



**Auditor of State
Betty Montgomery**

CITY OF CANTON
STARK COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Canton
Stark County
218 Cleveland Avenue
Canton, Ohio 44702

To the Honorable Mayor and City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Canton, Stark County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 12, 2006 in which we noted the financial statements of the City's component unit was audited by other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

In a separate letter to the City's management dated June 12, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

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

City of Canton
Stark County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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In a separate letter to the City's management dated June 12, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management, City Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 12, 2006



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City of Canton
Stark County
218 Cleveland Avenue
Canton, Ohio 44702

To the Honorable Mayor and City Council:

Compliance

We have audited the compliance of the City of Canton, Stark County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended December 31, 2005. The summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's basic financial statements include the operation of the Canton Community Improvement Corporation, which expended \$1,820,893 in federal awards which is not included in the Federal Awards Receipts and Expenditures Schedule for the year ended December 31, 2005. Our audit of Federal awards, described below, did not include the operations of the Canton Community Improvement Corporation because the component unit engaged another auditor to audit its Federal award programs in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that OMB Circular A-133 requires us to report, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2005-001 through 2005-008.

In a separate letter to the City's management dated June 12, 2006, we reported another matter related to federal noncompliance not requiring inclusion in this report.

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Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated June 12, 2006.

Federal Awards Receipts and Expenditures Schedule

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component unit and remaining fund information of the City of Canton, Stark County, Ohio as of and for the year ended December 31, 2005, and have issued our report thereon dated June 12, 2006, which indicated the financial statements of the Canton Community Improvement Corporation were audited by other auditors, and our opinion, insofar as it relates to the amounts included for this component unit, is based on the report of other auditors. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Federal Awards Receipts and Expenditures Schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the management, City Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

June 12, 2006

**CITY OF CANTON
STARK COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2005**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Grant Year	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
<i>(Direct)</i>					
Community Development Block Grants/ Entitlement Grants	B-04-MC-390002	04	14.218	\$ 3,303,277	\$ 3,303,276
	B-05-MC-390002	05		1,681,111	1,677,618
				<u>4,984,388</u>	<u>4,980,894</u>
Emergency Shelter Grants Program	S-02-MC-390002	02	14.231	-	169,669
	S-03-MC-390002	03		35,687	35,687
	S-04-MC-390002	04		130,260	130,260
	S-05-MC-390002	05		27,795	27,795
				<u>193,742</u>	<u>363,411</u>
HOME Investment Partnerships Program	M-96-MC-390203	96	14.239	82,521	62,521
	M-99-MC-390203	99		44,611	44,611
	M-00-MC-390203	00		74,258	74,258
	M-02-MC-390203	02		75,143	71,693
	M-03-MC-390203	03		64,128	64,128
				<u>340,661</u>	<u>317,211</u>
Total U.S. Department of Housing and Urban Development				5,518,791	5,661,516
<u>U.S. DEPARTMENT OF JUSTICE</u>					
<i>(Direct)</i>					
Stop Violence Against Women Formula Grant Program	2004-WF-VA2-8223	05	16.588	16,468	16,468
Local Law Enforcement Block Grant Program		03	16.592	-	74,711
		04		-	14,461
				<u>-</u>	<u>89,172</u>
<i>(Passed Through the State of Ohio Office of Criminal Justice Services)</i>					
Edward Byrne Memorial State & Local Law Enforcement Assistance Program	2004-DG-B01-7448	05	16.579	29,622	29,622
Total U.S. Department of Justice				46,090	135,262
<u>U.S. DEPARTMENT HOMELAND SECURITY</u>					
<i>(Direct)</i>					
Disaster Grant-Public Assistance	HSFEEM 06-P-5350	05	97.036	50,402	50,402
Assistance to Firefighters Grant	EMW 2004 FG-18075	04	97.044	136,465	136,465
		05		3,741	3,741
				<u>140,206</u>	<u>140,206</u>
Total U.S. Department of Homeland Security				190,608	190,608
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>					
<i>(Passed through the State of Ohio Environmental Protection Agency)</i>					
Air Pollution Control Program Support	AP-19-91-76-020005		66.001	236,862	236,862
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
<i>(Passed through State of Ohio Department of Health)</i>					
Preventive Health Services - Sexually Transmitted Diseases	76-2-001-2-BX04/05		93.977	55,660	30,853
Childhood Lead Poisoning Prevention Projects	76-2-001-1-BD04		93.197	-	10,430
HIV Prevention	76-2-001-2-AS-05/06		93.940	204,876	165,055
Center for Disease Control and Prevention	76-2-001-2-BI04/05/06		93.283	356,926	432,215
Immunization Grants	76-1-001-2-AZ04/05		93.268	70,938	177,946
Maternal and Child Health Services Block Grant	76-2-001-1-AJ04/05		93.994	36,169	36,169
Total U.S. Department of Health and Human Services				724,569	852,668
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<i>(Passed through State of Ohio Department of Health)</i>					
Special Supplemental Nutrition Program for for Women, Infants and Children	76-2-001-1-CL05/06		10.557	915,394	939,518
<i>(Passed through State of Ohio Department of Education)</i>					
Summer Food Service Program for Children	114306	05	10.559	34,146	34,146
Total U.S. Department of Agriculture				949,540	973,664
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
<i>(Passed through State of Ohio Department of Public Safety)</i>					
State and Community Highway Safety	2005-SC-N/I	05	20.600	46,201	24,882
	2004-SC-N/I	04		7,617	7,617
Total U.S. Department of Transportation				53,818	32,499
Total				\$ 7,720,278	\$ 8,083,079

The notes to this schedule are an integral part of this schedule.

**CITY OF CANTON
STARK COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The City passes-through certain Federal assistance received from the Federal Department of Housing and Urban Development (HUD) to other governments or not-for-profit agencies (subrecipients). As described in Note A, the City records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the City is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE C - CHILD NUTRITION CLUSTER

Program regulations do not require the City to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes and local businesses. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The initial loan of this money is recorded as a disbursement on the accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property or the asset acquired. At December 31, 2005, the gross amount of loans outstanding under this program was \$3,155,265.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**CITY OF CANTON
STARK COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grants – Entitlement Grants, CFDA #14.218, Home Investment Partnership Program (HOME), CFDA #14.239, Emergency Shelter Grant, CFDA #14.231
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2005-001
CFDA Title and Number	Community Development Block Grants – Entitlement Grants, CFDA #14.218
Federal Award Number / Year	2005
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Direct

Federal Questioned Costs

24 CFR Section 570.200(a)(2) requires all activities undertaken must meet one of three national objectives of the Community Development Block Grant (CDBG) program, i.e., benefit low and moderate income persons, eliminate slums or blight, or meet community development needs having a particular urgency. In addition, **24 CFR Sections 570.200 through 570.207** provide, in pertinent part, that CDBG funds are to be used for the following activities: (1) the acquisition of real property; (2) the acquisition, construction, reconstruction, or installation of public works, facilities and site, or other improvements, (3) clearance, demolition, and removal of buildings and improvements; (4) payments to housing owners for losses of rental income incurred in temporarily holding housing for the relocated; (5) disposition of real property acquired under this program; (6) provision of public services (subject to limitations contained in the CDBG regulations); (7) payment of the non-Federal share of another grant program that is part of the assisted activities; (8) interim assistance where immediate action is needed prior to permanent improvements or to alleviate emergency conditions threatening public health or safety; (9) payment to complete a Title I Federal Urban Renewal project; (10) relocation assistance; (11) planning activities; (12) administrative costs; (13) acquisition, construction, reconstruction, rehabilitation, or installation of commercial or industrial buildings; (14) assistance to community-based development organizations; (15) activities related to privately-owned utilities; (16) assistance to private, for-profit businesses, when appropriate to carry out an economic development project; (17) construction of housing assisted under Section 17 of the United States Housing Act of 1937; (18) reconstruction of properties; (19) direct home ownership assistance to facilitate and expand home ownership; (20) technical assistance to public or private entities for capacity building (exempt for the planning/administration cap); (21) housing services related to HOME funded activities; (22) assistance to institutions of higher education to carry out eligible activities; (23) assistance to public and private entities (including for-profits) to assist micro-enterprises; (24) payment for repairs and operating expenses for acquired “in rem” properties (i.e., certain properties in New York City); and (25) residential rehabilitation including code enforcement, lead-based paint hazard evaluation, and removal.

During 2005, the City categorized expenditures related to the 2005 Concert in the Park (i.e., chair rentals, porta-john rentals, SARTA transportation services, and production of the Concert in the Park) as low-moderate assistance. However, these expenditures do not qualify as eligible low-moderate assistance expenditures nor did the Concert in the Park expenditures meet the national objectives or allowable activities as defined above. Accordingly, expenditures related to the 2005 Concert in the Park totaling \$34,210 are federal questioned costs.

Officials’ Response: While previous attempts were made to obtain clarification from HUD, the City will discontinue this expense for the future.

Finding Number	2005-002
CFDA Title and Number	Community Development Block Grants – Entitlement Grants, CFDA #14.218
Federal Award Number / Year	2005
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Direct

Federal Questioned Costs

OMB Circular A-122, Attachment B, Section 1 (c) (1-4) states, “allowable advertising and public relations costs are those which are solely for the recruitment of personnel required for the performance by the governmental unit of obligations arising under a Federal award, the procurement of goods and services for the performance of a Federal award, the disposal of scrap or surplus materials acquired in the performance of a Federal award except when governmental units are reimbursed for disposal costs at a predetermined amount, or other specific purposes necessary to meet the requirements of the Federal award”.

During 2005, the Community Development Department’s agency responsible for promoting industrial, economic, commercial, and civic development, the Canton Community Improvement Corporation, reimbursed Downtown Canton Special Improvement District for advertising and public relations costs associated with promoting the Canton Farmers Market. These costs totaled \$10,933. The Community Development Department did not demonstrate advertising and public relations costs associated with promoting the Canton Farmers Market were low-moderate assistance, as categorized by the Community Development Department, nor do those expenditures meet the definitions of allowable costs provided by OMB Circular A-122. Accordingly, these expenditures totaling \$10,933 are federal questioned costs.

Officials’ Response: The Community Development Department believes OMB Circular A-122, Attachment A, Section B 1 (d) permits the Canton Community Improvement Corporation to make this expenditure.

Auditor of State’s Analysis: We discussed this matter with Greg Peitz from HUD on June 27, 2006. In his opinion, A-122 Attachment B, Section 1 (c) (1-4) explicitly disallows this type of expenditure.

