Canton City School District has two high schools, three middle schools, twelve elementary schools, an early college high school and an art academy. The City also has one four-year college, Malone University, located entirely within its corporate limits and has numerous colleges within commuting distance.

The City is home to numerous businesses, which have a large impact on the local economy, including the Timken Company, Republic Engineered Products, and Republic Storage. The City is probably best known for being the home of the Professional Football Hall of Fame and the week-long celebration that goes on during the annual enshrinement ceremony.

The City is served by two acute care hospitals, Aultman Hospital with 808 beds and Mercy Medical Center with 476 beds. City residents also have access to one Interstate highway, two U.S. highways, four state routes, a regional bus service, and a regional airport is located within the county.



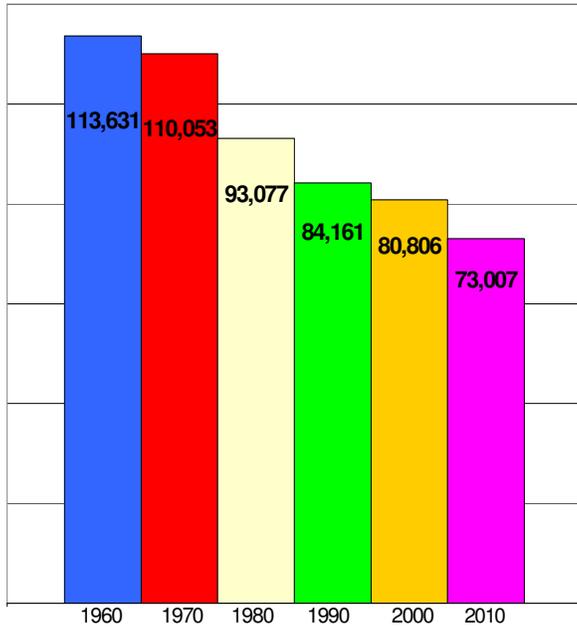
Pro Football HOF Expansion Project



Arial View Pro Football HOF Expansion Project

City of Canton
 For the Year Ended December 31, 2011
**TOTAL POPULATION
 BY DECADE**

Source: U.S. Census Bureau

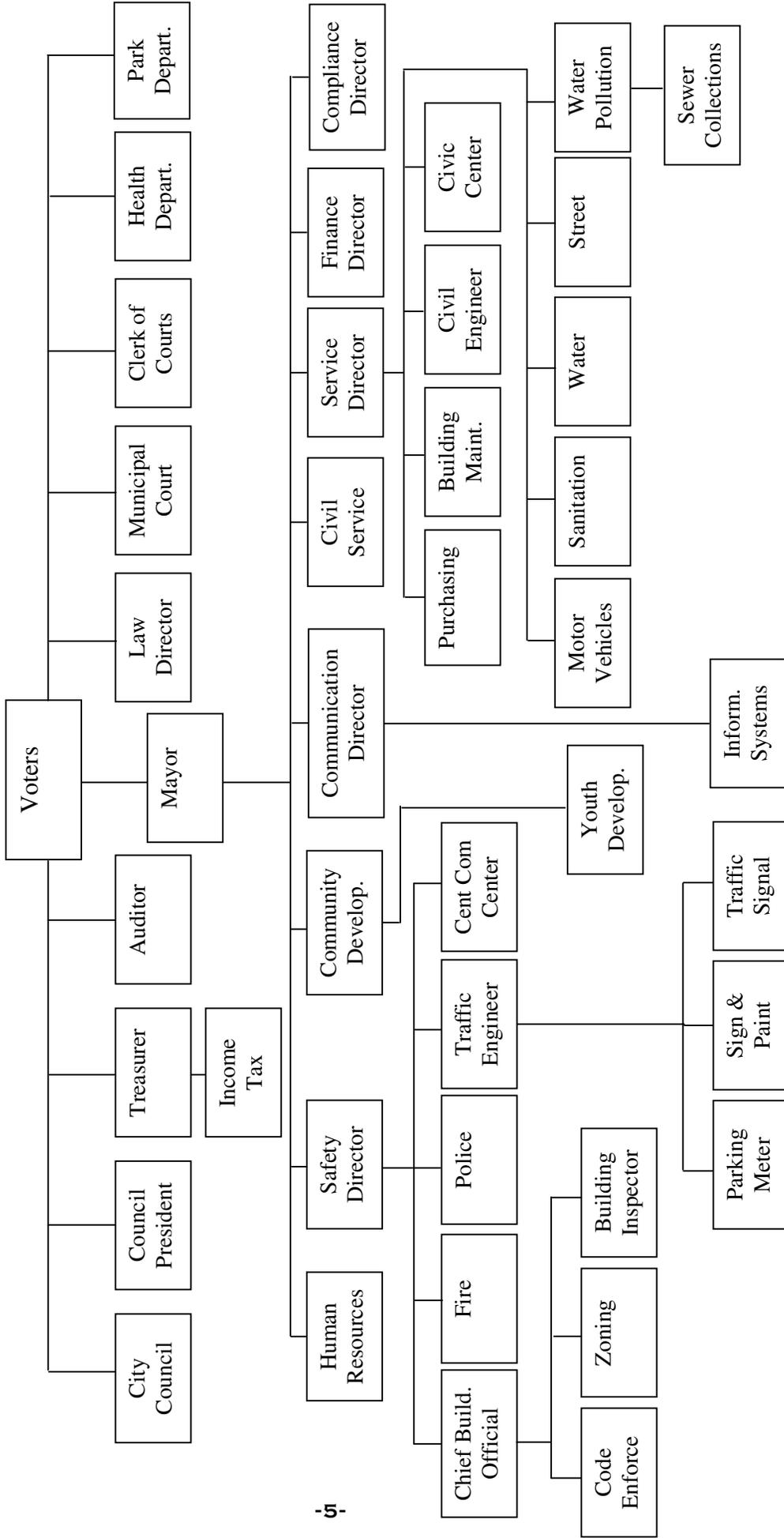


City of Canton
 For the Year Ended December 31, 2011
**CITY, COUNTY, AND STATE AVERAGE
 UNEMPLOYMENT RATES**

