

• CITY OF CANTON, OHIO •

Popular Annual Financial Report

Richard A. Mallonn II
Auditor, City of Canton



For The Year Ended December 31, 2005

City of Canton, Ohio

Popular Annual

Financial Report

For the Year Ended December 31, 2005

Richard A Mallonn II
City Auditor

Prepared by the City Auditor's Office

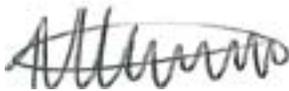
Message from the Auditor

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, 2005. 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. As a result, we successfully overcame years of deficit spending and are in the second consecutive year of council mandating and passing balanced budgets. 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 questions, comments and/or suggestions regarding this report is encourage to contact my office at (330) 489-3226

Thank you



Richard A Mallonn II
Auditor, City of Canton

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June 30, 2006

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, 2005. 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 2005 Comprehensive Annual Financial Report (CAFR) utilizing the new reporting model established in GASB Statements No. 33 and 34. The financial statements appearing in the CAFR were prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by the State Auditor Betty Montgomery'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).

Canton's PAFR is un-audited and presented on a GAAP basis consistent with the rules defined by GASB Statement No. 33 and 34. 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 2005 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, 2004. 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

Certificate of Achievement for Excellence in Financial Reporting

Presented to
**City of Canton,
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Perry

President

Jeffrey R. Emmer

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 2000 population of 80,806 placed it as the largest city in the County and the ninth 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 three school districts within its corporation limits, the largest of which being Canton City Schools. The Canton City School District has substantially completed a Design for the Future program that will replace nine elementary schools, one middle school, and renovate the majority of the other buildings. The \$176 million dollar program has been funded through state and local dollars. The City also has one four-year college, Malone College, 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 682 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.