Finding Number	2005-003
CFDA Title and Number	Home Investment Partnership Program (HOME), CFDA #14.239
Federal Award Number / Year	2005
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Direct

Noncompliance

24 CFR 92.504(a) states that a City is responsible for managing the day to day operations of its HOME program, ensuring that HOME funds are used in accordance with all program requirements and written agreements, and taking appropriate action when performance problems arise. The use of State recipients, subrecipients, or contractors does not relieve the participating jurisdiction of this responsibility. The performance of each contractor and subrecipient must be reviewed at least annually. Failure of the City to comply with annual review requirements is the basis for a finding of non-compliance.

As of the end of 2005, the City had not developed a formal monitoring plan and was not able to demonstrate active monitoring had been performed.

The U.S. Department of Housing and Urban Development recommends the development of an annual monitoring plan which articulates the City's strategy for conducting a thorough review and aids in gaining assurance that all activities are meeting HOME regulatory requirements. The annual monitoring plan should, at a minimum, address the following areas:

1. Monitoring objectives and strategy – The plan should identify the City's monitoring goals and strategies, highlighting areas to which staff should pay special attention during the monitoring year.
2. Ongoing monitoring – The plan should clearly identify the checkpoints that ensure a minimum level of review for all activities during the year and the scope and frequency of those reviews. This component should identify specific reports to be generated and reviews to be conducted, as well as establishing the frequency and timing of such reviews.
3. Monitoring staff and schedule – The plan should include a schedule of when monitoring reviews will be performed and by whom. To the extent that staff other than the monitoring staff is responsible for any particular reviews, this should be articulated.
4. In-Depth monitoring – The plan should also identify the program area and partners that will be subject to in-depth, on-site reviews during the coming monitoring year.
5. Follow-up activities – The plan should detail procedures for communicating the results of reviews with internal (the City) and external (other organizations being monitored) staff and the methods for obtaining and incorporating their feedback.
6. Coordination – Finally, the plan should describe the necessary coordination between City staff and the staff of other organizations. The plan should also describe the procedures that monitoring staff will follow when informing other HOME program staff about compliance problems.

The U.S. Housing and Urban Development has developed recommended steps for monitoring program activities and program wide performance under each of the four eligible HOME activity types and made them available on their website (www.hud.gov). By following the recommended steps, assurance can be gained that all concerns the U.S. Housing and Urban Development has pertaining to the HOME program will be addressed during annual reviews.

Officials' Response: The City prepared a monitoring program which will go into effect for 2006.

Finding Number	2005-004
CFDA Title and Number	Emergency Shelter Grant, CFDA #14.231
Federal Award Number / Year	2005
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Direct

Noncompliance

Emergency Shelter Grant (ESG) Desk Guide Section 6.3 states Integrated Disbursement and Information System (IDIS) Reports need to clearly and accurately document the Emergency Shelter Grant funds drawn down and expended by all activities and projects of the grantee for its consolidated program year. Accurate performance reporting meets the basic purposes of:

1. Providing HUD with necessary information for the Department to meet its statutory requirement to assess each grantee's ability to carry out relevant CPD programs in compliance with all applicable rules and regulations.
2. Providing information necessary for HUD's Annual Report to Congress, also statutorily mandated.
3. Provides the basis for grantee monitoring.
4. Provides grantees an opportunity to describe to citizens their successes in revitalizing communities and meeting objectives stipulated in their Consolidated Plan.

The HUD Grants and Program Income Report documented \$125,987 of funds committed to activities, while the ESG Grantee Activity Summary IDIS Report documented \$91,305 of funds committed to activities, for a difference of \$34,682. These reports also documented differences in draw amounts equaling \$5,344. As a result, the accuracy of the financial data reported to HUD through the Integrated Disbursement and Information System Reports could not be verified. The Community Development Director should ensure various IDIS Reports documenting activity for the ESG program reconcile. This will help ensure the accuracy of financial data reported can be verified and that information provided to HUD is accurate.

Officials' Response: During the fall of 2005, the City made changes to how activities are coded that will alleviate future reconciling issues.

Finding Number	2005-005
CFDA Title and Number	Emergency Shelter Grant, CFDA #14.231
Federal Award Number / Year	2005
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Direct

Noncompliance

24 CFR 576.61 states grantees are responsible for ensuring that emergency shelter grant amounts are administered in accordance with the requirements of this part and other applicable laws. The local government is responsible for ensuring that its recipients carry out the recipients' emergency shelter grant programs in compliance with all applicable requirements of general local governments distributing grant amounts to non-profit recipients.

As of December 31, 2005, the City had not developed formal monitoring or oversight procedures and was not able to demonstrate active monitoring or oversight had been performed.

ESG Desk Guide Section 6.1 states the areas for monitoring and oversight should include the following:

1. **Eligible Activities Requirements** - Ensure that grantees and recipients are using ESG funds as originally planned, are for eligible activities, and the activities benefit homeless persons and that they are provided at a reasonable cost.
2. **Financial Regulations** - Ensure that grantees and recipients are appropriately following financial management requirements.
3. **Program Disbursements** - Ensure that grantees and recipients draw down funds in compliance with requirements.
4. **Procurement and Audits** - Ensure that grantees and recipients comply with such requirements.
5. **Conflict of Interest, Environmental Compliance, and Other Federal Requirements** - Ensure that grantees and recipients comply with these requirements.

The U.S. Housing and Urban Development has developed recommended steps for monitoring program activities and program wide performance and made them available on their website (www.hud.gov). By following the recommended steps, assurance can be gained that all concerns the U.S. Housing and Urban Development has pertaining to the ESG program will be addressed during annual reviews.

Officials' Response: The City will utilize the monitoring guidelines developed for the HOME program.

Finding Number	2005-006
CFDA Title and Number	Emergency Shelter Grant, CFDA #14.231
Federal Award Number / Year	2005
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Direct

Noncompliance

24 CFR 576.56 requires recipients receiving funds to provide for the participation of homeless individuals on its policymaking entity in accordance with 42 U.S.C. 11375(d). Also, 42 U.S.C. 11375(d) requires each recipient that is not a State to provide for the participation of not less than one homeless individual or former homeless individual on the board of directors or other equivalent policymaking entity of such recipient, to the extent that such entity considers and makes policies and decisions regarding any facility, services, or other assistance of the recipient assisted under this part. The Secretary may grant waivers to recipients unable to meet the requirement under the preceding sentence if the recipient agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.

During 2005, the City was not able to demonstrate homeless participation or that a waiver was granted by the Secretary. The City should provide for participation of homeless individuals in policymaking or obtain a waiver of the requirement from the Secretary.

Officials' Response: The City will demonstrate homeless participation or obtain a waiver for future grant awards.

Finding Number	2005-007
CFDA Title and Number	Emergency Shelter Grant, CFDA #14.231
Federal Award Number / Year	2005
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Direct

Noncompliance

24 CFR 576.56(a)(2) states that requirements to ensure confidentiality of records pertaining to the provision of family violence prevention or treatment services with assistance under this part are set forth in 42 U.S.C. 11375(c)(5). **42 U.S.C. 11375(c)(5)** states that to ensure the safety and security of ESG project participants fleeing domestic violence situations, ESG recipients are required to develop and implement procedures to guarantee the confidentiality of records concerning project participants. In addition, the address and location of family violence shelter facilities receiving ESG funding may not be publicly disclosed except with the written authorization of the person(s) responsible for the shelter facility's operation.

During 2005, the City was not able to demonstrate procedures to guarantee the confidentiality of records concerning project participants or that the locations of family violence shelter facilities receiving ESG funding were not publicly disclosed. To help comply with this requirement, ESG Desk Guide Section 4-7 recommends recipient organizations keep written records or files pertaining to families under lock and key with only particular personnel granted access to those files. Verification can be incorporated in the monitoring process.

Officials' Response: The City will develop procedures to ensure the confidentiality of ESG project participant's records for future grant awards.

Finding Number	2005-008
CFDA Title and Number	Emergency Shelter Grant, CFDA #14.231
Federal Award Number / Year	2005
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Direct

Noncompliance

ESG Desk Guide Section 8.1 states that, “the use of Emergency Shelter Grants amounts requires that the grantee or the State recipient make facilities and services available to all on a nondiscriminatory basis, and publicize this fact. The procedures that a grantee or recipient uses to convey the availability of such facilities and services should reach persons with handicaps or persons of any particular race, color, religion, sex, age, familial status or national origin within their service area who may qualify for them. If not, the recipient or grantee must establish additional procedures that will ensure that these persons are made aware of the facilities and services. Grantees and recipients must adopt procedures to disseminate information to anyone who is interested regarding the existence and location of handicap accessible services or facilities”.

During 2005, the City was not able to demonstrate that facilities and services were made available to all on a nondiscriminatory basis or that such availability was publicized. The City should develop and implement procedures to ensure the publication of the fact that facilities and services are made available to all on a nondiscriminatory basis.

Officials’ Response: The City will publicize the availability of facilities and services on a nondiscriminatory basis for future grant awards.

**CITY OF CANTON
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-001	Federal Questioned Costs – 24 CFR Section 570.200 through 570.207 – CDBG expenditures may not benefit the designated low/moderate income area	No	Not corrected. Certain expenditures tested were questioned during the current audit. Refer to Finding Number 2005-001.
2004-002	24 CFR 92.203 governs income eligibility determinations. 24. CFR 92.203(a) states the HOME program has income targeting requirements for the HOME program and for HOME projects. Therefore, the participating jurisdiction (the City) must determine each family is income eligible by determining the family's annual income.	Yes	Finding No Longer Valid.
2004-003	OMB Circular A-133 § .400(d)(3) states that pass-through entities should monitor subrecipients. 24 CFR 92.504(a) states the City is responsible for managing the day to day activities of the HOME program.	No	Not corrected. The City had not developed a formal monitoring plan and was not able to demonstrate active monitoring had been performed. Refer to Finding Number 2005-003.

City of Canton, Ohio

Comprehensive Annual

Financial Report

For the Year Ended December 31, 2005

Richard A Mallonn II

City Auditor

Prepared by the City Auditor's Office

City of Canton, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2005
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Introductory Section



RICHARD A. MALLONN II

CANTON CITY AUDITOR

City Hall, Canton, Ohio 44702

Phone: (330) 489-3226

June 12, 2006

To Council Members and Citizens of the City of Canton

The Comprehensive Annual Financial Report (CAFR) of the City of Canton as of December 31, 2005 is hereby submitted. This letter and the following report represent the City's continuing commitment to excellence in financial reporting. The purpose of this letter is to acquaint the reader with the CAFR. Responsibility for both the accuracy of the data, the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the City's financial position and results of operations. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a list of City officials, the City's organizational chart and the Certificate of Achievement. The financial section includes reporting under the New Governmental Accounting Standard Board Statement No. 34, Independent Accountants' Report, the Management Discussion and Analysis, the Basic Financial Statements including corresponding Notes, the Combining Statements for Non-major Funds and other relevant supplemental financial statements and schedules for 2005. The statistical section includes selected financial and demographic information, generally presented on a multi year basis.