Source: U.S. Department of Labor



City of Canton Organizational Chart



Richard A. Mallonn II
City Auditor

Budget

Dwayne Knight
Deputy Auditor III
1 Yrs of City Service
Budget Staff Mgmt
Annual Financial
Reporting & Preparation

Christine Bagley
Internal Auditor
9 Yrs of City Service
Budget Staff Support &
Auditing
Financial Report/Prep

Sharon Lendon
Deputy Auditor I
21 Yrs of City Service

Kimberly Baca
Deputy Auditor I
14 Yrs of City Service

Sharon Toney
Deputy Auditor I
22 Yrs of City Service

Lynn Stieb
Deputy Auditor II
16 Yrs of City Service

Payroll

John Slebodnik
Chief Information Officer
8 Yrs of City Service
Payroll Staff Management

Heather Locke
Deputy Auditor I
17 Yrs of City Service

Elonda Eford
Deputy Auditor I
12 Yrs of City Service

Tyra Hanle
Deputy Auditor II
11 Yr of City Service

Gary Young
Chief Deputy Auditor
27 Yrs of City Service
Budget/Accounting
Payroll Management
Annual Financial
Reporting & Preparation
Office Management
Information System Management

Timothy Larson
Application Development
Administrator
11 Yrs of City Service
Financial System Upgrade
Development and Support

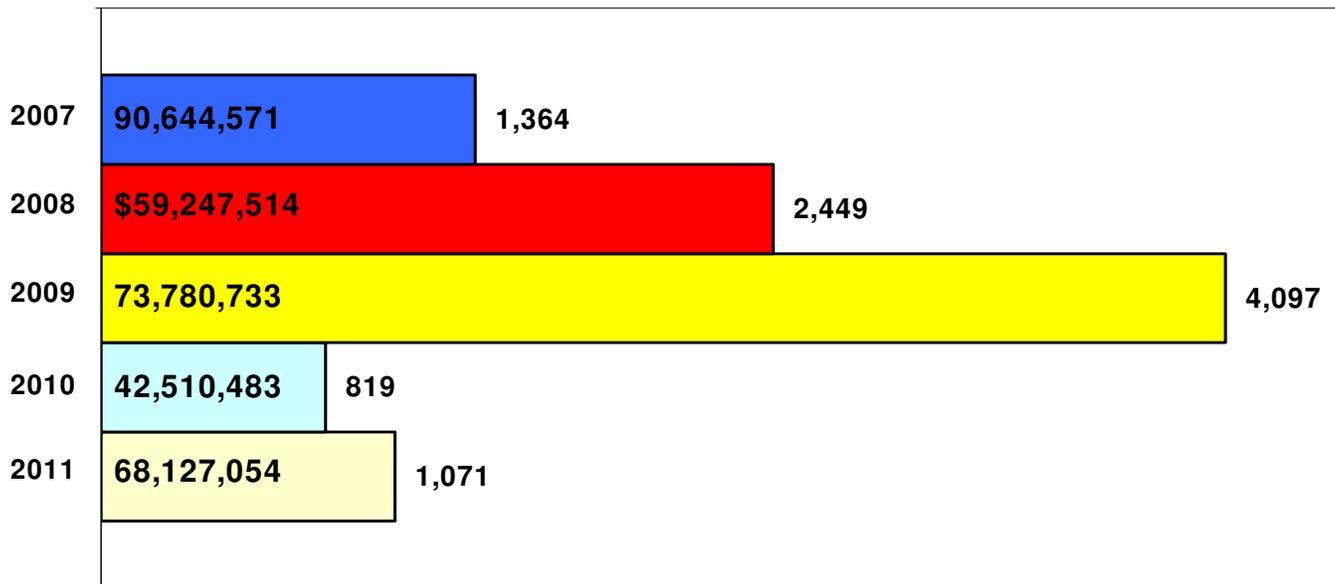
Technical

City of Canton

For the Year Ended December 31, 2011

PROPERTY VALUES & CONSTRUCTION PERMITS

Source: City of Canton Building Dept. and Stark County Auditor's Office



Number of Permits

Represented in the graph above, is the total number of building permits issued since 2005, with the value of the projects for that year.

PRIMARY PROPERTY TAXPAYERS

Source: Stark County Auditor's Office

	Value of Property
Ohio Power Company	\$ 40,619,960
SL Canton LLC	4,841,660
Wal-Mart Stores East LP	3,968,490
West Tuscarawas Prop. Management LLC	3,886,350
Walmart Real Estate Business Trust	3,745,010
CSE Canton LLC	3,714,130
Sno Frost Inc	3,112,970
Centro Bradley SPE 8 LLC	2,912,260
The Timken Company **	2,645,790
Iron Rock Capital Incorporated	2,440,660
Total	\$ 71,887,280

**Top ten income taxpayer

ASSESSED PROPERTY VALUES WITH NET CHANGE

Source: Stark County Auditor's Office

	Total City Assessed Property Values	Percentage Change
2002	\$ 973,144,447	
2003	\$ 927,030,289	-4.74%
2004	\$ 1,018,434,116	9.86%
2005	\$ 1,039,538,953	2.07%
2006	\$ 1,010,727,658	-2.77%
2007	\$ 1,055,242,673	4.40%
2008	\$ 993,257,116	-5.87%
2009	\$ 941,498,070	-5.21%
2010	\$ 875,505,940	-7.01%
2011	\$ 866,458,270	-1.03%