William R Day Parking Deck & Office Building



Tuscarawas St. Bridge Replacement



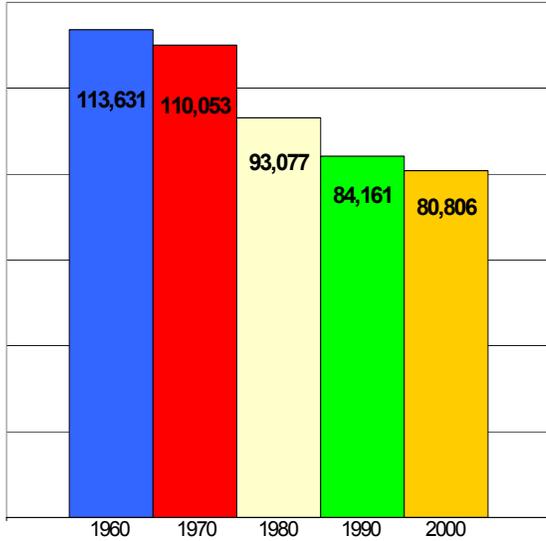
4th St. NW Bridge Replacement

City of Canton

For the Year Ended December 31, 2005

TOTAL POPULATION BY DECADE

Source: U.S. Census Bureau

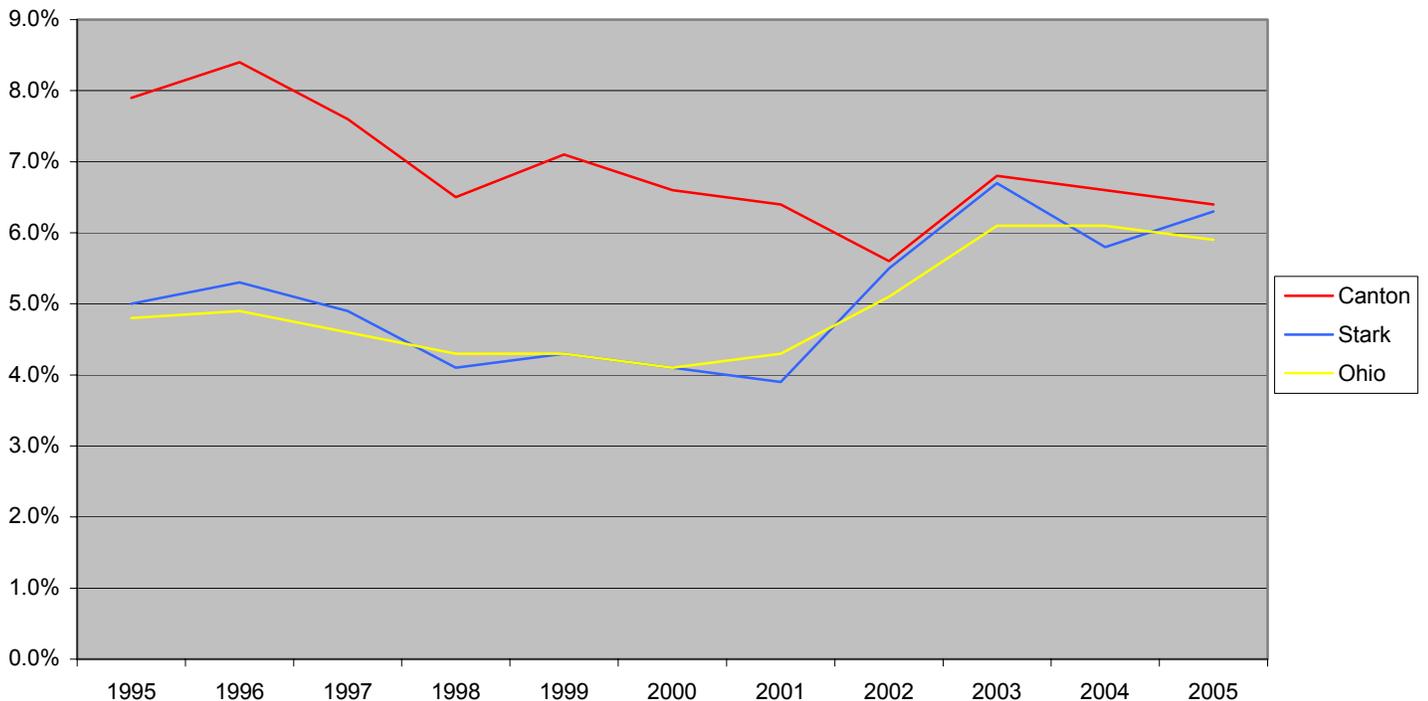


City of Canton

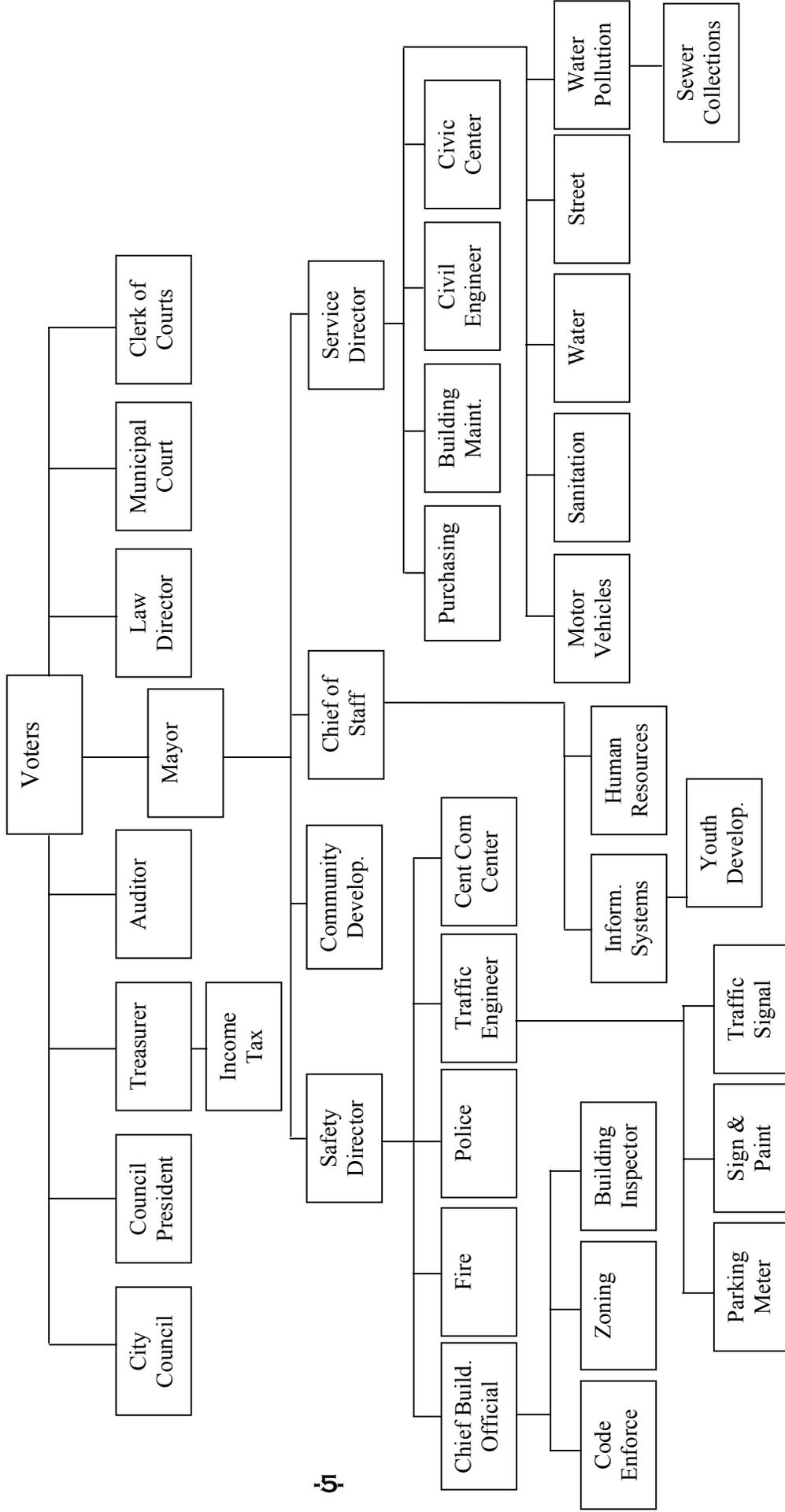
For the Year Ended December 31, 2005

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

James Carman
Deputy Auditor III
5 Yrs of City Service
Annual Financial Statement
Preparation
Budget Staff Management
Grant Auditor

Christine Bagley
Internal Auditor
3 Yr of City Service
Budget Staff Support &
Auditing

Susan Burton
Deputy Auditor I
21 Yrs of City Service

Sharon Lendon
Deputy Auditor I
15 Yrs of City Service

Kimberly Baca
Deputy Auditor II
8 Yrs of City Service

Sharon Toney
Deputy Auditor II
16 Yrs of City Service

Payroll

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

Kelly Wackerly
Deputy Auditor I
27 Yrs of City Service

Cheryl Jacobsen
Deputy Auditor I
28 Yrs of City Service

Heather Locke
Deputy Auditor I
11 Yrs of City Service

Elonda Eford
Deputy Auditor II
6 Yr of City Service

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

Timothy Larson
Analyst
5 Yrs of City Service
Financial System Upgrade
Development and Support