City Organization and Background The City 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 a 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 operates under and is governed by the mayor-council form of government. The City operates as a Statutory Municipal Corporation as defined by the Ohio Revised Code.

The City's legislative authority is vested in a twelve-member Council of whom three are elected at-large and nine are elected from their respective ward, for a term of two years. The presiding officer is the President of Council, who is elected at-large by the voters for a two-year term. The President of Council is called upon to vote on legislation in order to break a tie vote. The Council affixes compensation of City officials and employees, and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating business and trades, and other municipal purposes. The Council affirms, by resolution, the individuals appointed by the Mayor to serve on the various boards and commissions for the City. The City's chief executive and administrative officer is the Mayor, who is elected by the voters specifically to that office for a four-year term. The other elected officials are the City Auditor, the City Treasurer and the Law Director, each elected to a four-year term.

The Mayor appoints the directors of City departments other than the Income Tax Department. The major officials appointed by the Mayor are the Directors of Public Service, Public Safety, Chief of Staff, the Fire Chief, the Police Chief and the City Engineer. The Mayor also appoints members to a number of boards and commissions, and appoints and removes, in accordance with civil service requirements, all appointed officers and employees, except Council officers and employees. The City Treasurer appoints the Director of Income Tax who serves at his pleasure.

The Mayor may veto any legislation passed by Council. A veto may be overridden by a two-thirds vote of all members of Council.

Appointed and elected officials, except the members of Council, serve full-time.

City Services

General Government Functions: The City provides police protection, fire fighting and prevention, street maintenance and repairs, building inspection, parks and recreation. Funding for these operations is derived primarily from taxes in addition to small amounts of revenue generated from user fees. These operations could not be sustained without a steady flow of tax revenue.

Proprietary Operations: The City operates Water, Sewer and Refuse Departments. The revenue generated from these business type activities was sufficient to meet all expenses.

Reporting Entity

The City has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 14 "The Financial Reporting Entity." In defining the City for financial reporting purposes, management has identified all agencies, departments and organizations making up the City of Canton the primary government and its potential component units. The City will present the Canton Community Improvement Corporation (CCIC) as a discretely presented component unit for the year 2005.

Neither the Canton City School District nor the Plain Local School District has been included in the accompanying financial statements. These districts serve the citizens of Canton; however, the board is not appointed by the City, nor is it fiscally dependent on the City.

The City is associated with the Stark Area Regional Transit Authority, the Stark Council of Governments and the Stark County Regional Planning Commission as jointly governed organizations. Canton Tomorrow, Inc. and the Downtown Canton Special Improvement District are disclosed as joint ventures and the Joint Recreation District as a related organization.

Economic Condition and Outlook

Eight commercial banks and savings and loan associations are located in the City. One daily newspaper serves the City. The City is within the broadcast area of eight television stations and thirty AM and FM radio stations. Warner Cable provides cable TV services.

The City is home to a number of steel industrial manufacturers and suppliers. The City has benefited from the consistent financial success of the Timken Company. The City continues to benefit from the diversity of its business base including: Nationwide Insurance, M K Morse Company, Fresh Mark Food Distributor, Ironrock Capital Incorporated, Republic Engineered Products, Republic Storage, and Detroit Diesel to name a few. The continued success of these companies and others is essential in order to create a climate for financial stability.

The City experienced an increase in overall revenue for the second consecutive year. In addition the City saw a consistent increase in income tax revenue in 2005 giving rise to optimistic income tax growth estimates for 2006. The gradual economic improvement that has affected the entire nation's economy is impacting Canton's overall economic outlook. The economic future appears to be improving as a result of significant governmental and private construction initiatives. The City must continue to commit substantial resources to attract permanent industrial, retail, and service businesses in order to sustain the revenue increase generated by the various construction projects within the City.

The Canton City School District has embarked on a \$176 million Design for the Future program. Under the five to seven-year program, the School District will replace nine elementary schools and one middle school, provide major additions and renovations to McKinley High School and renovate almost all remaining schools in the School District. Approximately three-quarters of the entire program costs will be funded by more than \$129 million of direct State aid, with the remainder funded by approximately \$46.7 million of voter-approved debt and additional funds. In conjunction with the program, School District officials have substantially completed a \$35 million improvement project at the Timken High School Regional Campus. The Campus encompasses a ten-block area and will be completed in the summer of 2006. The project is being funded through state grants and a \$10 million grant from the Timken Foundation. The Campus will offer Stark State College of Technology courses, an Automotive and Manufacturing Academy, the Timken Academic and Fine Performing Arts Academy, and an Early College High School program. The City believes these major public works have dramatically improved the condition of the School District's facilities that have already been completed. The School District is entering the final stages of the building program. Two new elementary buildings will open in the fall of 2006 with the final two new elementary buildings and the renovations at McKinley Senior High School being completed in the fall of 2007.

Malone College, a private four-year college, is located in the City. Mount Union College and Walsh University, private four-year schools, Stark State College of Technology, a public two-year school, and a branch of Kent State University and Ashland University also are located in the County. Within commuting distance are several public and private two-year and four-year colleges and universities, including Kent State University in Kent and a branch of Kent State University in Tuscarawas County, Cleveland State University, Cuyahoga Community College, John Carroll University, Baldwin-Wallace College and Case Western Reserve University in the Cleveland metropolitan area, the University of Akron in Akron, the College of Wooster in Wooster, Hiram College in Hiram, Youngstown State University in Youngstown, and Lake College and Lakeland Community College in Lake County.

The City is served by two acute care hospitals located in the City: Aultman Hospital (682 beds) and Mercy Medical Center (476 beds), and three additional acute care hospitals located in the County: Doctors Hospital of Stark County (183 beds), Alliance Community Hospital (204 beds) and Massillon

Community Hospital (268 beds). Massillon Psychiatric Center, a 157-bed public adult psychiatric hospital operated by the State, is also located in the County. In 2003, Aultman Hospital began work on its \$98 million dollar expansion plan. The expansion is slated to take 3 years to complete. Aultman Hospital has expanded its operations consistently over the past ten years. Aultman Hospital continues to play a pivotal role in the financial stability of the City of Canton.

The Canton Park System maintains 60 parks and covers approximately 700 acres. In addition, the City constructed and owns the 5,700-seat Thurman Munson Memorial Stadium. The City's cultural assets include the Canton Art Institute, the Symphony Orchestra Association, the Canton Civic Opera Association and the Players Guild, all of which are housed in the Cultural Center (Center) for the Arts and host a variety of exhibits, musical and dramatic performances and other cultural events each year. The Center, a gift of the Timken Foundation, is a building complex located on 8-1/2 acres in the center of the City, which cost \$13,000,000 to build in 1971. Adjacent to the center is the City-owned auditorium, an air-conditioned arena-type facility with a seating capacity of 6,000. The Cultural Center and the auditorium accommodate conventions. The City's greater metropolitan area has approximately 37 hotels and motels with over 1,950 rooms.

The City is also the home of the National Professional Football Hall of Fame, which attracts more than 200,000 visitors annually. A \$9.2 million renovation and expansion of the facility was completed in September 1995, increasing the size of the facility from 51,000 square feet to 83,000 square feet and adding state-of-the-art video and theatre facilities. During 2003, the Football Hall of Fame completed its \$1.7 million renovation to the Hall of Fame Gallery where the enshrines busts are on display. In 2005, the museum began construction on a new multifunction outdoor plaza area. The new area is going to be used to host more events at the Hall of Fame and provide additional space for the annual induction ceremony. The \$400,000 project funded by the state through the Ohio Cultural Facilities Commission is expected to be completed in the summer of 2006.

The City is an industrial rail center served by the Norfolk & Southern Railway Company, Conrail, the Wheeling and Lake Erie Railway Company and CSX. 147 motor freight truck lines and local cartage haulers serve the Canton-Massillon MSA. Rail passenger service is available through the cities of Akron and Alliance by Amtrak. In 2003, Canton became a stop on the Cuyahoga Valley Scenic Railroad. The rail system is owned by the National Park Service and provides weekend excursions between Canton and Akron. Greyhound and other independent bus lines provide more complete passenger transportation.

The Stark Area Regional Transit Authority (SARTA), a separate political subdivision, provides daily public transportation in and around the City. The bus service initially was only a citywide service, but became a countywide system with the passage of a .25 percent county sales tax in 1997. The sales tax, renewed in 2002 and 2006, serves as the primary revenue source for SARTA. In addition to the sales tax, SARTA operations are supported in part from payments for contract services, State and Federal operating grants, and rider fairs. In 2003, SARTA opened its roughly \$2.5 million Cornerstone Transfer Station, which included a 3,163 square foot customer service building in Downtown Canton. In 2005, SARTA finished renovating its primary administrative and maintenance facility in Canton. The year-long project was funded by grants from the Federal Transit Authority, the Ohio Department of Transportation, and the Ohio Public Transit Association. The renovations were needed to address the functionality and space issues in the old facility.

Interstate 77 (north-south) and two U.S. highways (U.S. 30 and 62) serve the City. The City is served by four state routes (S.R. 800, 43, 153 and 687).

The Akron-Canton Regional Airport, a cooperative effort of Stark County and Summit County (in and for which the City does not have any financial interest or legal obligations), has an operational area of 2,700

acres, most of which is located in Summit County, directly north of and adjacent to Stark County, on Interstate 77. The airport has two intersecting runways, a 24-hour tower, 170,000 square foot terminal, branded concessions and 90 arrival and departure flights on six airlines. The number of passengers using the Airport in 2005 was approximately 1,075,781, an increase of 6.5 percent from 2004. The effects of September 11, 2001 have slowed the rate of anticipated growth; however, the Airport continues to experience steady and consistent growth increasing its average yearly use since 1999 by over 300,000 passengers. The Airport's master plan, which establishes a schedule of financial and construction priorities based on projected demand, provides for \$56.5 million of capital improvements from 1995 to 2015. The Airport has completed more than \$12 million of terminal, runway and taxiway improvements under the master plan. The Airport completed plans for an \$11 million Runway Expansion Project in June 2001. In 2003, in conjunction with its five year capital improvement plan, the Airport opened a new \$7 million baggage claim area and food court complete with wireless Internet access. In 2004, AirTran Airways secured the right to operate three daily round trip flights from Canton to New York and began offering a nonstop flight from Canton to Boston. In 2006, the Airport plans to open its new second level boarding gates. The new concourse will feature four gates, another food court, or more meeting areas for passengers.

For additional information on the City's economic status and financial outlook, refer to the Management Discussion and Analysis starting on page 3.