City Hall during Renovation

City of Canton
For the Year Ended December 31, 2011

UTILITY OPERATIONS

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>
Operating Revenue	\$ 13,842,633	\$ 13,371,229	\$ 6,097,490
Nonoperating Revenue	15,933	(15,610)	29,256
Total Revenue	13,858,566	13,355,619	6,126,746
Operating Expenses	11,581,886	12,943,732	5,532,632
Nonoperating Expenses	896,124	280,642	-
Total Expenses	12,478,010	13,224,374	5,532,632
Net Revenues Over/ (Under) Expenses	\$ 1,380,556	\$ 131,245	\$ 594,114

The operating results for the Water, Sewer, and Refuse Departments for the year ending December 31, 2011 are presented on a full accrual GAAP basis.

Revenue

Operating Revenue – This is revenue generated directly from the services provided by each department.

Nonoperating Revenue – This is revenue the department receives that is not generated by providing services. An example is money gained or (lost) from selling an old piece of equipment.

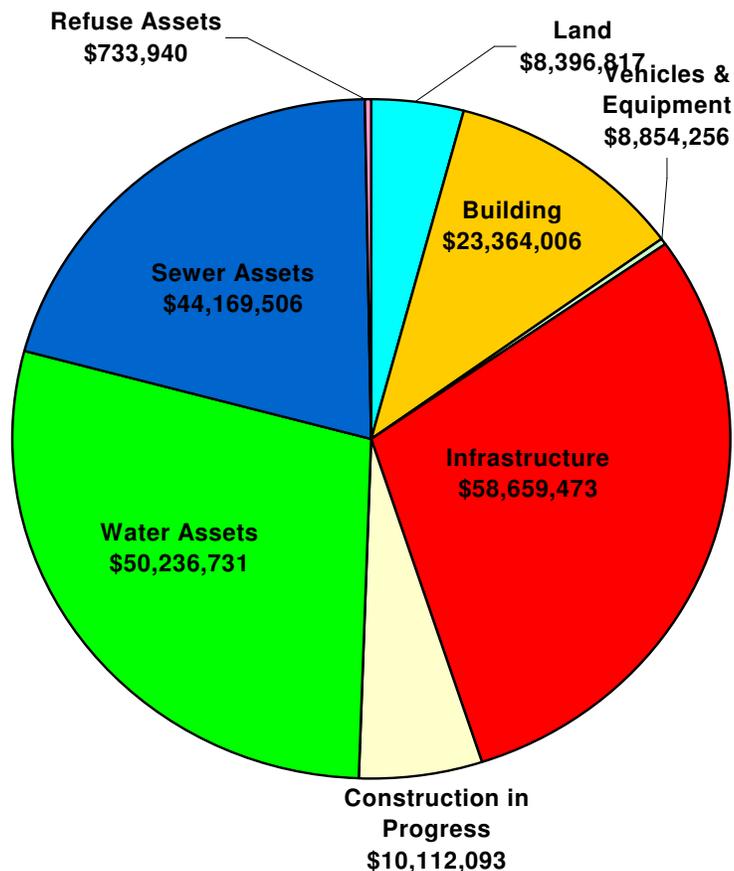
Expenses

Operating Expenses – These are costs incurred by the department to provide a service.

Nonoperating Expenses – These are costs that are not created as a result of generating a service. An example is interest expenses incurred on long-term debt.

City of Canton
For the Year Ended December 31, 2011

TOTAL CAPITAL ASSETS (shown net of depreciation)



City of Canton

For the Year Ended December 31, 2011

STATEMENT OF NET ASSETS (in millions)

	Governmental Activities	
	2011	2010
Assets		
Cash	\$ 20.8	\$ 24.6
Receivables	34.7	32.6
Capital Assets, Net	110.5	109.4
Total Assets	\$ 166.0	\$ 166.6
Liabilities		
Current and Other Liabilities	\$ 11.6	\$ 12.4
Due Within One Year	4.7	4.6
Long-Term Liabilities:		
Due Within More Than One Year	20.8	23.3
Total Liabilities	37.1	40.3
Net Assets	\$ 128.9	\$ 126.3

The Statement of Net Assets, also known as a “Balance Sheet”, reports assets (items available to provide services) against liabilities (amounts for which the City must pay in the future) and equity (the net value of the City’s assets after liabilities are subtracted). The Statement of Net Assets reflects only Governmental Activities not Business-Type Activities (Water, Sewer, and Refuse) or the City’s component unit. Governmental Activities accounts for most of the City’s basic services like police, fire, mayor, capital improvement, vehicle acquisition, parks and recreation. Income taxes, property taxes, undivided local government, ambulance user fees and federal grants finance most of these activities. All numbers are reported on a full GAAP accounting basis and are compliant with GASB standards with one exception. Unrestricted and Restricted Net Assets were combined into one category called “Net Assets” in order to make the statement easier to read. The amounts shown employ the same method of accounting as and were summarized in the audited financial statements within the 2011 CAFR

ANALYTICAL ANALYSIS

The charts on page 9 and 10 show the continued recovery of the global recession, is gradually improving the state of the City’s finances. In 2011, the City saw a drop in its cash position of over \$3.8 million dollars. The cause can be seen in the chart on page 10, which shows an overall decline in revenue of \$2.0 including decreased revenue; charges for service of \$0.4 million and capital grants and contributions of \$1.6 million. Total revenue increased by \$5.10 million, led primarily by a \$4.0 million increase in City income tax revenue. The City’s average yearly unemployment rate climbed from 11.4% in 2010 to 8.6% in 2011. Fortunately, the fourth quarter 2011 saw slight reductions with similar trends at the county and state level. This incremental rebound provides a sliver of optimism that the gradual recovery is translating into actual employment growth. The affects of the increased revenue have a positive affect on the City’s net assets as illustrated on page 10. This table detailing program expenses demonstrates that the City has increase general government functions by \$0.6 million and increased security of persons and property by \$1.8 million. Unfortunately, the City has also had to decrease the resources used on public health, transportation, and leisure time activity by a combined reduction of \$1.5 million. The community development expenses decrease by \$0.6 million due to final usage of several 2009 stimulus programs. The City of Canton continues to seek federal and state grant opportunities to subsidize the City’s governmental activities.