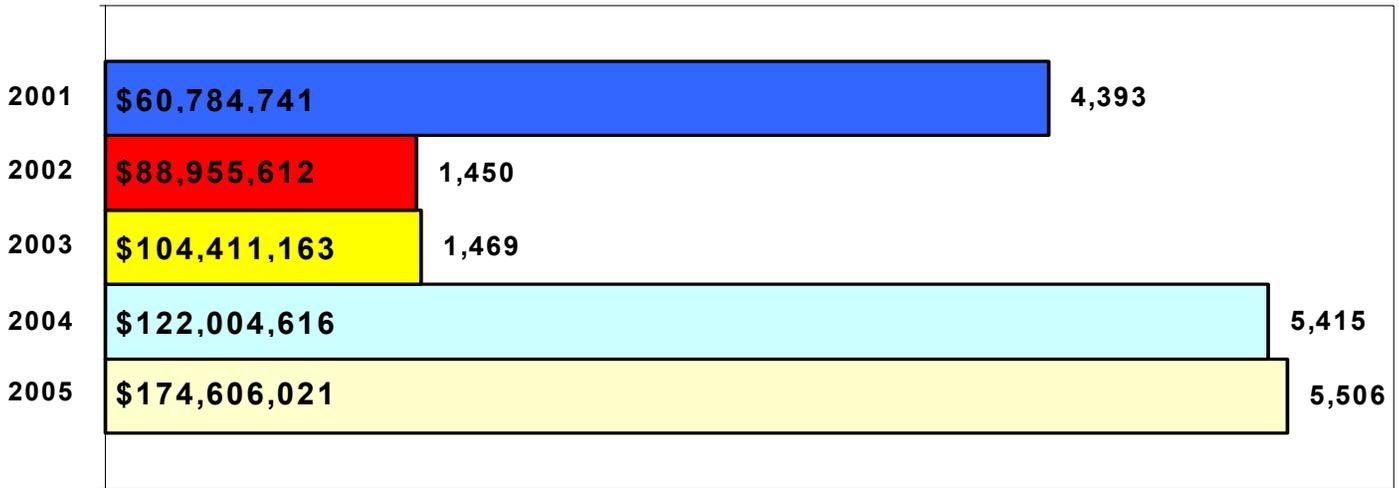
Technical

City of Canton

For the Year Ended December 31, 2005

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 2001, with the value of the projects for that year.

PRIMARY PROPERTY TAXPAYERS

Source: Stark County Auditor's Office

	Value of Property
The Timken Company **	\$ 46,312,700
Ohio Power Company	31,767,290
Ohio Bell Telephone	10,914,740
Republic Engineered Products	10,370,760
M K Morse Co.	8,571,790
Fresh Mark Inc.	7,941,450
Rubbermaid Incorporated	7,061,190
Marathon Ashland Petroleum	6,039,840
Republic Storage	5,087,740
Ironrock Capital Inc.	4,952,940
Total	\$ 139,020,440

**Top ten income taxpayer

ASSESSED PROPERTY VALUES WITH NET CHANGE

Source: Stark County Auditor's Office

	Total City Assessed Property Values	Percentage Change
1996	\$ 715,831,568	
1997	\$ 746,392,008	4.27%
1998	\$ 848,227,745	13.64%
1999	\$ 863,986,216	1.86%
2000	\$ 865,265,725	0.15%
2001	\$ 999,241,496	15.48%
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%

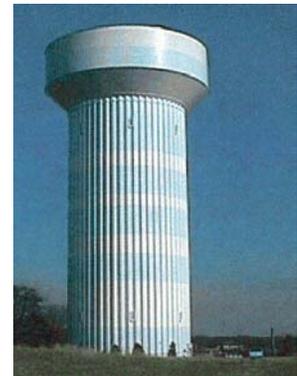
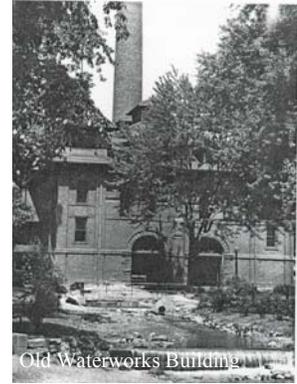


City of Canton

For the Year Ended December 31, 2005

UTILITY OPERATIONS

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>
Operating Revenue	\$ 11,638,498	\$ 10,913,729	\$ 4,180,398
Nonoperating Revenue	213,684	64,001	-
Total Revenue	11,852,182	10,977,730	4,180,398
Operating Expenses	8,507,891	9,387,481	4,456,889
Nonoperating Expenses	870,104	546,649	24,609
Total Expenses	9,377,995	9,934,130	4,481,498
Net Revenues Over/ (Under) Expenses	\$ 2,474,187	\$ 1,043,600	\$ (301,100)