MAJOR INITIATIVES

In 2005, the City annexed approximately 350 acres and continues to explore further annexation options.

A Downtown Special Improvement District (District) was formed in the City's central business area in 1997 by petition of a majority of the property owners. In March 1997, Canton City Council approved the petition and the District's articles of incorporation and initial services plan. The District has the authority to assess property owners for the cost of public services and improvements that specifically benefit properties and the District.

In 2004 the City chose to consolidate all of its previous community reinvestment areas into one area known as the Central Neighborhoods Community Reinvestment Area. The new area covers the City's central downtown business district, significant portions of the City's northeast and southeast quadrants, and portions of the southwest and northwest quadrants closest to the City's downtown. Residential properties in the Central Neighborhoods Community Reinvestment Area can receive 100 percent abatement per year for ten years on the increased value of all qualifying improvements, restoration or new construction. Commercial properties in the area can receive 100 percent abatement on the increased value of all qualifying, restoration and construction for the first 5 years and a 20 percent reduction per year over the remaining five-year period. The construction must be over \$50,000 for commercial projects and \$5,000 for residential projects to qualify.

The City has partnered with Historic Onesto LLC to convert a downtown city landmark into loft style apartments. This \$6 million joint housing project will provide a unique new housing opportunity in Canton's growing downtown. The City was able to secure a \$900,000 Clean Ohio Grant from the State of Ohio to provide funding for asbestos removal while Historic Onesto LLC will spend \$5.1 million on reconstruction and renovation.

The City has granted a \$750,000 loan to Greystone Limited Partnership to assist in Greystone's plan to renovate a once thriving office building and parking facility. Greystone has committed \$7 million to establish 508 parking spaces as well refurbishing 34,000 square feet of office and retail space in downtown Canton.

The City in a joint venture with the federal government has begun land acquisition for the purpose of constructing a new Federal Campus in downtown Canton. This campus will eventually house various federal employees including employees from FBI, Bankruptcy Court and the IRS just to name a few. This joint venture will represent an investment in downtown Canton in excess of \$20 million before completion.

The City Engineering Department oversees all stages of street and sewer improvement projects. During 2005, the City completed a \$1,226,436 street improvement project at 4th St. NE, and two smaller roadway improvement projects at Wareham Pl. NE and Anderson Pl. SW at a cost of \$19,357 and \$19,240 respectively. The engineer's office also completed a \$997,958 storm sewer replacement project at Woodland Ave NW. Engineering projects in various stages of planning, development, and construction include: Guilford Ave. NW Bridge Replacement, 44th St. NE improvement, Tuscarawas St. improvement, Fulton Road/Monument Park Intersection, Steese Area Drainage Project, 38th St. NW improvement, 30th St. NE storm sewer project and the 4th St. NW/Shorb Ave. NW Improvement.

During 2005, the City's Sewer Department continued working on the Faircrest Annexation Sewer Line and the Market Ave. North Sewer Line. The City's Water Department completed various waterline extensions and improvements throughout the year adding an additional \$937,948 of value to the overall system.

Financial Information

Accounting Policies and Budgetary Control

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance: all are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than the agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the department level. Any budgetary modifications at this level may only be made by resolution of the City Council. Budgetary control at the department level provides the flexibility necessary to move appropriations among their respective expense account line items in order to meet expenses.

The City's fully automated financial system also maintains budgetary control through its purchase order/encumbrance feature. The purchase order, required before making purchases, creates the encumbrance against the current budget. Purchase orders which result in an overrun of budget are not released until additional appropriations are made available through Council ordinance. This procedure is followed when money is available to allow an increase in appropriations. If no money is available, the purchase request is canceled.

The City Auditor monitors all expenditures for accuracy, appropriateness and compliance. The City Auditor monitors expenditures to encumbrances to assure that each obligation incurred was entered into after the appropriate purchase order was issued. The City Auditor will exercise his discretion to issue "then and now certificates" for obligations incurred prior to obtaining a purchase order. This certificate is authorized by the Ohio Revised Code for obligations not greater than three-thousand dollars. This certificate simply stated means: "then" meaning at the time the obligation was made and "now" meaning as of the date of the certificate there was sufficient appropriations free from prior obligations necessary to meet this obligation in question. The City Auditor requires an ordinance from Council authorizing a

“Moral Obligation”, for obligations incurred prior to obtaining a purchase order that exceeds this authority.

The City Auditor continually monitors the encumbrances and expenditures against the budget appropriations and against the County Auditor’s Certificate of Estimated Resources. Using the budget prepared by the City the preceding July and including the carry over cash balances less carry over encumbrances at year end, the County Auditor arrives at and issues the certificate of estimated resources for the City. The City Auditor submits amendments to the certificate of estimated resources to the County Auditor as deemed appropriate throughout the year. Ohio Law prohibits total fund appropriations from exceeding the amounts by fund on the County Auditor’s Certificate.

Internal Accounting and Reporting Control

As part of its continuing commitment to excellence in financial reporting, the City utilizes a computerized financial accounting and reporting system. Enhancements to the present internal accounting controls and procedures are continually evaluated by the City Auditor. The City Auditor oversees the appropriateness of internal control, develops procedures to enhance internal control and consults with outside auditors to insure that the City remains at a sound financial level of operation.

The City has built internal accounting controls into its financial accounting, budgeting and reporting system to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss resulting from unauthorized use or disposition; and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The internal accounting controls built into the City’s system were developed using the concept of reasonable assurance. This concept recognizes that the cost of a control should not exceed the benefits likely to be derived from its implementation, and that the evaluation of costs and benefits should require estimates and judgments by management. We believe that the City’s internal accounting controls adequately safeguard the City’s assets and provide reasonable assurance of proper recording and reporting of financial transactions.

Debt Administration

The gross indebtedness of the City at the end of 2004 was \$56,622,586. At the end of 2005, the gross indebtedness of the City was \$49,905,455. In 2005, the City did not issue notes, bonds, or receive OWDA Loan proceeds. The City received OPWC Loan proceeds of \$245,611 to fund the Market Avenue Sanitary Sewer Project.

As of December 31, 2005, the City had \$865,131 and \$17,408,680 in outstanding OPWC and OWDA loans, respectively. The City also had \$12,335,000 outstanding in the enterprise funds and \$15,710,000 for bonds payable in the governmental funds. The City had a legal claim and judgment outstanding of \$204,700. The City had \$3,586,644 in long-term HUD, SIB and Urban Redevelopment Loans outstanding as of December 31, 2005.

The City has maintained its A-2 rating formerly known as A+ by Moody’s Investor Services, Inc. on general obligation bond issue. The general obligation indebtedness of the City is subject to two statutory debt limitations referred to as the “direct debt limitation” (by Ohio Revised Code Section 133.05). The total principal amount of voted and unvoted nonexempt net indebtedness of the City may not exceed 10.5 percent of its assessed value of real and personal property, and in addition, the net principal amount of unvoted nonexempt debt may not exceed 5.5 percent of the same total assessed value. The City’s overall legal debt margin was \$98,441,590 and an unvoted debt margin of \$46,464,642 as of December 31, 2005.

Risk Management

The City participates in the Workers' Compensation Retrospective Rating Plan. In the retrospective rating plan, the City assumes a portion of the risk in return for a reduction in current premiums.

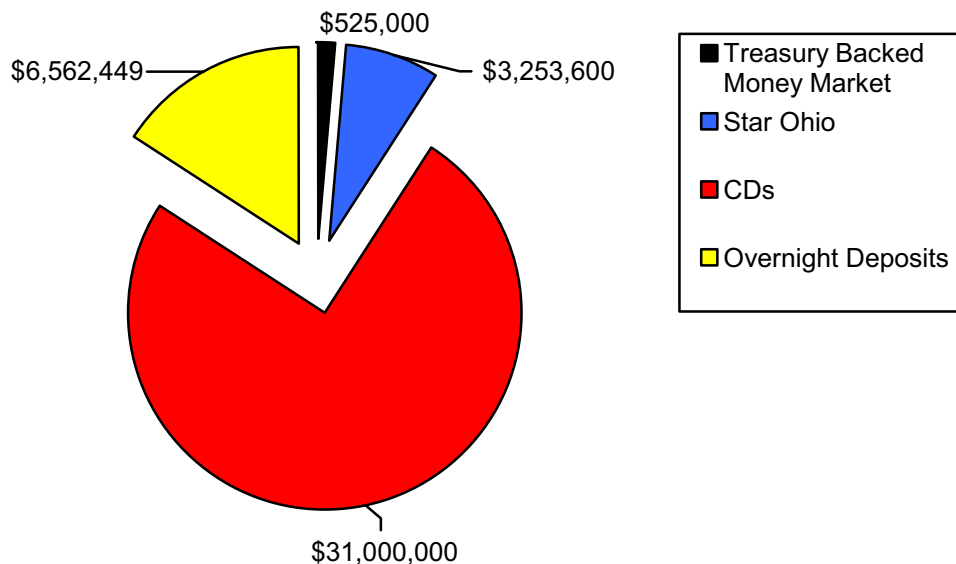
The City contracts with Leonard Insurance Company for commercial property coverage, which has a \$365,811,063 limit and a \$100,000 deductible. The City also contracts with Leonard Insurance Services Agency, Inc. for boiler and machinery coverage, which has a \$1,000,000 limit and a \$2,500 deductible. The City contracts with Ohio Municipal League for automobile combined coverage, which has a \$5,000,000 limit and a \$125,000 deductible. The City also contracts with the Ohio Municipal League for general liability, including police professional and public official liability combined coverage provision. This coverage has a \$5,000,000 limit and a \$125,000 deductible for bodily injury and property damage, fire damage, employee benefit liability, and personal and advertising.

The City has elected to provide employees' major medical, hospitalization, prescription, and dental/vision coverage through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. The City purchases stop-loss coverage of \$150,000 in aggregate per employee. Third party administrators, Aultcare and Benefit Services Inc., review all claims prior to payment by the City. Advantages of the self-insurance arrangement include holding the reserves and earning interest on them and saving on administrative costs. Control of the plans rests with the City.

Cash Management

At December 31, 2005, the City had \$41.3 million in cash and investments. The allocation of these investment resources is included in the chart below:

Allocation of City of Canton Investment Resources



Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Canton for its Comprehensive Annual Financial Report as of December 31, 2004. The Certificate of Achievement is the highest form of recognition for excellence in state and local government.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized financial report whose contents conform to program standards, as well as satisfy both generally accepted accounting principles and applicable legal requirements.

Independent Audit

The financial records, books of accounts and transactions of the City of Canton, Ohio, for the year ending December 31, 2005, have been audited by the Auditor of State Betty Montgomery's Office. As stated in the auditor's report, the audit was conducted in accordance with Generally Accepted Government Auditing Standards and included a financial compliance evaluation as well as a review of the internal accounting controls. The Auditor's opinion has been included in the report.