Assets

Cash – Cash represents how much actual cash the City has in its bank accounts at year-end.

Receivables – Receivables are the amounts of money owed to the City from outside entities, whether they are businesses or other governments. Receivables are expected to be collected within the following year.

Capital Assets – Capital Assets are items that can be used for several years. This category includes things such as vehicles, buildings, land, traffic lights, roads, and storm sewers.

Liabilities

Current and Other Liabilities – This amount represents what the City owes to other entities. Portions are owed to businesses, other governments, and the City’s own employees. This amount is expected to be paid off within a year.

Long-Term Liabilities – Long-Term Liabilities is the amount of money the city has borrowed by issuing tax-exempt bonds for various construction projects and now must pay back over time. The portion labeled Due Within One Year will be paid off next year. The remaining portion (Due Within More Than One Year) will paid off over several years. See page 15 for more details about debt.

Net Assets

Net Assets – Net Assets are basically what you would have left if you had to use all of your assorted assets to payoff your liabilities.

City of Canton

For the Year Ended December 31, 2011

STATEMENT OF ACTIVITIES

(in millions)

	Governmental Activities	
	2011	2010
Revenues		
Program Revenues:		
Charges for Services	\$ 13.8	\$ 14.2
Operating Grants and Contributions	11.3	11.3
Capital Grants and Contributions	5.1	6.7
Total Program Revenues	<u>30.2</u>	<u>32.2</u>
General Revenues:		
City Income Taxes	42.6	38.6
Property Taxes	2.7	3.7
Intergovernmental	9.0	8.8
Interest and Investment Earnings	0.1	0.2
Other	6.4	2.4
Total General Revenues	<u>60.8</u>	<u>53.7</u>
Total Revenues	<u>\$ 91.0</u>	<u>\$ 85.9</u>
Expenses		
Program Expenses:		
General Government	\$ 18.5	\$ 17.9
Security of Persons and Property	39.8	38.0
Public Health	6.4	6.8
Transportation	12.2	12.7
Community Development	8.6	9.2
Leisure Time Activities	2.3	2.9
Interest on Long-Term Debt	0.8	0.8
Total Program Expenses	<u>88.6</u>	<u>88.3</u>
(Decrease) in Net Assets	<u>\$ 2.4</u>	<u>\$ (2.4)</u>

The Statement of Activities, also known as an "Income Statement", reflects how much money the city collected (revenue) versus how much it spent (expenses). In 2011, the City received \$2.4 million more than it spent. The Statement of Activities reflects only Governmental Activities not Business-Type Activities (Water, Sewer, and Refuse) or the City's component unit. All numbers are reported on a full GAAP accounting basis and are compliant with GASB standards. The amounts shown employ the same method of accounting as and were summarized in the audited financial statements within the 2011 CAFR

Revenues

(For a description of what program revenue and non-program revenue is see page 11.)

City Income Taxes – Represents how much money the City collects its 2% income tax on the gross wages of individuals living in or working within its corporate limits. The same 2% is imposed upon the net profits earned by businesses within the City.

Property Taxes – This is how much money the City collects during the year through taxes placed on properties located within the City.

Intergovernmental – This is how much money the City received from other governments such as the county, state, or federal government. The largest intergovernmental revenue is "Local Government" money, which is the City's share of state taxes.

Grants and Contributions – This is money given to the City that is to be used for a specific purpose. The City receives grant money from the state government, federal government, and even private citizens. In order to receive the money, the City must agree to spend the money according to whatever guidelines the contributors setup.

Interest and Investment Earnings – This is the amount of interest the City receives on money it has in its various bank accounts.

Other – This accounts for miscellaneous receipts and reimbursements the City receives throughout the year.

Expenses

For an explanation of what makes up the expense line items see page 12.