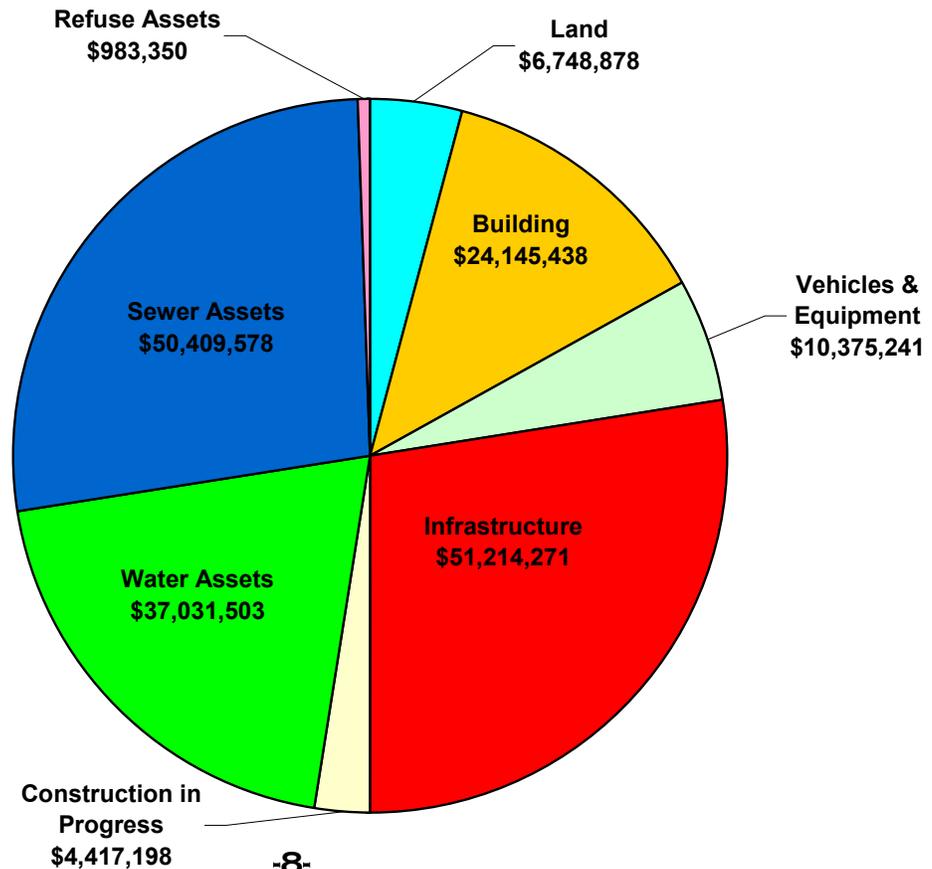


The operating results for the Water, Sewer, and Refuse Departments for the year ending December 31, 2005 are presented on a GAAP basis.

City of Canton

For the Year Ended December 31, 2005

TOTAL CAPITAL ASSETS (shown net of depreciation)



City of Canton

For the Year Ended December 31, 2005

STATEMENT OF NET ASSETS

(in millions)

	Governmental Activities	
	2005	2004
Assets		
Cash	\$ 23.4	\$ 23.0
Receivables	30.9	33.0
Capital Assets, Net	97.7	101.0
Total Assets	\$ 152.0	\$ 157.0
Liabilities		
Current and Other Liabilities	\$ 12.9	\$ 10.9
Due Within One Year	3.8	3.8
Long-Term Liabilities:		
Due Within More Than One Year	25.1	28.9
Total Liabilities	41.8	43.6
Net Assets	\$ 110.2	\$ 113.4

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. All numbers are reported on a full GAAP accounting basis and are compliant with **GASB Statement No. 34** 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 2005 CAFR

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.

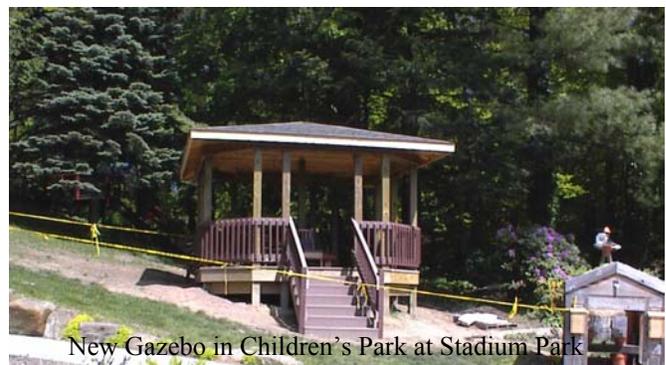
Long-Term Liabilities – Long-Term Liabilities is the amount of money the city has borrowed by issuing tax-exempt bonds for various construction projects and now must pay back over time. The portion labeled Due Within One Year will be paid off next year. The remaining portion (Due Within More Than One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



Children's Park at Stadium Park



New Gazebo in Children's Park at Stadium Park

City of Canton

For the Year Ended December 31, 2005

STATEMENT OF ACTIVITIES

(in millions)

	Governmental Activities	
	2005	2004
Revenues		
Program Revenues:		
Charges for Services	\$ 11.0	\$ 12.0
Operating Grants and Contributions	7.1	7.6
Capital Grants and Contributions	1.4	2.5
Total Program Revenues	19.5	22.1
General Revenues:		
City Income Taxes	41.8	39.0
Property Taxes	3.7	3.2
Intergovernmental	10.0	9.2
Grants and Contributions	0.4	-
Interest and Investment Earnings	1.3	0.7
Other	3.8	1.6
Total General Revenues	61.0	53.7
Total Revenues	\$ 80.5	\$ 75.8
Expenses		
Program Expenses:		
General Government	\$ 18.6	\$ 16.7
Security of Persons and Property	33.7	32.0
Public Health	5.4	4.7
Transportation	14.3	17.3
Community Development	7.9	6.5
Leisure Time Activities	2.9	2.5
Interest on Long-Term Debt	0.9	1.1
Total Program Expenses	83.7	80.8
(Decrease) in Net Assets	\$ (3.2)	\$ (5.0)