Acknowledgements

Special recognition for the preparation of this report is made to contributing department heads, Treasurer's staff, my own Auditor's office staff and City Council for their continuing support and commitment to responsible fiscal reporting. Special acknowledgement is given to my administrative staff: Christine Bagley, James Carman, John Slebodnik and Gary Young for their continued dedication and commitment to sound financial reporting in the preparation of this report.

Sincerely,



Richard A Mallonn II
City Auditor

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. Emer

Executive Director

CITY OF CANTON

CITY OFFICIALS

Mayor

Janet Weir Creighton

Council Members

Raymond Denczak, President

Joseph Carbenia
Donald Casar
Mary Cirelli
David Dougherty
James E. Griffin
Richard D. Hart

Gregory Hawk
Karl Kraus
Terry Prater
Bill Smuckler
Thomas West
Kelly Zachary

City Auditor

Richard A Mallonn II

City Treasurer

Robert C. Schirack

Law Director

Joseph Martuccio

Director of Income Tax

Cynthia Allensworth

Chief of Staff

Chip Conde

Director of Public Safety

Bernard Hunt

Director of Public Service

Joseph Concatto

Fire Chief

James Scott

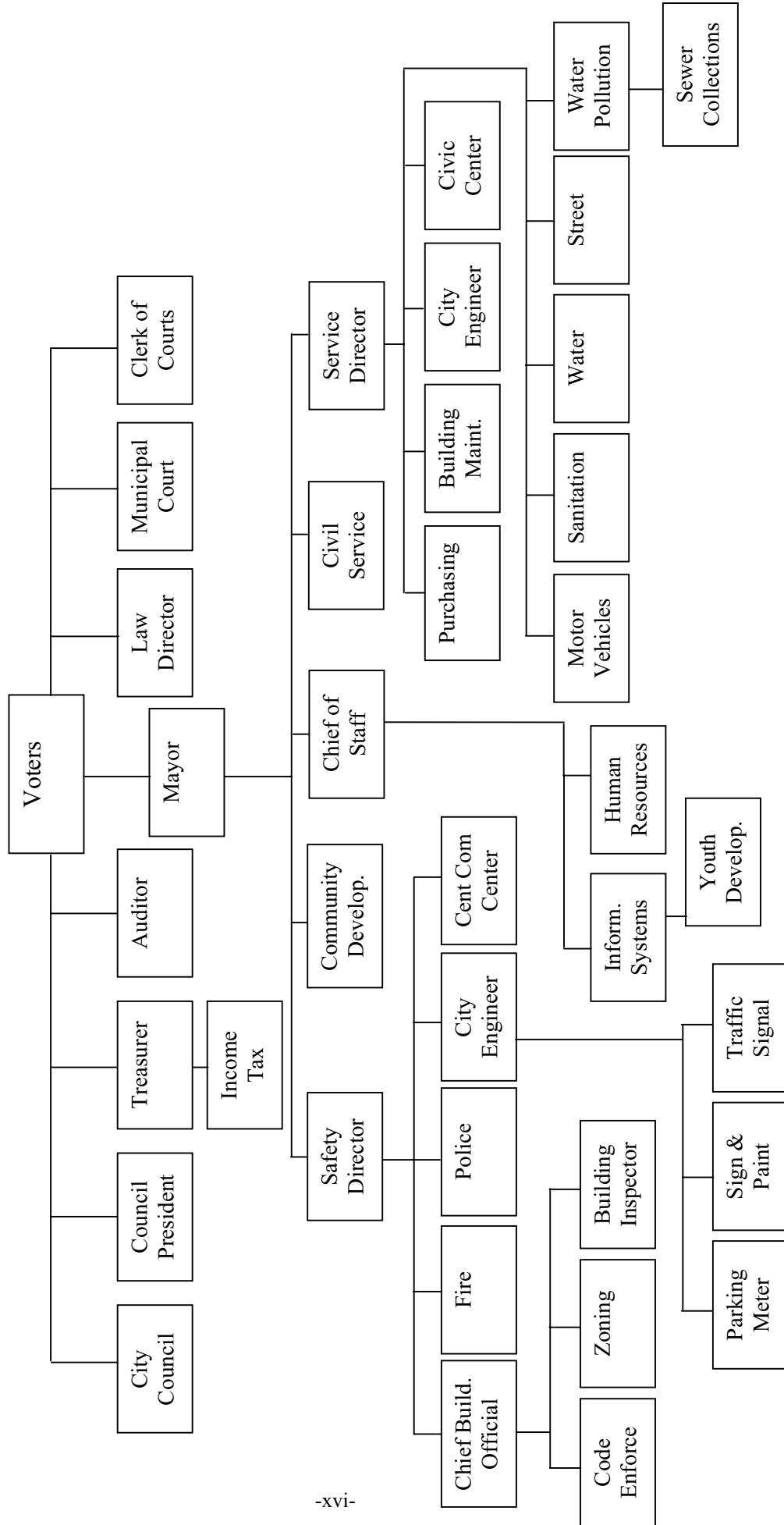
Police Chief

Dean McKimm

City Engineer

Dan Moeglin

City of Canton Organizational Chart



Financial Section



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

City of Canton
Stark County
218 Cleveland Avenue
Canton, Ohio 44702

To the Honorable Mayor and City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Canton, Stark County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Canton Community Improvement Corporation which represent 2%, 6% and 5%, respectively, of the assets, net assets and revenues of the aggregate discretely present component unit and remaining fund information. Other auditors audited those financial statements. They have furnished their report thereon to us and we base our opinion, insofar as it relates to the amounts included for the Canton Community Improvement Corporation on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Canton, Stark County, Ohio, as of December 31, 2005, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund and Special Revenue Community and Economic Development Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We and the other auditors subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, based on our audit and the report of the other auditors, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We and the other auditors did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Betty Montgomery
Auditor of State

June 12, 2006

City of Canton
Stark County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Canton's financial performance provides an overview of the City's financial activities as of December 31, 2005. Please read it in conjunction with the City's basic financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- The City's net assets increased \$2.1 million as a result of this year's operations. Net assets of our business-type activities increased by \$5.3 million, or 6.9 percent, and net assets of governmental activities decreased by \$3.2 million, or 2.9 percent.
- The City did not issue General Obligation Bonds in 2005 and continues to reduce its overall outstanding debt obligations, which peaked in 2000.
- The City maintained Bond Ratings of A-2 per Moody's and its AAA status from Standards and Poor's, and Fitch in 2005.
- In 2005 the City was able to reduce its unfunded compensated absence debt from \$8,995,671 at the end of 2004 to \$6,960,789 at the end of 2005.

USING THIS ANNUAL FINANCIAL REPORT

This annual financial report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 13 and 14-15) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements begin on page 16. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page 13. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

City of Canton
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These two statements report the City's *net assets* and changes in them. You can think of the City's net assets, the difference between assets, what the citizens own, and liabilities, what the citizens owe, as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors; however, such as changes in the City's property tax base, income tax base, and the condition of the City's capital assets (land, roads, building, water and sewer lines etc...) to assess the *overall health* of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two types of activities:

Governmental Activities: Most of the City's basic services are reported here, including the police, fire, street and highway maintenance, capital improvement, vehicle acquisition, parks and recreation, and general administrative. Income taxes, property taxes, undivided local government, ambulance user fees and state and federal grants finance most of these activities.

Business-Type Activities: The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer and refuse operations are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page 16. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law. However, City Council establishes many other funds to help it control and manage money for particular purposes (Ex. Southeast Community Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (Ex. grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation alongside the fund financial statements.

Proprietary funds: When the City charges customers for the full cost of the services it provides whether to outside customers or to other units of the City, these services are reported in

City of Canton
Stark County, Ohio
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proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as a statement of cash flows. We use internal service funds, Health Insurance, Worker's Compensation Insurance, and Compensated Absences Claim funds, (the other component of proprietary funds) to report activities that provide a service to the City's other programs and activities.

THE CITY AS A WHOLE

The City's *combined* net assets changed from a year ago, *increasing* from \$189.5 million to \$191.6 million. Looking at the net assets and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Current and Other Assets	\$ 54.3	\$ 56.0	\$ 24.4	\$ 25.0	\$ 78.7	\$ 81.0
Capital Assets, Net	97.7	101.0	88.4	88.6	186.1	189.6
Total Assets	\$ 152.0	\$ 157.0	\$ 112.8	\$ 113.6	\$ 264.8	\$ 270.6
Liabilities						
Current and Other						
Liabilities	\$ 12.9	\$ 10.9	\$ 1.4	\$ 3.5	\$ 14.3	\$ 14.4
Due Within One Year	3.8	3.8	3.7	4.0	7.5	7.8
Long-Term Liabilities:						
Due Within More Than One Year	25.1	28.9	26.3	30.0	51.4	58.9
Total Liabilities	41.8	43.6	31.4	37.5	73.2	81.1
Net Assets						
Invested in Capital						
Assets Net of Debt	82.9	83.6	58.4	54.6	141.3	138.2
Restricted:						
Special Revenue	18.6	16.9	-	-	18.6	16.9
Debt Services	-	-	-	-	-	-
Capital Projects	6.8	6.3	-	-	6.8	6.3
Unrestricted	1.9	6.6	23.0	21.5	24.9	28.1
Total Net Assets	\$ 110.2	\$ 113.4	\$ 81.4	\$ 76.1	\$ 191.6	\$ 189.5

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Net assets in the City's governmental activities decreased by 2.9 percent (\$113.4 million compared to \$110.2 million). Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—decreased from \$6.6 million at December 31, 2004 to \$1.9 million at the end of 2005. Restricted net assets, those restricted mainly for capital projects and special purposes such as street cleaning or maintenance increased from \$23.2 million at the end of 2004 to \$25.4 million at the end of 2005. The investments in capital assets, net of debt category decreased by \$0.7 million.

Net assets in the City's business-type activities increased by 6.5 percent (\$76.1 million compared to \$81.4 million) in 2005. The City generally can only use these net assets to finance the continuing operations of the water, sewer, and refuse operations.

Table 2 shows the changes in net assets for the year ended December 31, 2005. The City's Governmental Activities revenue increased in 2005 from \$75.7 million to \$80.5 million and expenses increased by \$3.0 million or 3.6% resulting in a decrease in governmental net assets of \$3.2 million. The City's Business-Type Activities revenue increased by \$2.1 million and expenses decreased by \$1.1 million resulting in a net asset increase of \$5.3 million.

