

# **CITY OF CANTON**

## *CITY OFFICIALS*

### *City Auditor*

**Richard A Mallonn II**

*Phone (330) 489-3226*

### *Council Members*

*Phone (330) 489-3223*

**Allen Schulman, President**

**Patrick Barton  
Donald Casar  
Mary Cirelli  
David Dougherty  
James E. Griffin  
Greg Hawk**

**Brian Horner  
Karl Kraus  
Terry Prater  
Chris Smith  
Bill Smuckler  
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, 2010

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, 2010. 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

**TABLE OF CONTENTS**

1 .....Message from the Auditor, Table of Contents	9 .....Statement of Net Assets
2 .....Letter to Citizens	10 .....Statement of Activities
3 .....City Background and GFOA PAFR Award	11 .....Revenue Breakdown
4 ..... Population and Unemployment	12 .....Expense Breakdown
5 .....City Organizational Chart	13 .....Income Tax and General Fund Analysis
6 ..... Canton City Auditor’s Office Organizational Chart	14 .....Capital Projects Fund and Motor Vehicle Fund Analysis
7 .....Permits and Property Values	15..... Debt Breakdown and Historical Debt Analysis
8 .....Enterprise Operations and Capital Assets	16..... Employee Benefit Costs Analysis

**June 30, 2011**



## **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, 2010. 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 2010 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 2010. 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](http://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 2009 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, 2009. 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,

A handwritten signature in dark ink, appearing to read "Richard A. Mallonn II". The signature is fluid and cursive, written over a light-colored background.

Richard A Mallonn II  
City Auditor  
City of Canton, Ohio

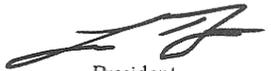
# Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

City of Canton  
Ohio

for the Fiscal Year Ended  
December 31, 2009



  
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.



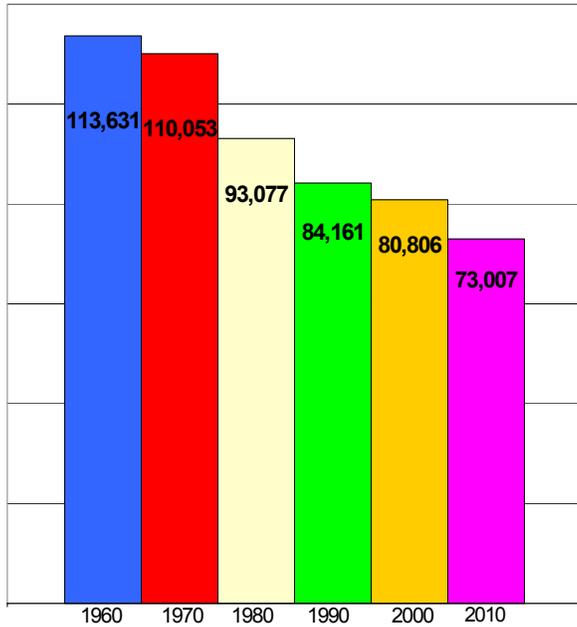
Renovation project at City Hall



Construction of a new No. 4 Fire Station

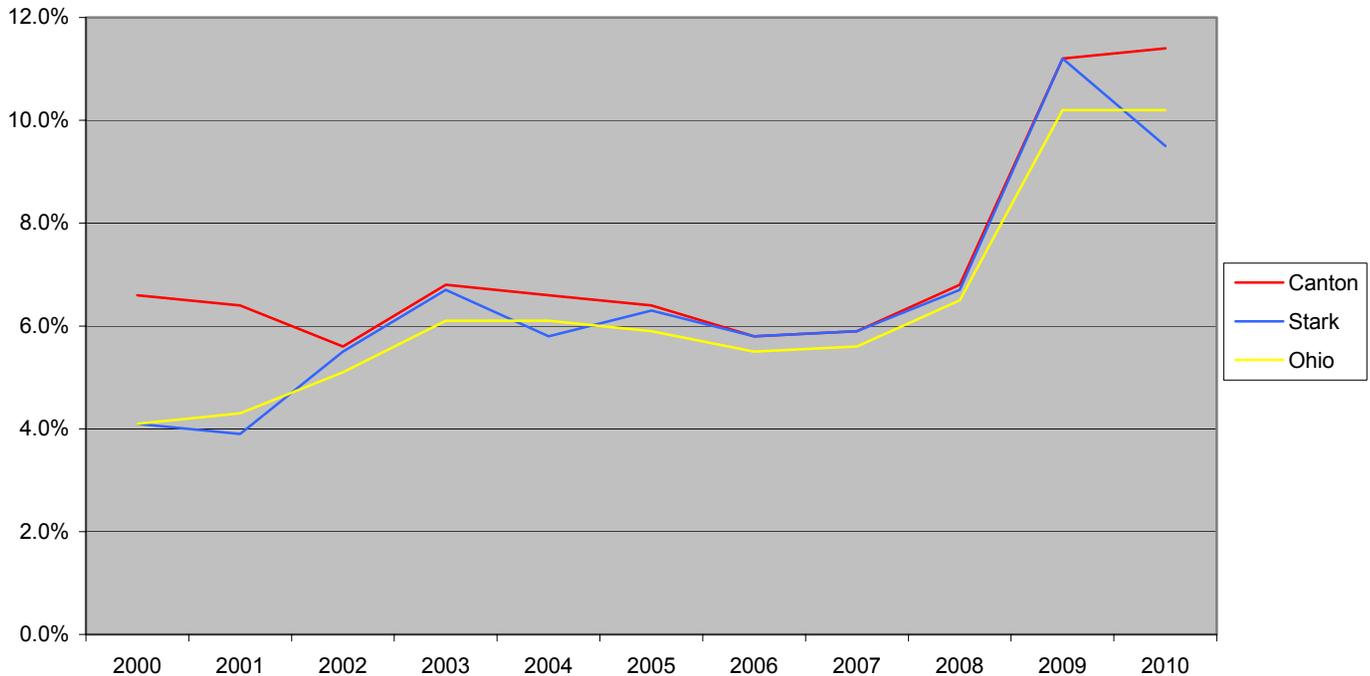
City of Canton  
 For the Year Ended December 31, 2010  
**TOTAL POPULATION  
 BY DECADE**