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 2005, the City spent \$3.2 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 Statement No. 34 standards. The amounts shown employ the same method of accounting as and were summarized in the audited financial statements within the 2005 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

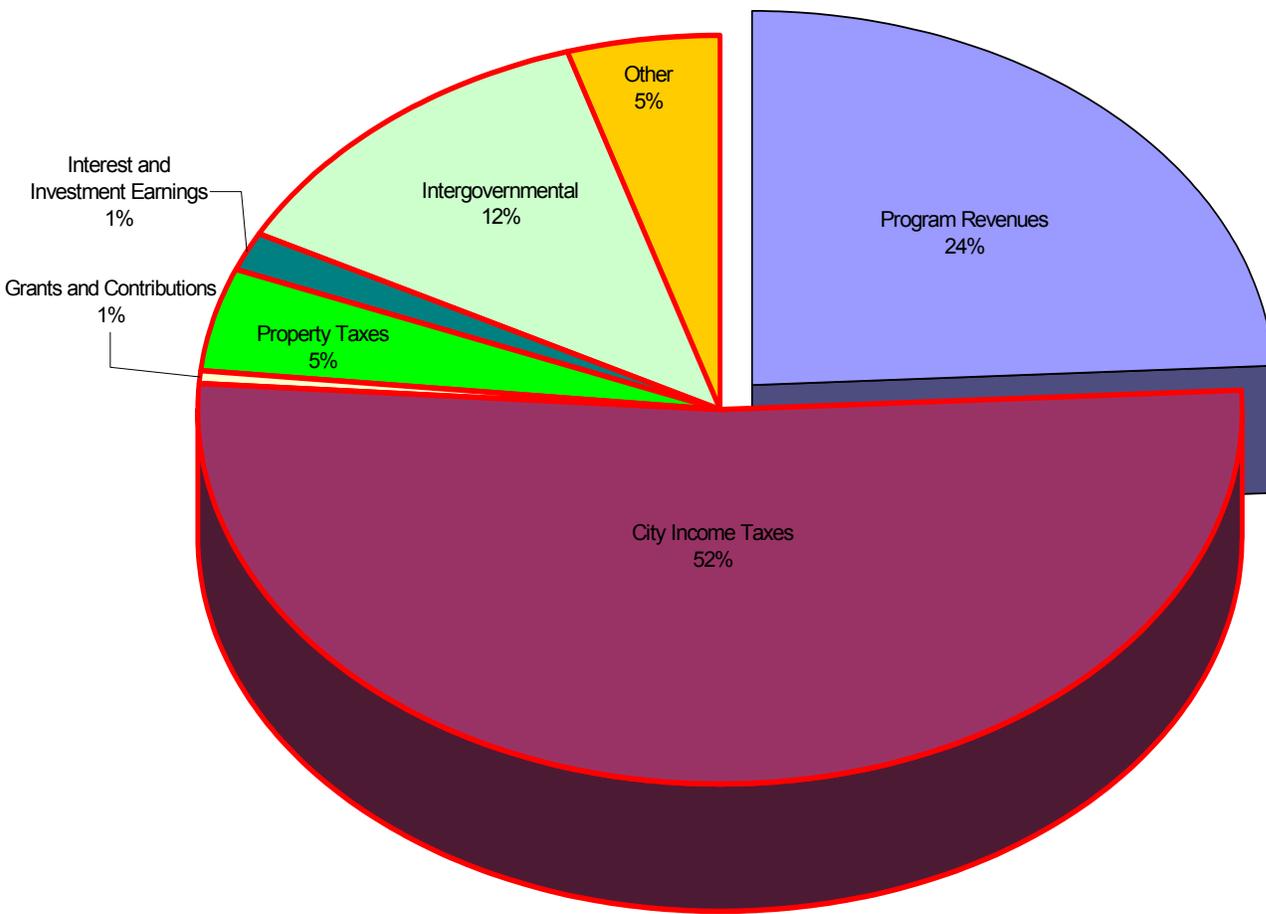
For an explanation of what makes up the expense line items see page 12.

City of Canton

For the Year Ended December 31, 2005

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 24% of the City's revenue can be labeled program revenue with the rest being non-program revenue, and that over half the City's total revenue comes from income taxes.