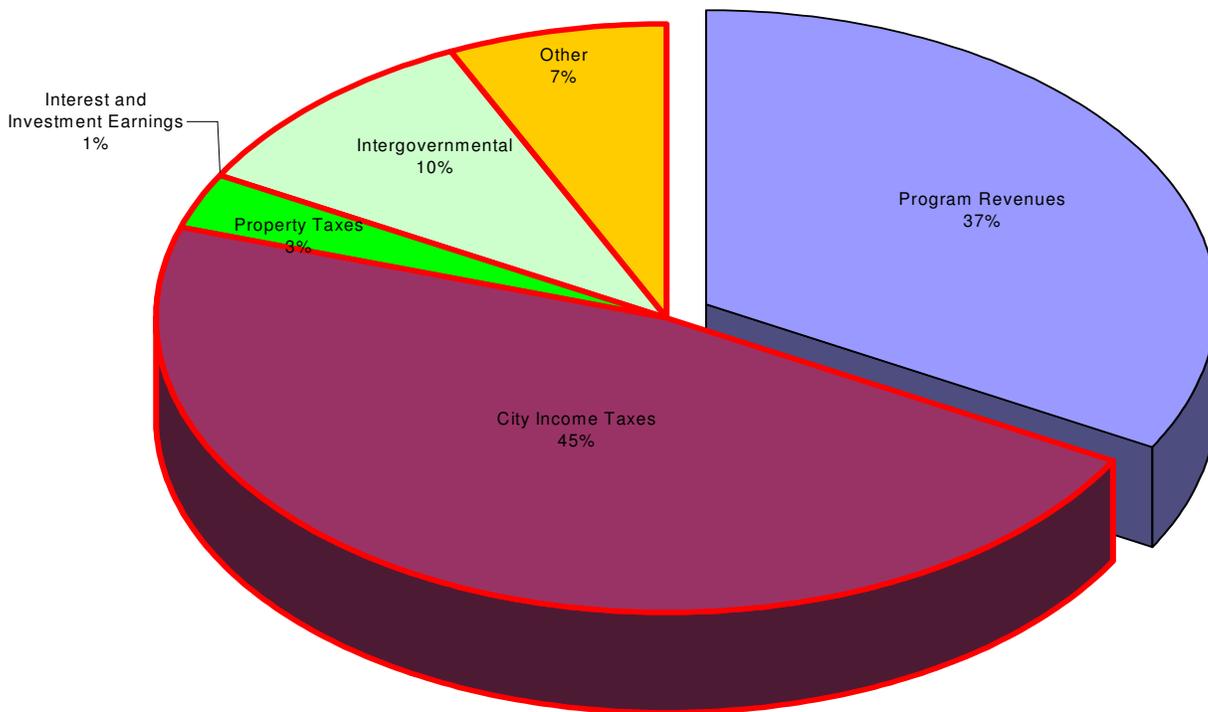
City of Canton

For the Year Ended December 31, 2011

REVENUE BREAKDOWN

Accounting rules dictate how governments report income or revenue. All income that a government brings in is broken into two categories, program revenue and non-program revenue. Program revenues are any monies a government earns as a charge for a direct service it provides. For example, the City of Canton operates several parking lots and two parking decks. The City charges a flat fee to park in city owned parking facilities. Non-program revenues are monies that the city receives without providing the person paying the money with a direct service. An example of non-program revenues would be the City's 2% percent income tax. Monies the City receive, from the tax, funds several services including Police and Fire Protection, but there is not a direct charge for a direct service relationship. Notice that only 37% of the City's revenue can be labeled program revenue with the rest being non-program revenue, and that almost half the City's total revenue comes from income taxes.

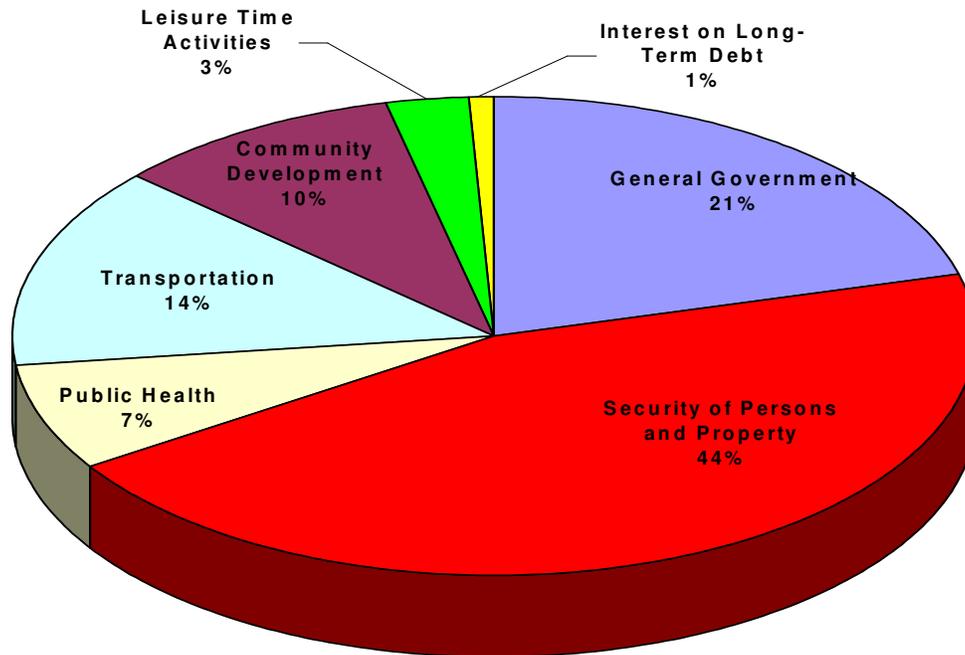
Note: Areas outlined in red make up non-program revenue



City of Canton

For the Year Ended December 31, 2011

EXPENSE BREAKDOWN



EXPENSE CATEGORY DESCRIPTION

The following departments make up the expense categories listed above:

General Government – Included in this category are expenditures for the Mayor’s Office, Service Director, Human Resources, Youth Development, Civil Service Board, Zoning Board, Building Maintenance, Motor Vehicle Department, Information Systems Department, City Council, Municipal Court Judges, Clerk of Courts Office, Auditor’s Office, Law Department, Treasurer’s Office, and Income Tax Office.

Security of Persons and Property – Included in this category are expenditures for the Safety Director, Code Enforcement, School Crossing Guards, Central Communication System (911 Dispatch Center), Traffic Engineers and Parking Meters, Police Department, and Fire Department.

Public Health – Included in this category are expenditures for the Health Department, which includes nurses, labs, and environmental health administration.

Transportation – Included in this category are expenditures for the Civil Engineers and Street Department.