Source: U.S. Census Bureau

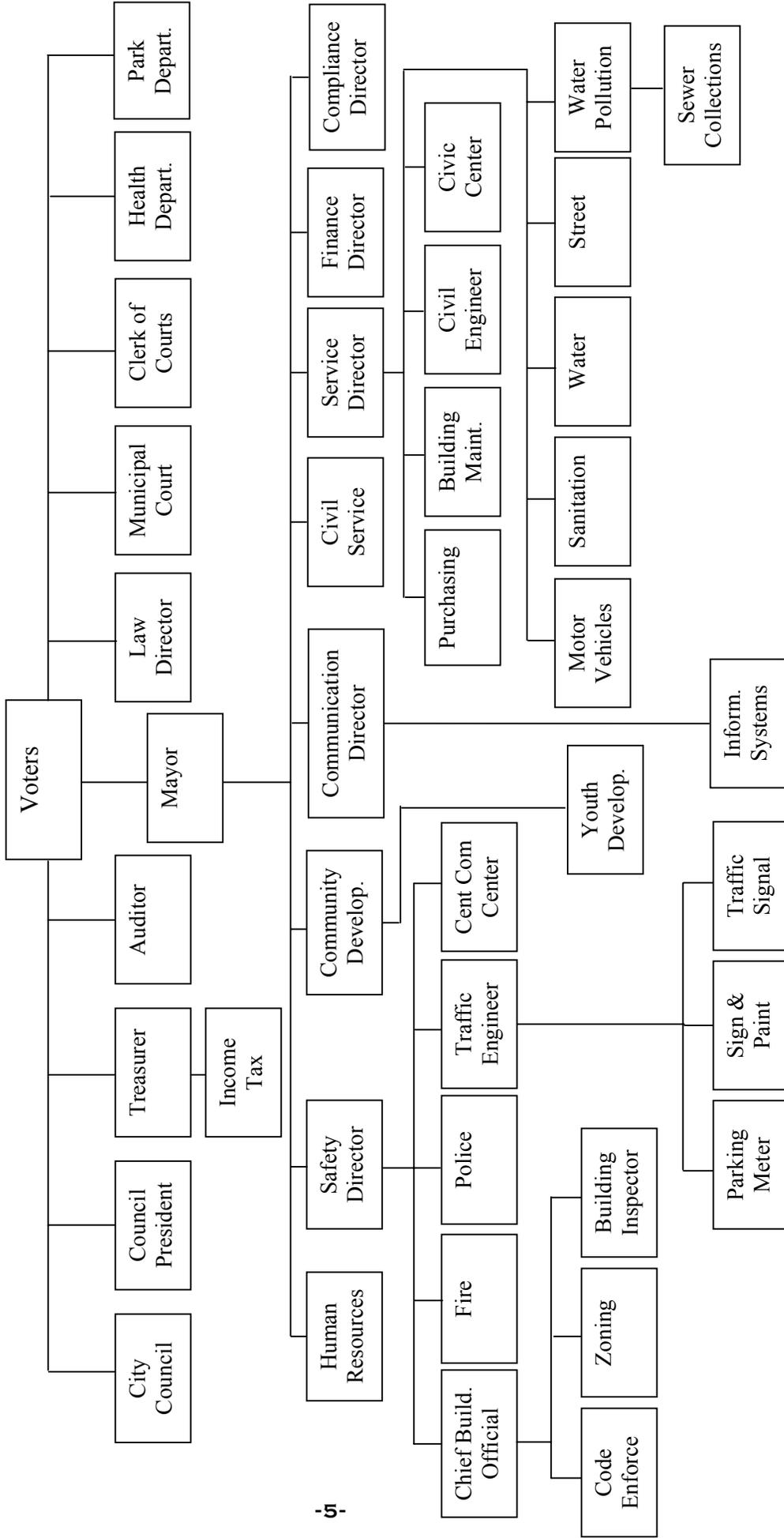


City of Canton  
 For the Year Ended December 31, 2010  
**CITY, COUNTY, AND STATE AVERAGE  
 UNEMPLOYMENT RATES**