Table 2
Change in Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues:						
Charges for Services	\$ 11.0	\$ 12.0	\$ 25.7	\$ 25.4	\$ 36.7	\$ 37.4
Operating Grants and Contributions	7.1	7.6	-	-	7.1	7.6
Capital Grants and Contributions	1.4	2.5	1.1	1.5	2.5	4.0
Total Program Revenues	<u>19.5</u>	<u>22.1</u>	<u>26.8</u>	<u>26.9</u>	<u>46.3</u>	<u>49.0</u>
General Revenues:						
City Income Taxes	41.8	39.0	-	-	41.8	39.0
Property Taxes	3.7	3.2	-	-	3.7	3.2
Intergovernmental	10.0	9.2	-	-	10.0	9.2
Grants and Contributions	0.4	-	-	-	0.4	-
Interest and Investment Earnings	1.3	0.7	-	-	1.3	0.7
Other	3.8	1.5	2.3	0.1	6.1	1.6
Total General Revenues	<u>61.0</u>	<u>53.6</u>	<u>2.3</u>	<u>0.1</u>	<u>63.3</u>	<u>53.7</u>
Total Revenues	<u>\$ 80.5</u>	<u>\$ 75.7</u>	<u>\$ 29.1</u>	<u>\$ 27.0</u>	<u>\$ 109.6</u>	<u>\$ 102.7</u>

City of Canton
Stark County, Ohio
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For The Year Ended December 31, 2005

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Expenses						
Program Expenses:						
General Government	\$ 18.6	\$ 16.6	\$ -	\$ -	\$ 18.6	\$ 16.6
Security of Persons and Property	33.7	32.0	-	-	33.7	32.0
Public Health	5.4	4.7	-	-	5.4	4.7
Transportation	14.3	17.3	-	-	14.3	17.3
Community Development	7.9	6.5	-	-	7.9	6.5
Leisure Time Activities	2.9	2.5	-	-	2.9	2.5
Interest on Long-Term Debt	0.9	1.1	-	-	0.9	1.1
Water	-	-	9.4	9.8	9.4	9.8
Sewer	-	-	9.9	10.4	9.9	10.4
Refuse	-	-	4.5	4.7	4.5	4.7
Total Program Expenses	<u>83.7</u>	<u>80.7</u>	<u>23.8</u>	<u>24.9</u>	<u>107.5</u>	<u>105.6</u>
Increase (Decrease) in Net Assets	(3.2)	(5.0)	5.3	2.1	2.1	(2.9)
Net Assets 1/1/2005	113.4	118.4	76.1	74.0	189.5	192.4
Net Assets 12/31/2005	<u>\$ 110.2</u>	<u>\$ 113.4</u>	<u>\$ 81.4</u>	<u>\$ 76.1</u>	<u>\$ 191.6</u>	<u>\$ 189.5</u>

Governmental Activities

The 2.0 percent income tax is the largest revenue source for the City. Designated by ordinance, the Capital Acquisition and Improvement Fund receives 20 percent of net income tax received. In addition, the Motor Vehicle Fund receives 5 percent of net income tax received. The remaining 75 percent is allocated to the General Fund and is used for such things as Police and Fire Protection, Street Maintenance, etc.

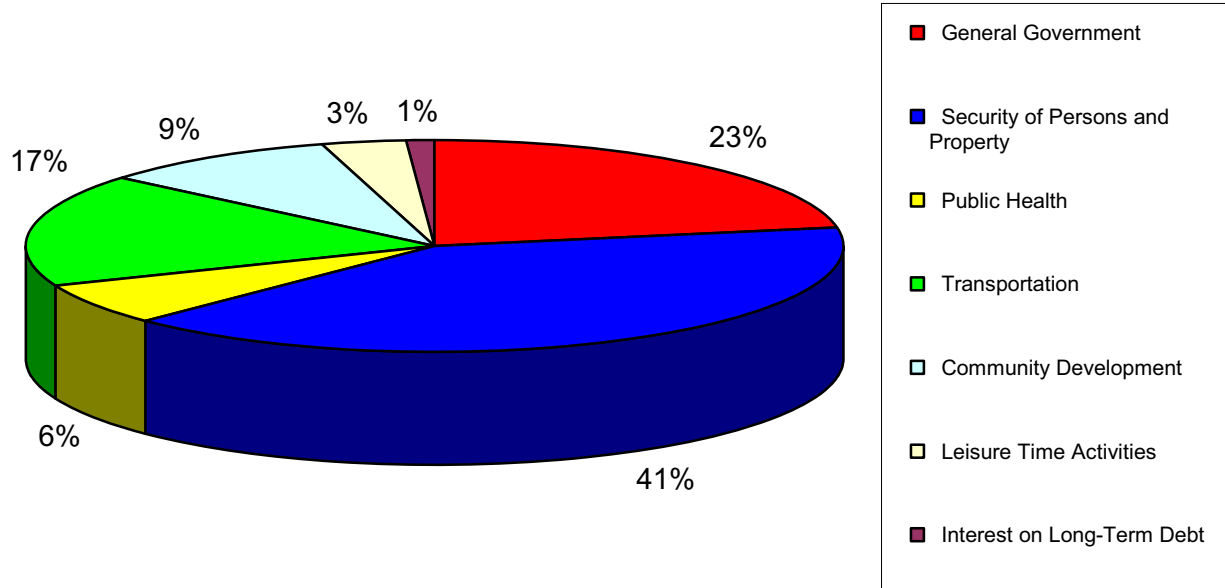
Chart 3 represents the cost of each of the City's Governmental programs: Security of Persons and Property, General Government, Transportation, Public Health, Leisure Time Activities, Community Development, and Interest on Long Term Debt. The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions. The increase in the net cost demonstrates the inability to recover the increased cost of the program under the current revenue policies.

As indicated by Governmental Program Expenses, citizen's safety, health, and well being is emphasized.

When looking at sources of income to support governmental activities, it should be noted that charges for service are only 13.7 percent of revenue. Revenues provided by sources other than city residents in the form of operating and capital grants comprise another 10.6 percent. The remaining revenues are primarily generated locally through property (4.6 percent) and income taxes (51.9 percent).

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**Chart 3
 Program Expenses 2004**



Business-Type Funds

The City's major Enterprise Funds consist of the Water Operating Fund, the Sewer Operating Fund and the Refuse Operating Fund. For a description of these funds see accompanying Notes to the Basic Financial Statements.

The basic financial statements for the major funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Graph 5, which demonstrates capital asset balances. Graph 5 is at the end of this section.

The City's Funds

Information about the City's major governmental funds begins on page 16. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$80.7 million and expenditures of \$81.9 million. The General Fund balance increased \$1,481,290. Within the General Fund, revenue exceeded expenditures by \$1,581,615, thus ending a 5-year trend of deficit spending and accomplishes the goals defined by City Council. In recent years the city has taken steps to curb its deficit spending including negotiating concessions with its five unions, reducing the work force through attrition and retirement incentives, and the cutting of all other budgetary line items. The cost saving steps taken in recent years has allowed the General Fund to have a budget surplus compared to the \$4.6 million deficit in 2002 and \$0.9 million deficit in 2003. In 2004, cost cutting measures were continued with the

City of Canton
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establishment of the Compensated Absences Claim Fund. The new fund is receiving biweekly premiums from all other funds presently paying a salary. The money set aside will be used to pay for the salaries of employees using sick leave and cover the cost of benefits paid to employees at the point of termination. The success of this new fund is obvious. The City has been successful in reducing its unfunded compensated absence debt from \$8,995,671 to \$6,960,789.

The Community Development Fund balance decreased by \$1,220,009 solely due to the administrative guidelines of the department of Housing and Urban Development to request a cash draw from the existing line of credit only when expenditures are ready to be paid. The Capital Projects Fund balance increased by \$330,411. There were three transfers in the governmental funds last year. All three transfers were from the General Fund to a Nonmajor Special Revenue Fund. All three transfers (one for \$40,000, one for \$2,298, and one for \$58,485) were for grant matches. The Motor Vehicle Fund balance decreased by \$100,427 due to an increase in money spent on new vehicles and a decrease in the money brought in on the disposal of old vehicles. The Water fund balance increased by \$2,474,187 and the Sewer fund balance increased by \$1,043,600. Both increases were due to additional customers, the full effect of previous fee increases, and an increase in capital grants received. The Refuse Department fund balance decreased by \$301,100 due largely to stagnant revenue and increased expenses across all line items.

General Fund Budgeting Highlights

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources and the Appropriation Ordinance: all are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the departmental level. Any budgetary modifications at this level may only be made by resolution of City Council.

The City's fully automated financial system also maintains budgetary control through its requisition/purchase order/encumbrance feature. Department requisitions, which if processed, would result in an overrun of budget are placed into suspense and can only be authorized when additional appropriations are made available through Council ordinance or departmental transfer. The security of the financial system prohibits commitments in excess of appropriations. Requisitions not completed are removed at the close of each month. Requisitions meeting the required criteria are processed by the City Auditor resulting in the required purchase order. The purchase order provides for the reserved encumbrance against the current budget.

The City Auditor continually monitors the encumbrances and expenditures against the budgeted appropriations and against the County Auditor's Certificate of Estimated Resources. Using the budget prepared by the City the preceding July and including the carry over balances less carry over encumbrances at year-end, the County Auditor arrives at and issues the

City of Canton
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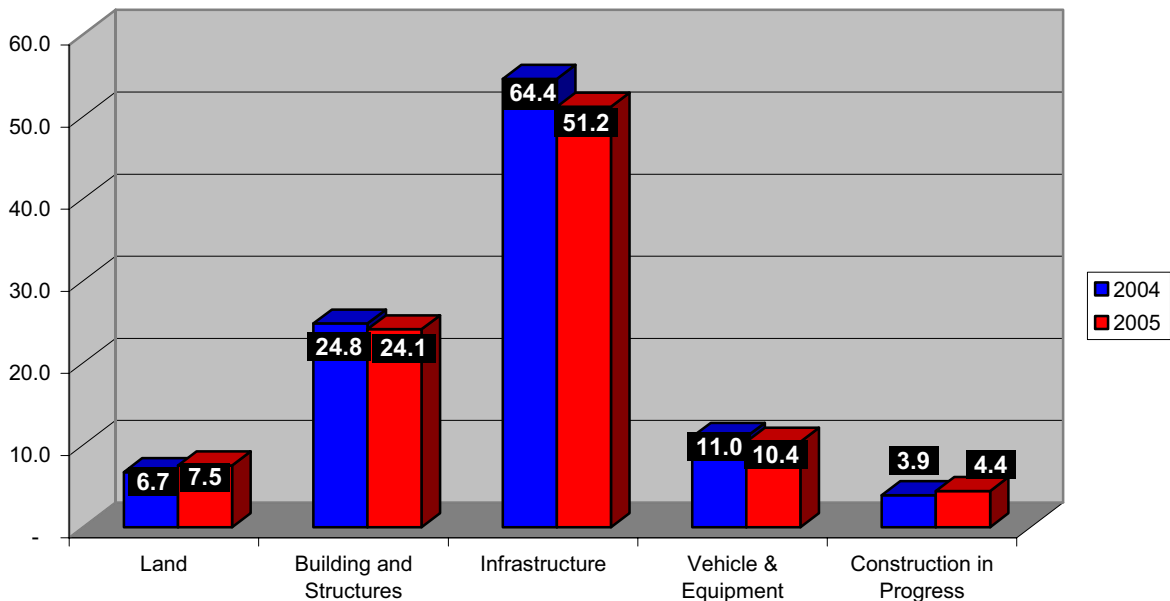
Certificate of Estimated Resources for the City. Ohio Law prohibits total fund appropriations from exceeding the amounts by fund on the County Auditor's certificate.