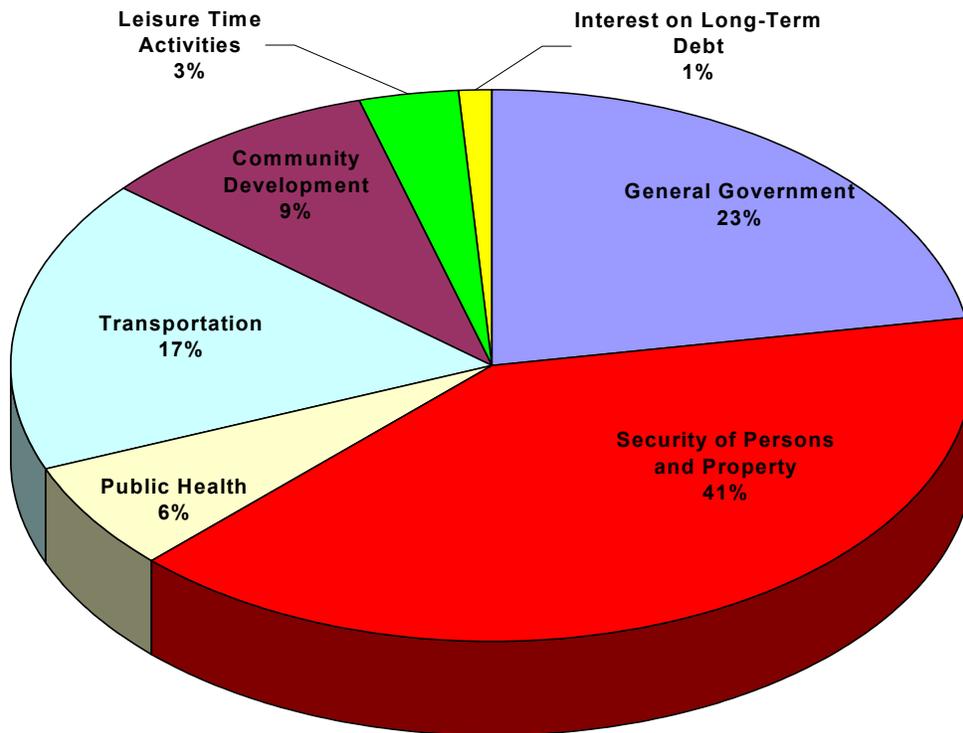


Note: Areas outlined in red make up non-program revenue

City of Canton

For the Year Ended December 31, 2005

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, Budget Director, Human Resources, Word Processing, Youth Development, Civil Service Board, Zoning Board, Building Maintenance, Motor Vehicle Department, Management Information Services 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, 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.

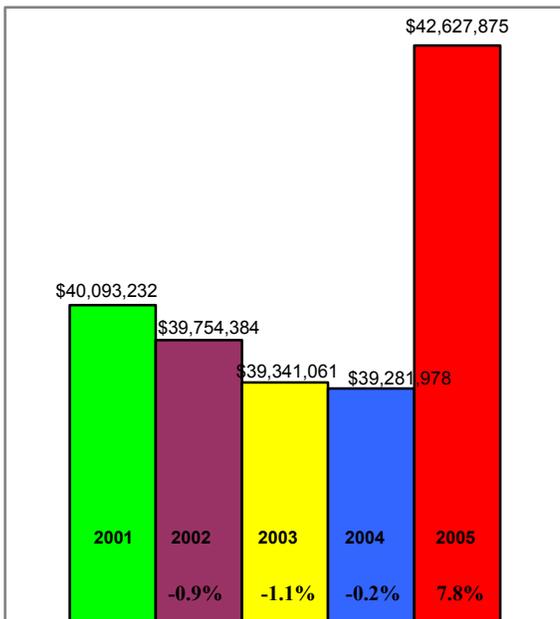
Leisure Time Activities – Included in this category are expenditures for the Park Department, Munson Baseball Stadium and the Civic Center.

Interest on Long Term Debt – Included in this category are interest payments on the City’s outstanding debt.

City of Canton

For the Year Ended December 31, 2005

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 88% of General

Fund expenses are for salaries 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, 2005

GENERAL FUND OPERATIONS ANALYSIS

(Numbers presented on Modified Basis, only five years of information available)

General Fund	2001	2002	2003	2004	2005
Beginning Fund Balance	\$ 14,451,442	\$ 13,626,368	\$ 10,096,686	\$ 9,290,773	\$ 9,201,548
Revenue	53,585,057	48,857,227	48,653,721	50,440,377	54,339,688
Expenditures	<u>55,117,960</u>	<u>53,429,749</u>	<u>49,409,639</u>	<u>50,451,226</u>	<u>52,792,857</u>
Gain (Loss)	(1,532,903)	(4,572,522)	(755,918)	(10,849)	1,546,831
Other Financing	707,829	1,042,840	(49,995)	(78,376)	(100,325)
Ending Fund Balance	<u>\$ 13,626,368</u>	<u>\$ 10,096,686</u>	<u>\$ 9,290,773</u>	<u>\$ 9,201,548</u>	<u>\$ 10,648,054</u>

City of Canton

For the Year Ended December 31, 2005

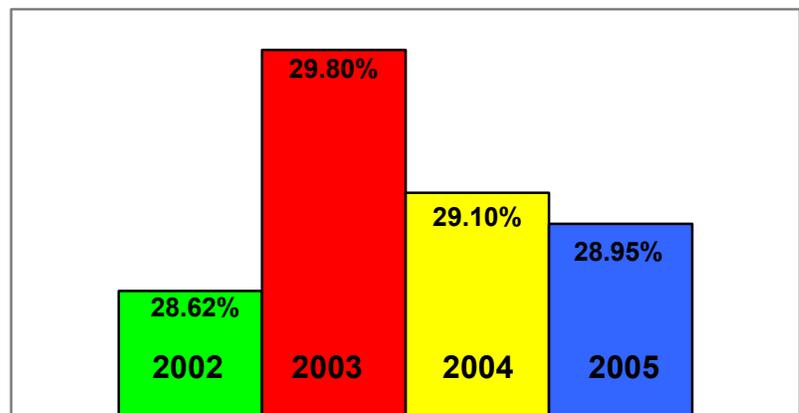
CAPITAL PROJECTS FUND OPERATIONS ANALYSIS

(Numbers presented on Modified Basis, only five years of information available)