Source: U.S. Department of Labor



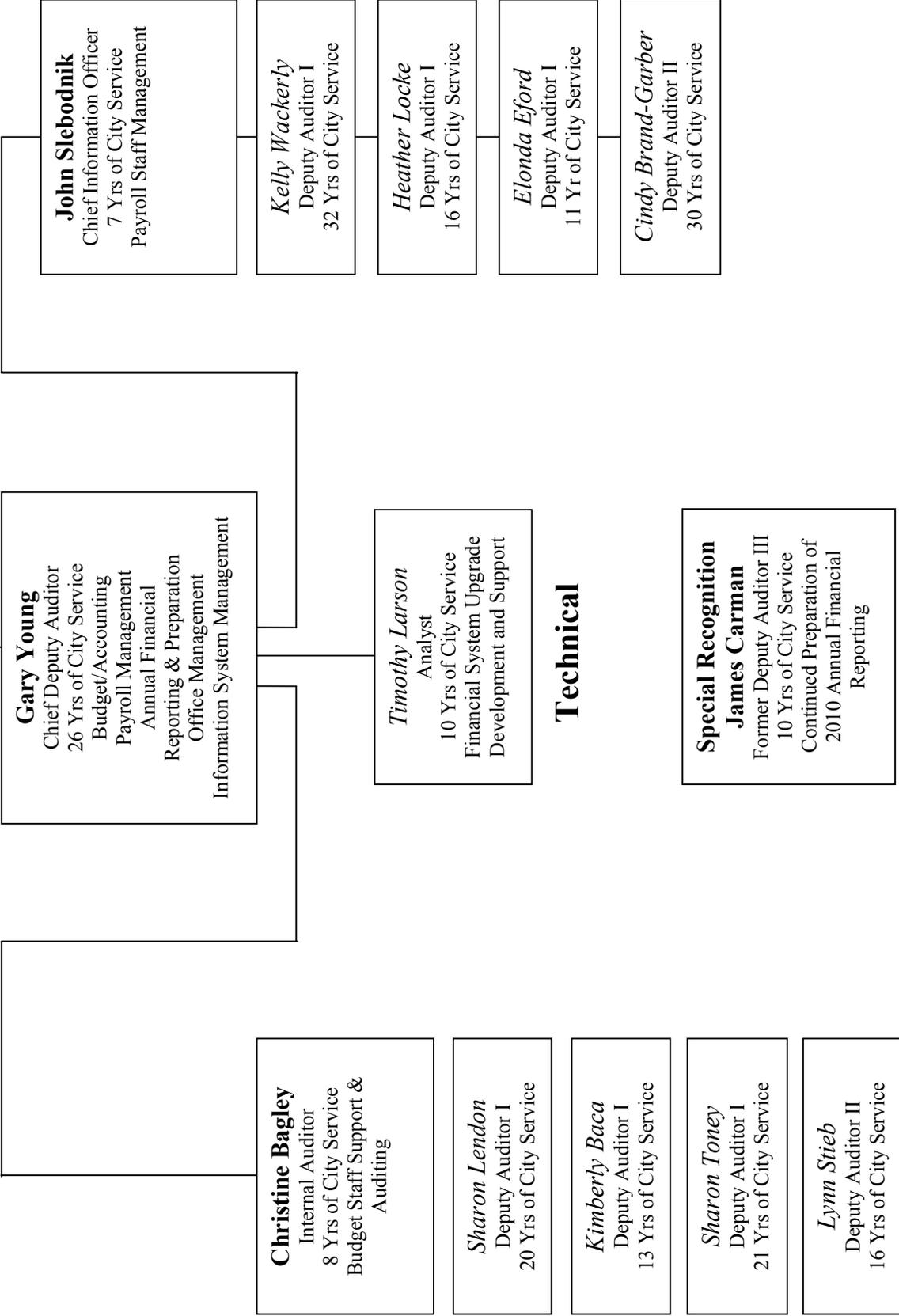
# City of Canton Organizational Chart



**Richard A. Mallonn II**  
City Auditor

**Budget**

**Payroll**

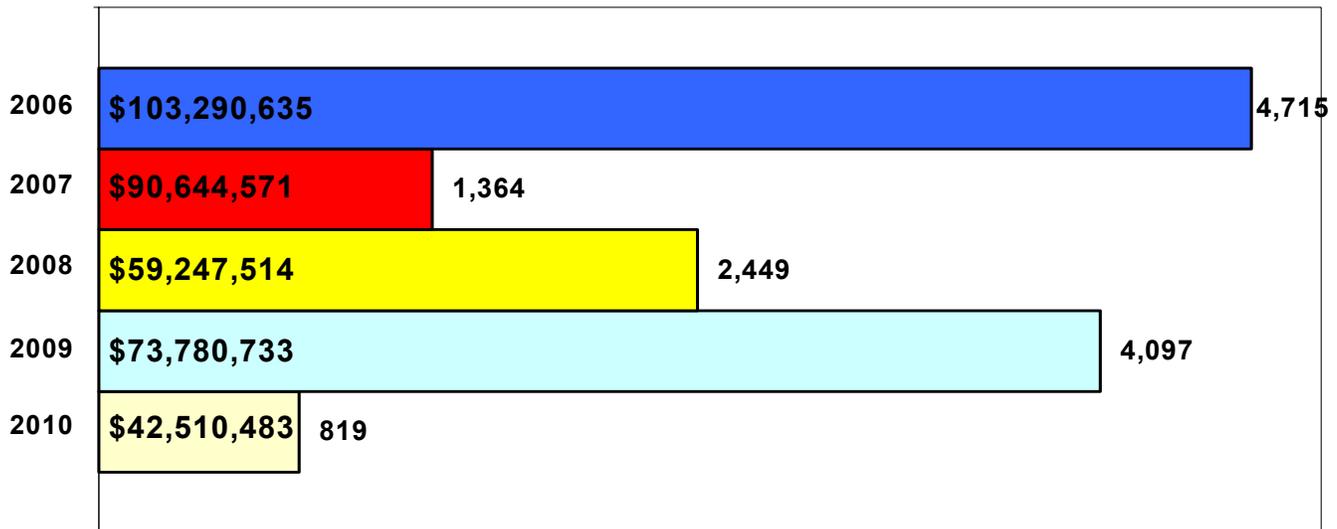


# City of Canton

For the Year Ended December 31, 2010

## 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
<b>Total</b>	<b>\$ 71,887,280</b>

\*\*Top ten income taxpayer

### ASSESSED PROPERTY

#### VALUES WITH NET CHANGE

Source: Stark County Auditor's Office

	Total City Assessed Property Values	Percentage Change
2001	\$ 999,241,496	
2002	\$ 973,144,447	-2.61%
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%



Fairhope Park



Completed renovation of Fulton Rd and Stadium Park Drive

City of Canton

For the Year Ended December 31, 2010

**UTILITY OPERATIONS**

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>
Operating Revenue	\$ 14,722,587	\$ 13,314,535	\$ 6,609,121
Nonoperating Revenue	207,567	1,511	2,591
<b>Total Revenue</b>	<b>14,930,154</b>	<b>13,316,046</b>	<b>6,611,712</b>
Operating Expenses	10,147,536	10,841,280	4,948,513
Nonoperating Expenses	827,825	294,796	-