The City Auditor's General Fund variance from original estimated revenues increased by \$3,775,709 increasing the overall General Fund estimated revenues to \$53,959,210 as indicated on page 20. This change represents 7.0% of total revenue. The General Fund variance from original appropriations to final appropriations was \$3,602,962, this increased the overall General Fund appropriations to \$54,051,450. Upon reviewing the initial success of the Compensated Absence Fund, members of City Council decided it would be prudent to allocate a portion of the increased revenue the City was receiving to bringing down the compensated absence debt and further stabilizing the City's long term financial health. Appropriations were increased to allow for the additional contributions to the Compensated Absence Fund. Actual revenue exceeded the final certificate by \$401,017 due almost entirely to increases in income tax. Actual expenditures were below the final budget by \$1.2 million. This variance is due to City Council and the City Department Heads constant monitoring of expenditures throughout the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

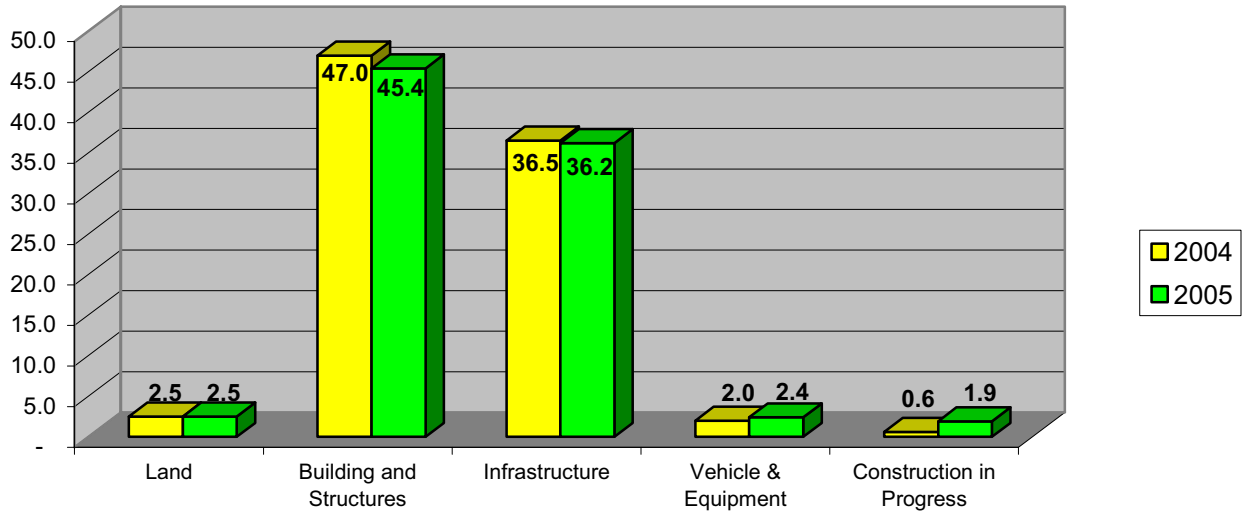
At the end of 2005, the City had \$186.1 million invested in a broad range of capital assets, including police, fire and radio equipment, land, buildings, park facilities, roads, bridges, and water and sewer lines (see below). This amount represents a net decrease over last year.

Graph 4
Change in Governmental Capital Assets
 (Dollar Value in Millions)



City of Canton
Stark County, Ohio
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Graph 5
Change in Business-Type Capital Assets
(Dollar Value in Millions)



This year's major additions in the Governmental Activities included land for the new federal campus project, a new fire truck and ambulance, six police cruisers, additional work done on several ongoing street projects, and substantial upgrades to the City's traffic light system. Additions to Business-Type Activities included additional water line and sewer line extensions and restoration work being done on sludge pumps at the City's Waste Water Treatment Plant.

The City's 2006 capital budget anticipates a spending level of \$10.0 million for capital projects. The City is considering a multi-million dollar bond issuance in 2006. The proceeds would be used to construct a centralized service center to consolidate several city services into one location. The goal is to reduce utility expenses and increase overall operational efficiency. More detailed information about the City's capital assets is presented in Note 7 to the basic financial statements.

Debt

At December 31, 2005, the City had \$15.7 million in General Obligation Bonds.

Table 6
General Obligation Bond Debt Outstanding at Year End

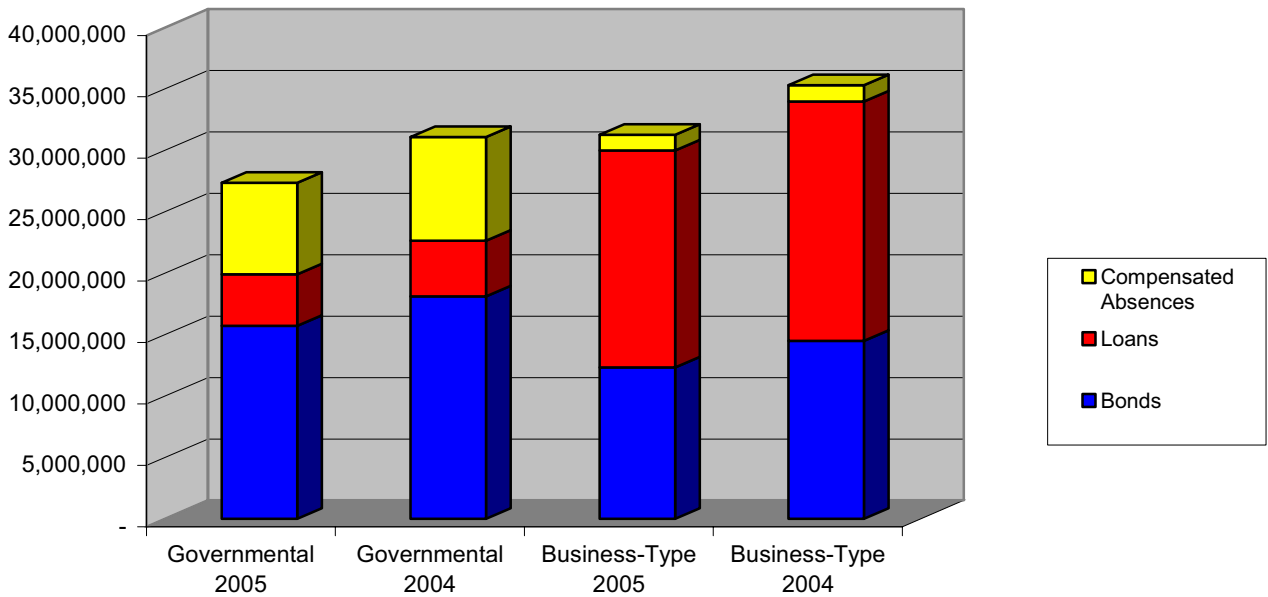
	Governmental Activities	
	2005	2004
Unvoted General Obligation Bonds:		
1993 Various Refunding Bonds	\$ 1,645,000	\$ 2,940,000
1998 Pension Refunding Bonds	5,000,000	5,285,000
1999 Various Purpose Refunding	5,475,000	5,775,000
2001 Radio Communication	3,590,000	4,120,000
Total Unvoted General Obligation Bonds:	<u>\$ 15,710,000</u>	<u>\$ 18,120,000</u>

City of Canton
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The City's overall legal debt margin was \$98,441,590 as of December 31, 2005. The City's unvoted legal debt margin was \$46,464,642 as of December 31, 2005.

At December 31, 2005, the City had outstanding long-term debt obligations in the amount of \$27.6 million down from \$31.3 million in 2004 for the governmental activities this represents a 11.8 percent decrease. The City's business-type activities debt obligation as of December 31, 2005 was \$31.3 million down from \$35.3 million in 2004 this represents a decrease of 11.3 percent. The breakout on debt is presented in the graph below.

**Graph 7
 Total Debt Outstanding by Type**



The City's general obligation bond rating is A-2 from Moody's and AAA from Standard and Poor's. Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 9 to the basic financial statements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Richard A Mallonn II-City Auditor, City of Canton, 218 Cleveland Ave., Canton, Ohio 44702. (Phone 330-489-3226 or Fax 330-580-2067).

City of Canton, Ohio

Statement of Net Assets

December 31, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	CCIC
Assets				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 23,409,490	\$ 16,307,007	\$ 39,716,497	\$ 63,590
Cash and Cash Equivalents with Fiscal Agents	3,019	-	3,019	-
Accounts Receivable	3,160,309	6,389,455	9,549,764	3,600
Taxes Receivable	11,346,630	-	11,346,630	-
Loans Receivable	3,155,265	-	3,155,265	-
Due From Other Governments	12,689,555	-	12,689,555	-
Inventories	490,681	1,754,743	2,245,424	-
Internal Balances	18,162	(18,162)	-	-
<i>Total Current Assets</i>	<u>54,273,111</u>	<u>24,433,043</u>	<u>78,706,154</u>	<u>67,190</u>
<i>Noncurrent Assets</i>				
Capital Assets:				
Land and Construction in Progress	11,925,852	4,443,382	16,369,234	21,000
Other Capital Assets, Net of Depreciation	85,734,953	83,981,046	169,715,999	311,964
<i>Total Noncurrent Assets</i>	<u>97,660,805</u>	<u>88,424,428</u>	<u>186,085,233</u>	<u>332,964</u>
Total Assets	<u>\$ 151,933,916</u>	<u>\$ 112,857,471</u>	<u>\$ 264,791,387</u>	<u>\$ 400,154</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	\$ 2,716,689	\$ 862,135	\$ 3,578,824	\$ 296,155
Accrued Wages and Benefits	1,995,354	495,750	2,491,104	6,391
Due to Other Governments	383,479	45,290	428,769	-
Claims Payable	4,698,724	-	4,698,724	-
Unearned Revenue	3,081,950	-	3,081,950	-
Long Term Liabilities				
Due Within One Year	3,757,253	3,677,623	7,434,876	-
Legal Claims Payable				
Due Within One Year	27,600	-	27,600	-
<i>Total Current Liabilities</i>	<u>16,661,049</u>	<u>5,080,798</u>	<u>21,741,847</u>	<u>302,546</u>
<i>Noncurrent Liabilities</i>				
Long Term Liabilities				
Due Within More Than One Year	24,882,786	26,330,982	51,213,768	-
Legal Claims Payable				
Due Within More Than One Year	177,100	-	177,100	-
<i>Total Noncurrent Liabilities</i>	<u>25,059,886</u>	<u>26,330,982</u>	<u>51,390,868</u>	<u>-</u>
Total Liabilities	<u>41,720,935</u>	<u>31,411,780</u>	<u>73,132,715</u>	<u>302,546</u>
Net Assets				
Invested in Capital Assets , Net of Related Debt	82,872,262	58,415,826	141,288,088	332,964
Restricted for:				
Special Revenue	18,556,855	-	18,556,855	-
Debt Service	24,763	-	24,763	-
Capital Projects	6,824,416	-	6,824,416	-
Unrestricted	1,934,685	23,029,865	24,964,550	(235,356)
Total Net Assets	<u>110,212,981</u>	<u>81,445,691</u>	<u>191,658,672</u>	<u>97,608</u>
Total Liabilities and Net Assets	<u>\$ 151,933,916</u>	<u>\$ 112,857,471</u>	<u>\$ 264,791,387</u>	<u>\$ 400,154</u>