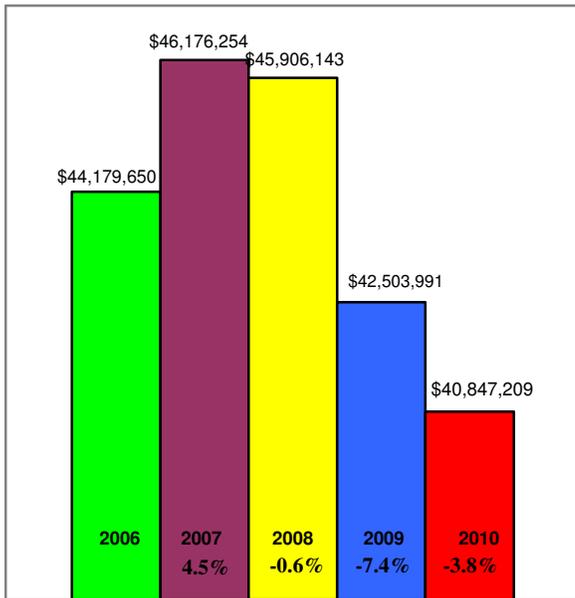
Community Development – Included in this category are expenditures for the Community and Economic Development Department.

Leisure Time Activities – Included in this category are expenditures for the Park Department, Munson Baseball Stadium and the Civic Center.

City of Canton

For the Year Ended December 31, 2011

INCOME TAX COLLECTION ANALYSIS



Percentages denote of change from one year to the next

The City of Canton Income Tax is the City's primary source of revenue. City voters approved a tax increase in 1984 to 2%. Currently anyone living or working within the City limits is subject to this tax. The City allows credit for taxes paid to other municipalities. Revenue generated from the City's income tax goes to one of four funds. The first fund, the City Income Tax Fund, gets just enough money to cover the cost of operating the City Income Tax Dept. and to cover the cost of refunds. The amount of money left after the Income Tax Fund gets its share is split three ways with the General Fund getting 75%, the Capital Projects Fund getting 20%, and the Motor Vehicle Fund getting 5%. Each of these funds, as with all City funds, has an expressed purpose and any money in these funds can only be spent according to that purpose. The General Fund has the broadest purpose of all City funds. The General Fund pays for the majority of the City's basic operating expenses. General Fund monies is what enables the City to provide its residents with safety forces, service workers, parks and recreation, and many other basic services its citizens rely on. Consequently, the General Fund's primary expense is employee salaries. Roughly 84% of General

Fund expenses are for salaries and fringes for everyone from the Mayor to the average police officer on the street. The Capital Projects Fund pays for construction projects, major building renovations, and some pieces of equipment. Arguably the single most visible use of Capital Project dollars is street improvement projects. The Capital Project Fund pays for the materials, contractor costs, and the salaries of City employees associated with such projects. The Motor Vehicle Fund can be used to acquire, make lease payments on, or maintain City vehicles and radio communication equipment. The chart below as well as the two charts and graph on the facing page illustrate how the fund balance of three of the four funds most directly affected by the City's income tax have changed over the last five years.

City of Canton

For the Year Ended December 31, 2011

GENERAL FUND OPERATIONS ANALYSIS

(Numbers presented on Modified Basis)

General Fund

	2007	2008	2009	2010	2011
Beginning Fund Balance	\$ 9,112,479	\$ 9,196,827	\$ 7,695,889	\$ 4,672,611	\$ 4,730,733
Revenue	59,924,345	58,031,173	54,938,659	54,708,736	56,416,991
Expenditures	<u>59,777,225</u> *	<u>59,492,113</u>	<u>62,001,937</u>	<u>54,610,614</u>	<u>54,812,197</u>
Gain (Loss)	147,120	(1,460,940)	(7,063,278)	98,122	1,604,794
Other Financing	(62,772)	(39,998)	4,040,000	(40,000)	(44,000)
Ending Fund Balance	<u>\$ 9,196,827</u>	<u>\$ 7,695,889</u>	<u>\$ 4,672,611</u>	<u>\$ 4,730,733</u>	<u>\$ 6,291,527</u>

*=included in this expenditure total is substantial deposits into the City's Compensated Absence Claim Fund, which is responsible for retiring the City's long-term debt obligation for compensated absences. This obligation is detailed on page 15 in the Debt Activities Table. The annual impact on the Compensated Absence Claim Fund can be explored by viewing the tables on page 16

City of Canton

For the Year Ended December 31, 2011

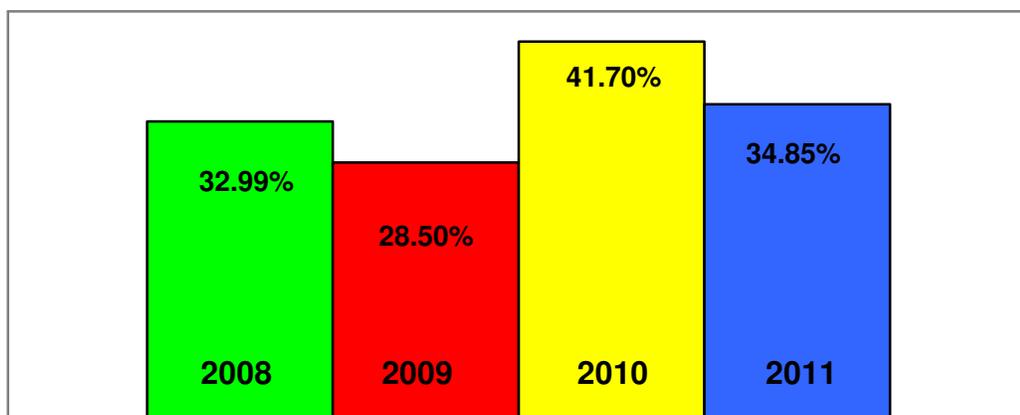
CAPITAL PROJECTS FUND OPERATIONS ANALYSIS

(Numbers presented on Modified Basis)