<b>Total Expenses</b>	<b>10,975,361</b>	<b>11,136,076</b>	<b>4,948,513</b>
<b>Net Revenues Over/ (Under) Expenses</b>	<b>\$ 3,954,793</b>	<b>\$ 2,179,970</b>	<b>\$ 1,663,199</b>

The operating results for the Water, Sewer, and Refuse Departments for the year ending December 31, 2010 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 received 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.

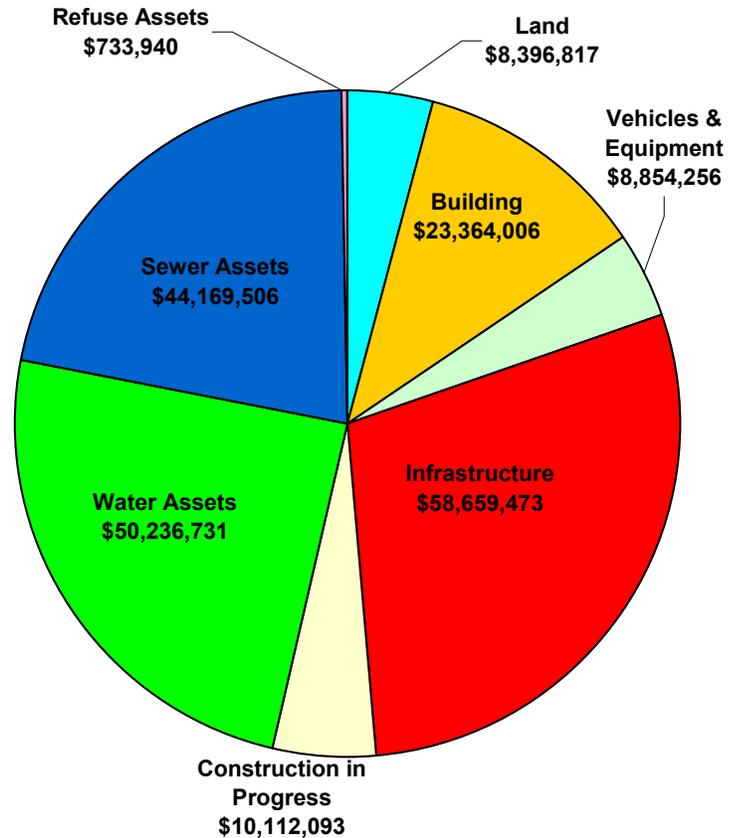
City of Canton

For the Year Ended December 31, 2010

**TOTAL CAPITAL ASSETS** (shown net of depreciation)



Expansion Project at Pro Football Hall of Fame



# City of Canton

For the Year Ended December 31, 2010

## STATEMENT OF NET ASSETS (in millions)

	Governmental Activities	
	2010	2009
<b>Assets</b>		
Cash	\$ 24.6	\$ 26.7
Receivables	32.6	35.8
Capital Assets, Net	109.4	107.8
<b>Total Assets</b>	<b>\$ 166.6</b>	<b>\$ 170.3</b>
<b>Liabilities</b>		
Current and Other Liabilities	\$ 12.4	\$ 10.3
Due Within One Year	4.6	4.3
Long-Term Liabilities:		
Due Within More Than One Year	23.3	27.0
<b>Total Liabilities</b>	<b>40.3</b>	<b>41.6</b>
<b>Net Assets</b>	<b>\$ 126.3</b>	<b>\$ 128.7</b>