Capital Projects Fund	2001	2002	2003	2004	2005
Beginning Fund Balance	\$ 3,117,447	\$ 3,714,897	\$ 3,073,925	\$ 3,383,576	\$ 3,540,752
Revenue	8,139,145	7,537,918	7,423,473	7,522,300	8,290,765
Expenditures	<u>7,514,932</u>	<u>8,064,490</u>	<u>7,389,436</u>	<u>7,548,670</u>	<u>7,960,354</u>
Gain (Loss)	624,213	(526,572)	34,037	(26,370)	330,411
Other Financing	(26,763)	(114,400)	275,614	183,546	-
Ending Fund Balance	<u>\$ 3,714,897</u>	<u>\$ 3,073,925</u>	<u>\$ 3,383,576</u>	<u>\$ 3,540,752</u>	<u>\$ 3,871,163</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



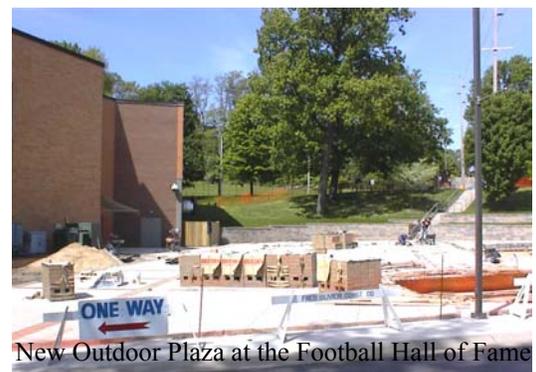
City of Canton

For the Year Ended December 31, 2005

MOTOR VEHICLE FUND OPERATIONS ANALYSIS

(Numbers presented on Modified Basis, only five years of information available)

Motor Vehicle Fund	2001	2002	2003	2004	2005
Beginning Fund Balance	\$ 1,617,335	\$ 1,707,273	\$ 1,122,495	\$ 650,533	\$ 1,441,675
Revenue	1,904,567	1,858,830	1,664,102	2,093,118	2,058,152
Expenditures	<u>1,814,629</u>	<u>1,802,246</u>	<u>2,165,914</u>	<u>1,607,221</u>	<u>2,190,959</u>
Gain (Loss)	89,938	56,584	(501,812)	485,897	(132,807)
Other Financing	-	(641,362)	29,850	305,245	32,380
Ending Fund Balance	<u>\$ 1,707,273</u>	<u>\$ 1,122,495</u>	<u>\$ 650,533</u>	<u>\$ 1,441,675</u>	<u>\$ 1,341,248</u>



City of Canton

For the Year Ended December 31, 2005

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.

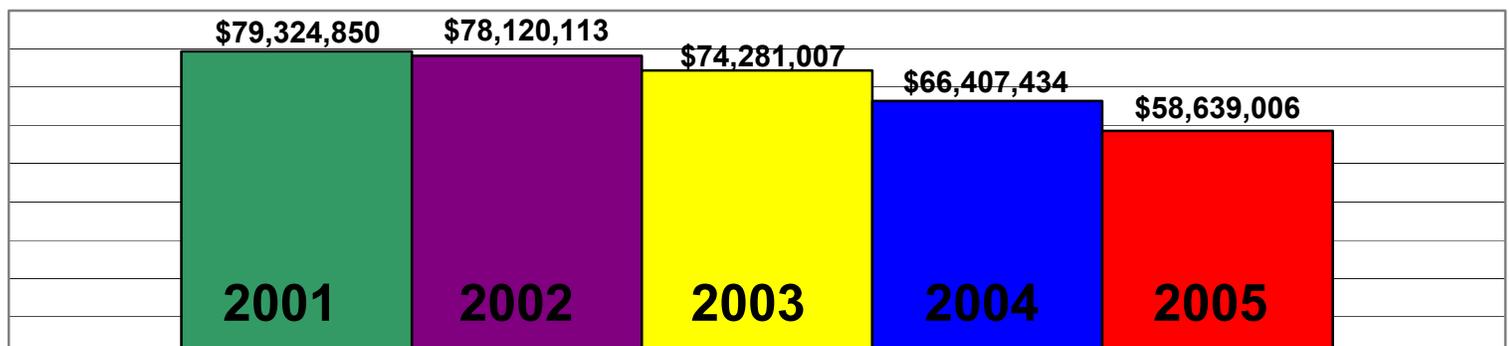
For the Year Ended December 31, 2005

DEBT ACTIVITIES

	Balance 12/31/04	Adds (Issued)	Deletes (Retired)	Balance 12/31/2005	Due Within One Year
<i>Governmental Activities</i>					
General Obligation Bonds	18,120,000	-	2,410,000	15,710,000	2,195,000
HUD Loan	1,650,000	-	335,000	1,315,000	335,000
SIB Loan	1,075,729	-	55,002	1,020,727	57,364
Urban Redevelopment Loan	1,384,250	-	133,333	1,250,917	133,333
OPWC Loan	409,814	245,611	45,581	609,844	40,387
Compensated Absences	8,452,493	1,411,735	2,410,513	7,453,715	784,756
Total Governmental Activities	31,092,286	1,657,346	5,389,429	27,360,203	3,545,840
<i>Business-Type Activities</i>					
OPWC Loan	310,115	-	54,828	255,287	52,130
OWDA Loan	19,192,678	-	1,783,998	17,408,680	1,480,493
General Obligation Bonds	14,480,000	-	2,145,000	12,335,000	2,145,000
Compensated Absences	1,332,355	512,910	565,429	1,279,836	211,413
Total Business-Type Activities	35,315,148	512,910	4,549,255	31,278,803	3,889,036
Total Debt	66,407,434	2,170,256	9,938,684	58,639,006	7,434,876