Capital Projects Fund	2007	2008	2009	2010	2011
Beginning Fund Balance	\$ 3,511,542	\$ 2,251,074	\$ 3,501,903	\$ 3,258,227	\$ 2,603,441
Revenue	8,454,625	9,373,328	8,179,820	7,957,681	9,099,738
Expenditures	<u>10,358,881</u>	<u>8,216,189</u>	<u>12,915,914</u>	<u>8,618,688</u>	<u>8,196,529</u>
Gain (Loss)	(1,904,256)	1,157,139	(4,736,094)	(661,007)	903,209
Other Financing	643,788	93,690	4,492,418	6,221	11,651
Ending Fund Balance	<u>\$ 2,251,074</u>	<u>\$ 3,501,903</u>	<u>\$ 3,258,227</u>	<u>\$ 2,603,441</u>	<u>\$ 3,518,301</u>

When the City cannot afford to completely pay for a project up front, it takes out debt to finance it. Since the Capital Project Fund is supposed to pay for such projects, it takes on the responsibility of making debt payments when a project is financed. The graph below represents the percentage of Capital expenditures that went to debt principle and interest payments. For a complete explanation of the types of debt the City can take out and what debt it has, see page 15.

CAPITAL PROJECT FUND DEBT BURDEN ANALYSIS



City of Canton

For the Year Ended December 31, 2011

MOTOR VEHICLE FUND OPERATIONS ANALYSIS

(Numbers presented on Modified Basis)

Motor Vehicle Fund	2007	2008	2009	2010	2011
Beginning Fund Balance	\$ 1,153,002	\$ 1,098,366	\$ 1,822,414	\$ 411,104	\$ 1,045,056
Revenue	2,088,169	2,257,934	2,015,139	1,956,290	2,074,095
Expenditures	<u>2,196,817</u>	<u>1,571,900</u>	<u>4,381,743</u>	<u>1,352,892</u>	<u>2,315,783</u>
Gain (Loss)	(108,648)	686,034	(2,366,604)	603,398	(241,688)
Other Financing	54,012	38,014	955,294	30,554	19,943
Ending Fund Balance	<u>\$ 1,098,366</u>	<u>\$ 1,822,414</u>	<u>\$ 411,104</u>	<u>\$ 1,045,056</u>	<u>\$ 823,311</u>

City of Canton

For the Year Ended December 31, 2011

SUMMARY OF DEBT TYPES

General Obligation Bonds – General Obligation Bonds are long-term debts which are repaid from the City’s available resources and for which the City pledges its full faith and credit.

Loans – The City has the ability to take out low interest loans from entities like the State Infrastructure Bank and the Federal Housing and Urban Development Department for various projects in the City. The HUD, SIB, and Urban Redevelopment loans are three such loans. The HUD loan was used to build the Cornerstone Parking Deck, the SIB loan was for Market Avenue Streetscape, and the Redevelopment Loan was used to build the Millennium Parking deck.

OWDA & OPWC – OWDA and OPWC loans are low interest loans made to the City for Water and/or Sewer projects only by the Ohio Water Development Authority and Ohio Public Works Commission. Payments are due every six months.

Compensated Absences – The accumulated cost associated with authorized employee fringes, including accumulated sick time, unused compensatory time, unused perfect attendance days, banked vacation, and unused vacation. Sick time is calculated based on probability of payout consistent with the terms of retirement.

Capital Lease – The accumulated cost of purchasing an asset (equipment) utilizing timed payments over a period of time culminating with the City’s eventual ownership of the asset.

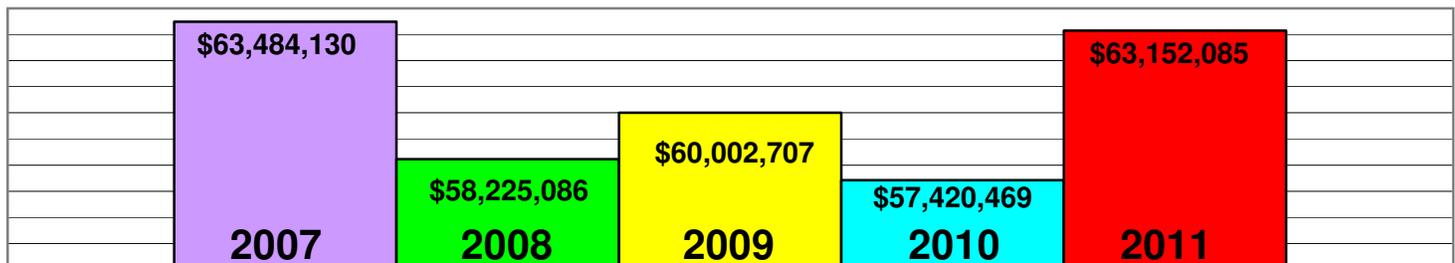
For the Year Ended December 31, 2011

DEBT ACTIVITIES

	Balance 12/31/10	Adds (Issued)	Deletes (Retired)	Balance 12/31/11	Due Within One Year
<i>Governmental Activities</i>					
General Obligation Bonds	16,714,810	-	2,879,399	13,835,411	2,295,245
OWDA Loan	53,563	-	2,210	51,353	-
SIB Loan	706,128	-	73,123	633,005	75,519
Urban Redevelopment Loan	686,589	-	126,763	559,826	131,834
OPWC Loan	877,209	-	65,087	812,122	65,087
Compensated Absences	6,564,504	2,941,224	2,420,792	7,084,936	1,233,693
Capital Lease	938,159	-	513,359	424,800	16,178
Total Governmental Activities	26,540,962	2,941,224	6,080,733	23,401,453	3,817,556
<i>Business-Type Activities</i>					
OPWC Loan	64,740	-	5,395	59,345	5,395
OWDA Loan	23,565,905	10,640,101	1,647,665	32,558,341	1,233,872
General Obligation Bonds	6,029,677	-	970,601	5,059,076	1,009,755
Compensated Absences	1,206,061	1,496,257	628,448	2,073,870	847,978
Capital Lease	13,124	-	13,124	-	-
Total Business-Type Activities	30,879,507	12,136,358	3,265,233	39,750,632	3,097,000
Total Debt	57,420,469	15,077,582	9,345,966	63,152,085	6,914,556