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 2010 CAFR

### ANALYTICAL ANALYSIS

The charts on page 9 and 10 show that the extremely slow recovery of the global recession continues to have a negative affect on the state of the City’s finances. In 2010, the City saw a drop in its cash position of over \$2 million dollars. The cause can be seen in the chart on page 10, which shows an overall decline in revenue of \$4.5 million and this despite increased revenue; charges for service of \$1.4 million and capital grants and contributions of \$2.4 million. However, this growth could not overcome the declines in revenue of; operating grants and contributions of \$3.9 million and City income tax revenue of \$2.3 million, the two largest revenue sources in 2009. The City’s average yearly unemployment rate climbed from 11.2% in 2009 to 11.4% in 2010. Fortunately, the fourth quarter 2010 saw slight reductions with similar trends at the county and state level. This incremental rebound provides a sliver of optimism that the slow recovery may be translating into actual employment growth. The affects of the continued declining revenue have a negative affect on the City’s net assets as illustrated on page 10. This table detailing program expenses demonstrates that the City has successfully decreased general government functions by \$3.5 million. Unfortunately, the City has also had to decrease the resources used on security of persons and property by \$1.7 million and decreased resources used on transportation (roads and bridges) by \$1.9 million. The only significant increases in expenses continues to revolve around federal community development dollars, which are made up of residual 2009 operating grants and 2010 capital grants due in part to the 2009 federal stimulus program.

### 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, 2010

## STATEMENT OF ACTIVITIES

(in millions)

	Governmental Activities	
	2010	2009
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 14.2	\$ 12.8
Operating Grants and Contributions	11.3	15.2
Capital Grants and Contributions	6.7	4.3
Total Program Revenues	32.2	32.3
General Revenues:		
City Income Taxes	38.6	40.9
Property Taxes	3.7	3.6
Intergovernmental	8.8	8.9
Interest and Investment Earnings	0.2	0.7
Other	2.4	4.0
Total General Revenues	53.7	58.1
<b>Total Revenues</b>	<b>\$ 85.9</b>	<b>\$ 90.4</b>
<b>Expenses</b>		
Program Expenses:		
General Government	\$ 17.9	\$ 21.4
Security of Persons and Property	38.0	39.7
Public Health	6.8	6.5
Transportation	12.7	14.6
Community Development	9.2	5.4
Leisure Time Activities	2.9	2.9
Interest on Long-Term Debt	0.8	0.9
<b>Total Program Expenses</b>	<b>88.3</b>	<b>91.4</b>
<b>(Decrease) in Net Assets</b>	<b>\$ (2.4)</b>	<b>\$ (1.0)</b>

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 2010, the City spent \$2.4 million more than it collected. 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 2010 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.