For the Year Ended December 31, 2005

HISTORICAL TOTAL DEBT COMPARISON

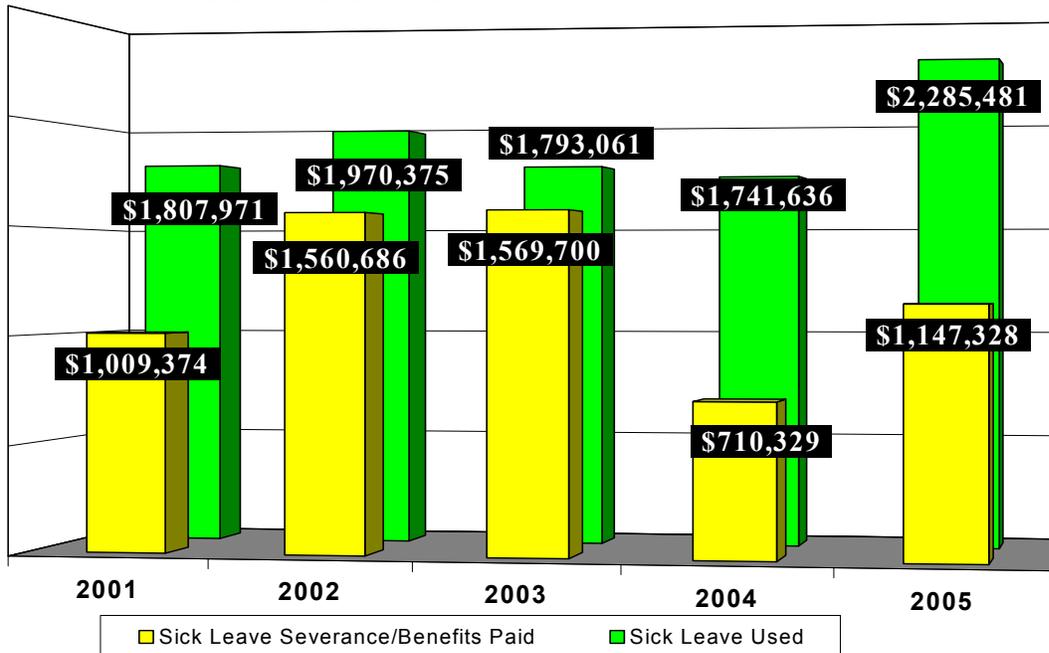


EMPLOYEE BENEFIT COST ANALYSIS

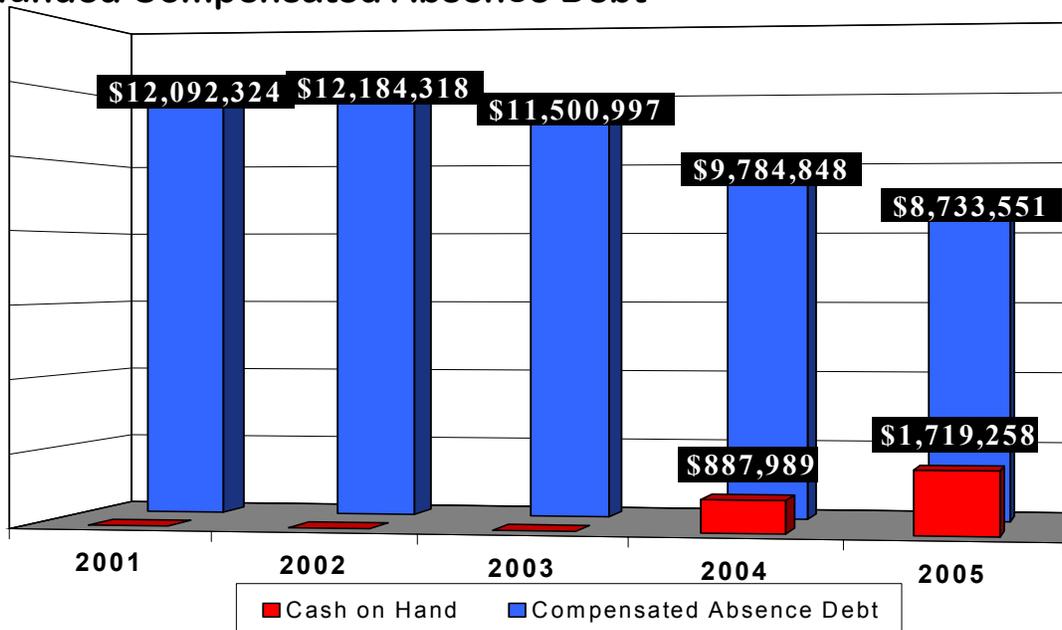
City of Canton

For the Year Ended December 31, 2005

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 start setting aside cash to pay for its large compensated absence debt. As can be seen in the graph, the City's attempts to begin funding this large debt figure as well as changes made to what the City pays in severance packages has allowed the unfunded portion of this debt to decrease drastically.

CITY OF CANTON

CITY OFFICIALS

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Mary Cirelli
David Dougherty
James E. Griffin
Richard D. Hart**

**Greg Hawk
Karl Kraus
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Thomas West
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Richard J. Kubilus

John J. Poulos

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CHILDREN'S GARDEN STADIUM PARK

2005 Financial Report

Logo Art Provided by Pro Football Hall Of Fame Festival
Photography by James Carman