For the Year Ended December 31, 2011

HISTORICAL TOTAL DEBT COMPARISON

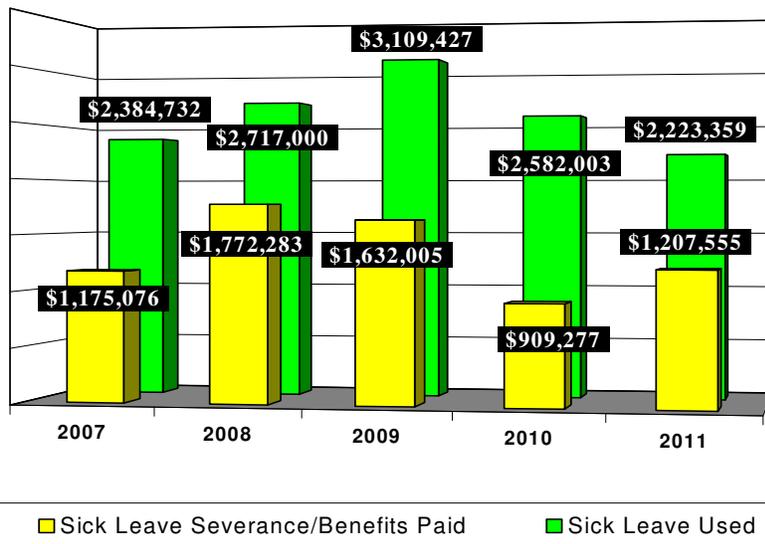


EMPLOYEE BENEFIT COST ANALYSIS

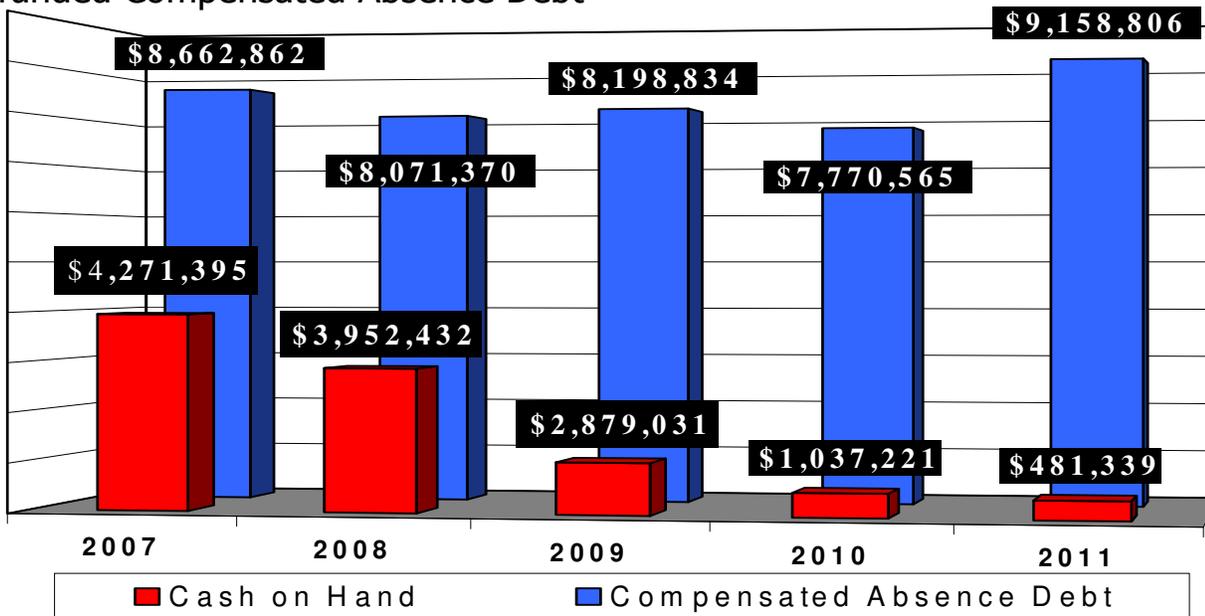
City of Canton

For the Year Ended December 31, 2011

Compensated Absences Costs



Unfunded Compensated Absence Debt



The above graphs illustrate the costs associated with sick time and unfunded compensated absence debt. The top graph illustrates how much the City of Canton has paid in sick leave used as time off work and compensated absences severance/benefits as defined on page 15. Also included in the compensated absence retirement payments is sick leave paid to employees that, per their contract, are allowed to begin cashing out sick leave when they enter their final five years of service. These employees can choose to have a portion of their sick leave paid to them each year of their final five years of service as opposed to receiving a single lump sum after retirement. The bottom graph demonstrated how much compensated absence debt the City has carried for the last five years and how much cash reserves are dedicated to paying for the expense. Prior to 2004, the City did not have any mechanism to set aside cash to pay for its large compensated absence debt. As can be seen in the graph, the City's attempt to fund this large debt as well as changes made to what the City pays in severance packages allowed the unfunded portion of this debt to decrease from 2005 to 2007. In 2008 through 2011, the City's inability to divert additional resources to the fund has caused the unfunded portion to grow. The Compensated Absence debt in this graph includes both the Governmental Activities and Business-Type Activities debt detailed in the table on page 15.

POPULAR ANNUAL FINANCIAL REPORT



CITY OF CANTON, OHIO

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