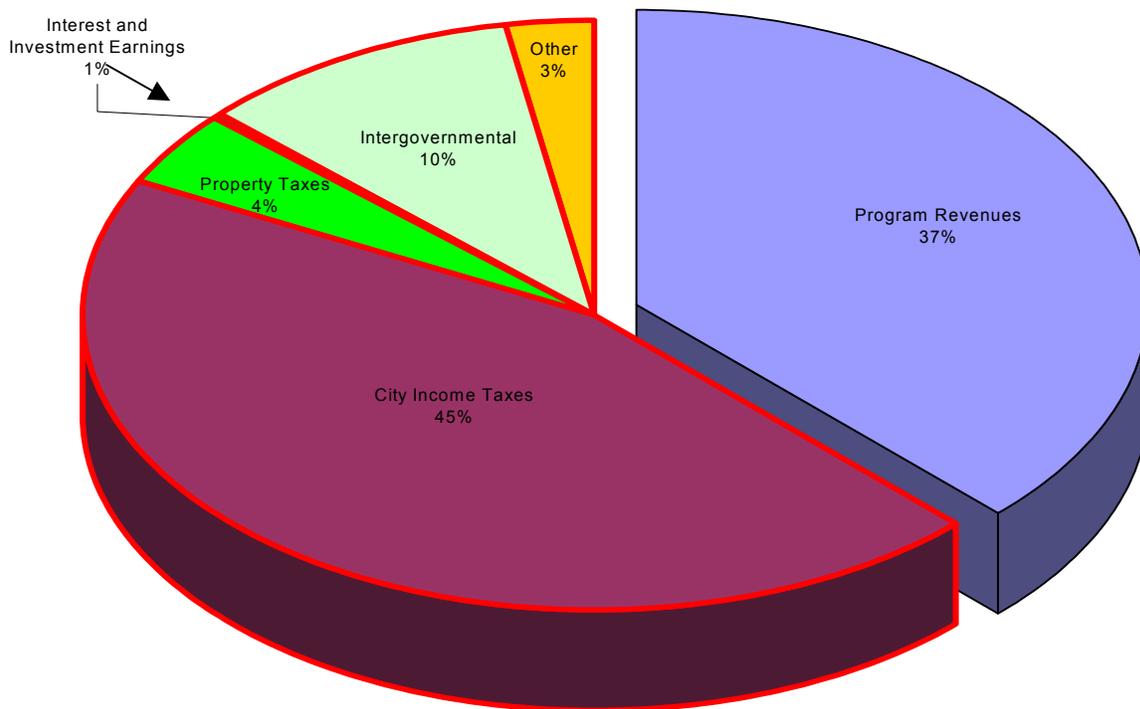
# City of Canton

For the Year Ended December 31, 2010

## 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.

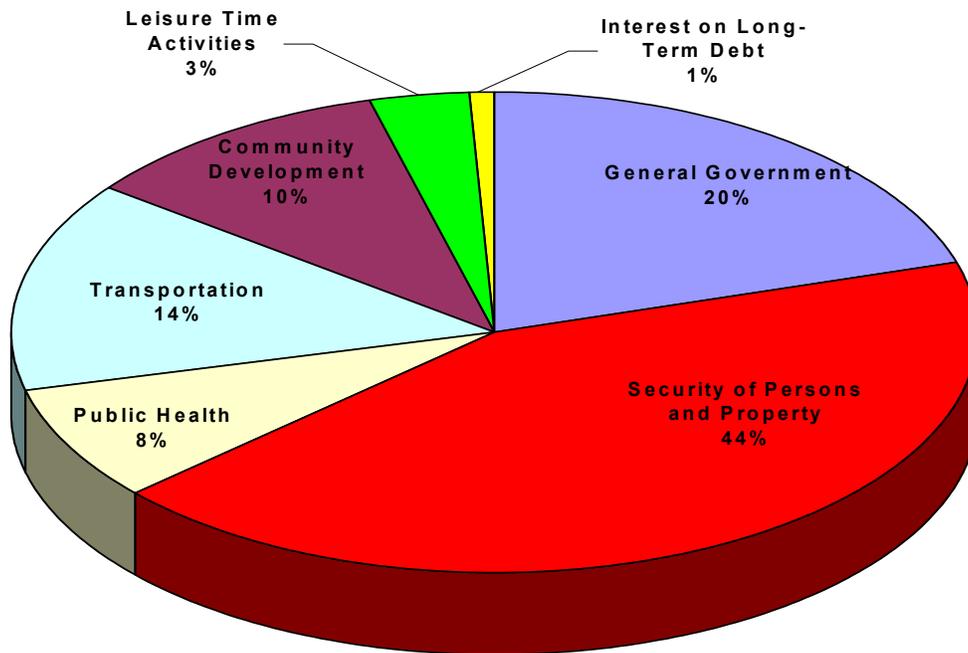
**Note:** Areas outlined in red make up non-program revenue



# City of Canton

For the Year Ended December 31, 2010

## 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.

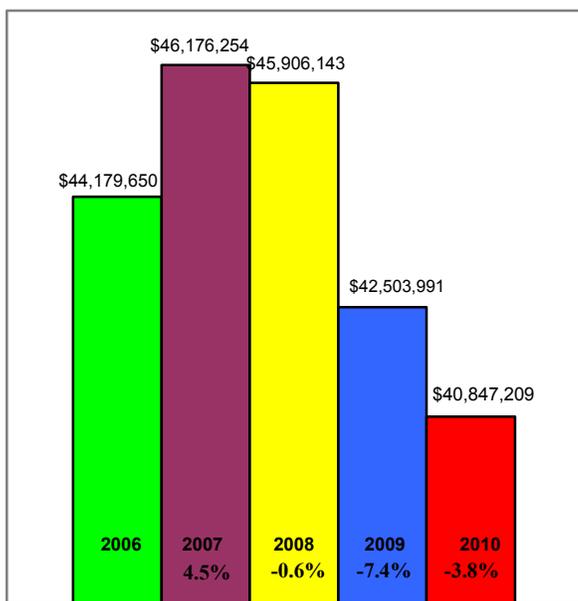
Community Development – Included in this category are expenditures for the Community and Economic Development Department.

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, 2010

## 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, 2010

## GENERAL FUND OPERATIONS ANALYSIS

(Numbers presented on Modified Basis)

General Fund

	2006	2007	2008	2009	2010
Beginning Fund Balance	\$ 10,671,491	\$ 9,112,479	\$ 9,196,827	\$ 7,695,889	\$ 4,672,611
Revenue	56,650,873	59,924,345	58,031,173	54,938,659	54,708,736
Expenditures	58,154,886 *	59,777,225 *	59,492,113	62,001,937	54,610,614
Gain (Loss)	(1,504,013)	147,120	(1,460,940)	(7,063,278)	98,122
Other Financing	(54,999)	(62,772)	(39,998)	4,040,000	(40,000)
Ending Fund Balance	\$ 9,112,479	\$ 9,196,827	\$ 7,695,889	\$ 4,672,611	\$ 4,730,733

\*=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, 2010

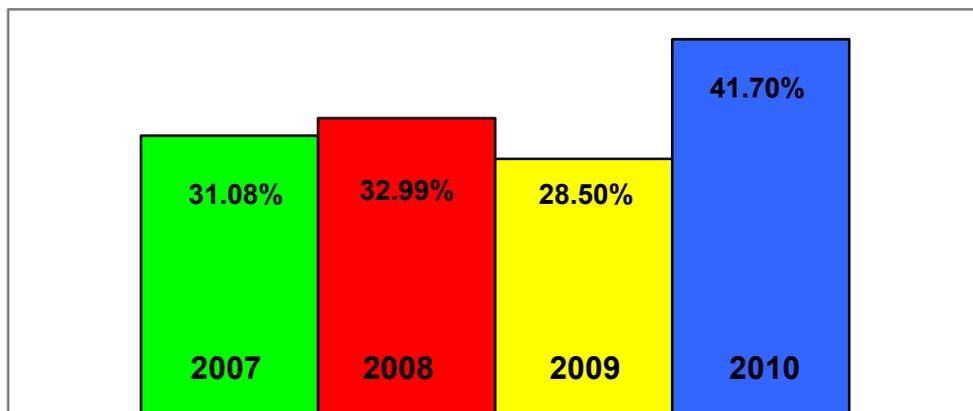
### CAPITAL PROJECTS FUND OPERATIONS ANALYSIS

(Numbers presented on Modified Basis)

Capital Projects Fund	2006	2007	2008	2009	2010
Beginning Fund Balance	\$ 3,871,163	\$ 3,511,542	\$ 2,251,074	\$ 3,501,903	\$ 3,258,227
Revenue	9,001,849	8,454,625	9,373,328	8,179,820	7,957,681
Expenditures	<u>9,734,853</u>	<u>10,358,881</u>	<u>8,216,189</u>	<u>12,915,914</u>	<u>8,618,688</u>
Gain (Loss)	(733,004)	(1,904,256)	1,157,139	(4,736,094)	(661,007)
Other Financing	373,383	643,788	93,690	4,492,418	6,221
Ending Fund Balance	<u>\$ 3,511,542</u>	<u>\$ 2,251,074</u>	<u>\$ 3,501,903</u>	<u>\$ 3,258,227</u>	<u>\$ 2,603,441</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, 2010

### MOTOR VEHICLE FUND OPERATIONS ANALYSIS

(Numbers presented on Modified Basis)

Motor Vehicle Fund	2006	2007	2008	2009	2010
Beginning Fund Balance	\$ 1,341,248	\$ 1,153,002	\$ 1,098,366	\$ 1,822,414	\$ 411,104
Revenue	2,162,731	2,088,169	2,257,934	2,015,139	1,956,290
Expenditures	<u>2,403,760</u>	<u>2,196,817</u>	<u>1,571,900</u>	<u>4,381,743</u>	<u>1,352,892</u>
Gain (Loss)	(241,029)	(108,648)	686,034	(2,366,604)	603,398
Other Financing	52,783	54,012	38,014	955,294	30,554
Ending Fund Balance	<u>\$ 1,153,002</u>	<u>\$ 1,098,366</u>	<u>\$ 1,822,414</u>	<u>\$ 411,104</u>	<u>\$ 1,045,056</u>

# City of Canton

For the Year Ended December 31, 2010

## 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.

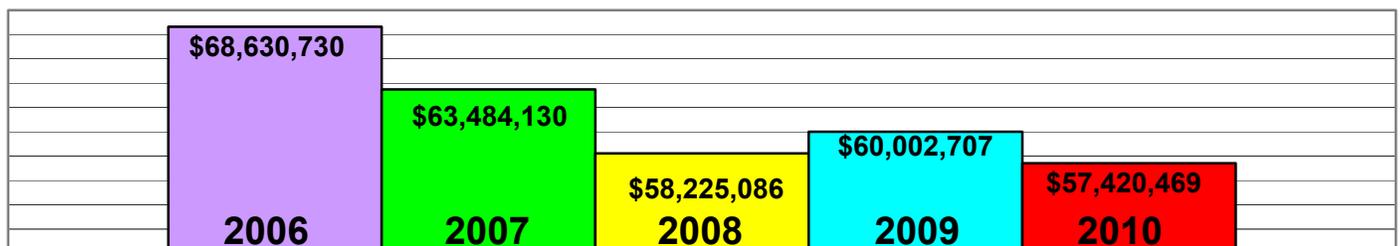
For the Year Ended December 31, 2010

## DEBT ACTIVITIES

	Balance 12/31/09	Adds (Issued)	Deletes (Retired)	Balance 12/31/10	Due Within One Year
<i>Governmental Activities</i>					
General Obligation Bonds	19,483,363	-	2,768,553	16,714,810	2,879,398
OWDA Loan	-	54,641	1,078	53,563	-
SIB Loan	776,931	-	70,803	706,128	73,123
Urban Redevelopment Loan	808,477	-	121,888	686,589	126,763
OPWC Loan	942,296	-	65,087	877,209	65,087
Compensated Absences	6,895,092	2,081,005	2,411,593	6,564,504	859,317
Capital Lease	1,070,540	-	132,381	938,159	330,118
<b>Total Governmental Activities</b>	<b>29,976,699</b>	<b>2,135,646</b>	<b>5,571,383</b>	<b>26,540,962</b>	<b>4,333,806</b>
<i>Business-Type Activities</i>					
OPWC Loan	70,135	-	5,395	64,740	5,395
OWDA Loan	21,666,780	3,530,980	1,631,855	23,565,905	1,257,272
General Obligation Bonds	6,961,124	-	931,447	6,029,677	970,601
Compensated Absences	1,303,742	512,394	610,075	1,206,061	196,971
Capital Lease	24,227	-	11,103	13,124	13,124
<b>Total Business-Type Activities</b>	<b>30,026,008</b>	<b>4,043,374</b>	<b>3,189,875</b>	<b>30,879,507</b>	<b>2,443,363</b>
<b>Total Debt</b>	<b>60,002,707</b>	<b>6,179,020</b>	<b>8,761,258</b>	<b>57,420,469</b>	<b>6,777,169</b>

For the Year Ended December 31, 2010

## HISTORICAL TOTAL DEBT COMPARISON

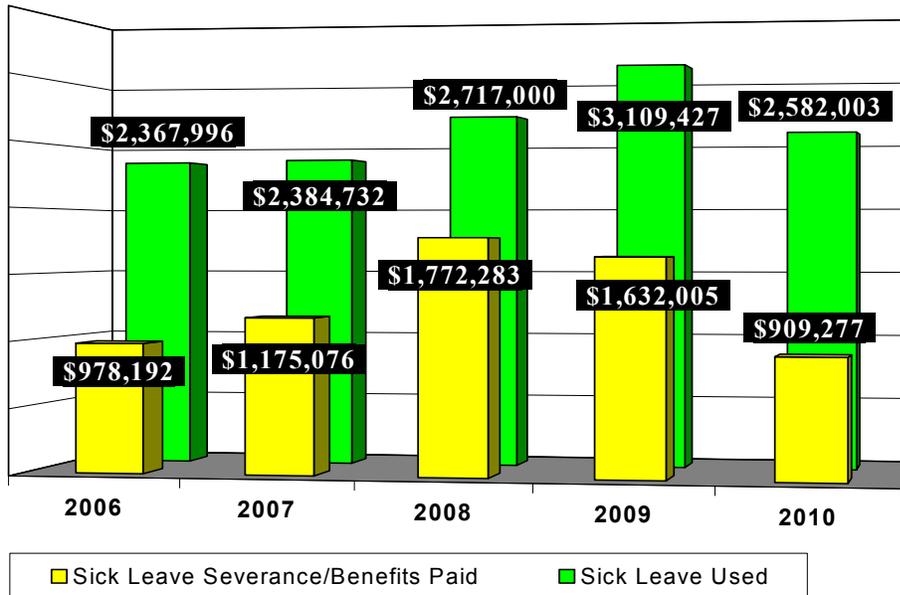


# EMPLOYEE BENEFIT COST ANALYSIS

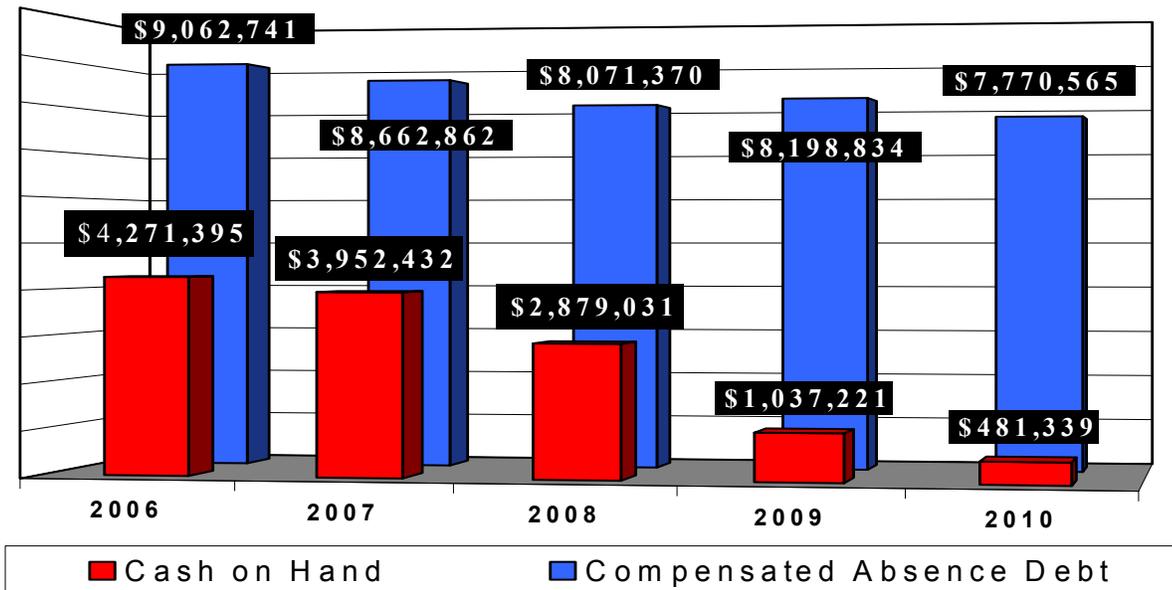
City of Canton

For the Year Ended December 31, 2010

## 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 and 2009, 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.