See accompanying notes to the basic financial statements

City of Canton, Ohio
Statement of Activities
For the year ended December 31, 2005

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
<i>Governmental Activities</i>				
General Government	\$ 18,585,104	\$ 6,667,291	\$ 153,092	\$ -
Security of Persons and Property	33,732,631	2,656,971	235,445	-
Public Health	5,407,095	722,563	2,512,240	-
Transportation	14,339,105	155,491	-	1,351,970
Community Development	7,898,906	-	4,228,963	72,740
Leisure Time Activities	2,880,704	794,338	13,074	-
Capital Outlay	-	-	-	-
Interest on Long-Term Debt	923,542	-	-	-
<i>Total Governmental Activities</i>	<u>83,767,087</u>	<u>10,996,654</u>	<u>7,142,814</u>	<u>1,424,710</u>
<i>Business-Type Activities</i>				
Water	9,377,995	11,494,324	-	280,115
Sewer	9,934,130	10,037,212	-	803,775
Refuse	4,481,498	4,141,408	38,115	-
<i>Total Business-Type Activities</i>	<u>23,793,623</u>	<u>25,672,944</u>	<u>38,115</u>	<u>1,083,890</u>
Total Primary Government	<u>\$ 107,560,710</u>	<u>\$ 36,669,598</u>	<u>\$ 7,180,929</u>	<u>\$ 2,508,600</u>
Component Unit:				
CCIC	\$ 2,166,087	\$ 21,150	\$ 1,799,088	\$ -

General revenues:
Taxes:
 City Income Taxes
 Property Taxes
 Intergovernmental
Grants and Contributions
Interest and Investment Earnings
Other
 Total General Revenues
Change in Net Assets
Net Assets -- Beginning
Net Assets -- Ending

See accompanying notes to the basic financial statements

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	CCIC
\$ (11,764,721)	\$ -	\$ (11,764,721)	\$ -
(30,840,215)	-	(30,840,215)	-
(2,172,292)	-	(2,172,292)	-
(12,831,644)	-	(12,831,644)	-
(3,597,203)	-	(3,597,203)	-
(2,073,292)	-	(2,073,292)	-
-	-	-	-
(923,542)	-	(923,542)	-
<u>(64,202,909)</u>	<u>-</u>	<u>(64,202,909)</u>	<u>-</u>
-	2,396,444	2,396,444	-
-	906,857	906,857	-
-	(301,975)	(301,975)	-
-	<u>3,001,326</u>	<u>3,001,326</u>	-
<u>(64,202,909)</u>	<u>3,001,326</u>	<u>(61,201,583)</u>	-
-	-	-	(345,849)
41,779,236	-	41,779,236	-
3,711,731	-	3,711,731	-
9,992,527	33,167	10,025,694	-
401,785	95,627	497,412	-
1,289,382	10,792	1,300,174	-
3,814,401	2,188,058	6,002,459	-
<u>60,989,062</u>	<u>2,327,644</u>	<u>63,316,706</u>	-
(3,213,847)	5,328,970	2,115,123	(345,849)
113,426,828	76,116,721	189,543,549	443,457
<u>\$ 110,212,981</u>	<u>\$ 81,445,691</u>	<u>\$ 191,658,672</u>	<u>\$ 97,608</u>

City of Canton, Ohio

Balance Sheet
Governmental Funds
December 31, 2005

	General	Community and Economic Development	Capital Projects	Motor Vehicle Purchase
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 6,155,508	\$ 1,060,726	\$ 3,379,772	\$ 1,264,512
Cash and Cash Equivalents with Fiscal Agents	-	-	-	-
Taxes Receivable	9,324,444	-	1,599,651	399,913
Accounts Receivable	2,443,541	228,810	2,442	438
Loans Receivable (net of uncollectibles)	-	3,155,265	-	-
Due From Other Funds	27,304	-	116,337	-
Due From Other Governments	3,773,720	5,470,683	-	-
Inventories	213,386	-	-	-
Total Assets	\$ 21,937,903	\$ 9,915,484	\$ 5,098,202	\$ 1,664,863
Liabilities				
<i>Current</i>				
Accounts Payable	\$ 794,540	\$ 391,312	\$ 722,166	\$ 229,308
Accrued Wages and Benefits	1,681,630	43,027	122,315	-
Due to Other Funds	124,256	2,300,000	1,955	-
Due to Other Governments	79,529	77,812	3,375	-
Deferred Revenue	8,586,457	4,783,059	377,228	94,307
Total Liabilities	11,266,412	7,595,210	1,227,039	323,615
Fund Balances				
Reserved for:				
Inventories	213,386	-	-	-
Encumbrances	768,733	1,885,842	2,102,377	608,580
Loans Receivable	-	3,155,265	-	-
Other Purpose	27,304	-	-	-
Unreserved:				
Undesignated, Reported in :				
General Fund	9,662,068	-	-	-
Special Revenue Funds (Deficit)	-	(2,720,833)	-	-
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	1,768,786	732,668
<i>Total Fund Balances</i>	<i>10,671,491</i>	<i>2,320,274</i>	<i>3,871,163</i>	<i>1,341,248</i>
Total Liabilities and Fund Balances	\$ 21,937,903	\$ 9,915,484	\$ 5,098,202	\$ 1,664,863

See accompanying notes to the basic financial statements

City of Canton, Ohio

Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
December 31, 2005

Other Governmental Funds	Total Governmental Funds	Total Governmental Fund Balances	\$ 24,467,331
		<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
\$ 5,526,327	\$ 17,386,845	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
3,019	3,019	Land and Improvements	\$ 7,508,653
22,622	11,346,630	Buildings and Structures (net of depreciation)	24,145,438
19,115	2,694,346	Vehicles & Equipment (net of depreciation)	10,375,244
-	3,155,265	Infrastructure (net of depreciation)	51,214,271
-	143,641	Construction in Progress	4,417,200
3,445,152	12,689,555	Total	97,660,806
277,295	490,681		
<u>\$ 9,293,530</u>	<u>\$ 47,909,982</u>		
		The internal service fund is used by management to charge the costs of insurance to individual funds. A portion of the assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	(4,789,100)
\$ 271,356	\$ 2,408,682		
143,099	1,990,071	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	
178,538	2,604,749	Grants	6,378,614
211,349	372,065	Property Taxes	151,702
2,226,033	16,067,084	Intergovernmental	2,256,889
<u>3,030,375</u>	<u>23,442,651</u>	Charge for Service	1,746,084
		Income Tax	1,886,139
277,295	490,681	Special Assessments	540,139
937,700	6,303,232	Other	25,565
-	3,155,265	Total	12,985,132
-	27,304		
-	9,662,068	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
4,832,408	2,111,575	General Obligation Bonds	(15,710,000)
3,019	3,019	Loans	(4,196,488)
212,733	2,714,187	Long-term Legal Claims	(204,700)
6,263,155	24,467,331		
<u>\$ 9,293,530</u>	<u>\$ 47,909,982</u>	Total	(20,111,188)
		<i>Net Assets of Governmental Activities</i>	<u>\$ 110,212,981</u>

City of Canton, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2005

	General	Community and Economic Development	Capital Projects	Motor Vehicle Purchase
Revenues				
Property and Other Taxes	\$ 3,277,108	\$ -	\$ -	\$ -
Municipal Income Tax	31,559,635	-	7,992,134	2,050,604
Charges for Services	8,560,217	131,521	-	-
Licenses, Permits, and Fees	1,141,264	-	-	-
Fines and forfeitures	238,579	-	-	-
Intergovernmental	7,348,511	-	-	-
Interest	1,193,590	2,392	-	-
Operating Grants and Contributions	111,999	5,742,468	-	-
Capital Grants and Contributions	-	-	13,228	-
Rentals	367,573	-	-	7,548
Other	552,559	677,879	285,403	-
Total Revenues	<u>54,351,035</u>	<u>6,554,260</u>	<u>8,290,765</u>	<u>2,058,152</u>
Expenditures				
Current				
General Government	16,135,233	-	-	-
Security of Persons and Property	30,120,583	-	-	-
Public Health	2,332,691	-	-	-
Transportation	1,348,406	-	-	-
Community Environment	-	7,379,362	-	-
Leisure Time Activities	2,411,855	-	-	-
Capital Outlay	-	-	5,655,988	1,512,566
Debt Service				
Principal	285,000	335,000	1,828,916	530,000
Interest and Fiscal Charges	135,652	61,918	475,450	148,393
Total Expenditures	<u>52,769,420</u>	<u>7,776,280</u>	<u>7,960,354</u>	<u>2,190,959</u>
<i>Excess Revenues Over (Under) Expenditures</i>	<u>1,581,615</u>	<u>(1,222,020)</u>	<u>330,411</u>	<u>(132,807)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	458	2,011	-	32,380
Issuance of Debt	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(100,783)	-	-	-
Total Other Financing Sources and Uses	<u>(100,325)</u>	<u>2,011</u>	<u>-</u>	<u>32,380</u>
Net Change in Fund Balance	1,481,290	(1,220,009)	330,411	(100,427)
<i>Fund Balance at Beginning of Year</i>	9,201,548	3,540,283	3,540,752	1,441,675
<i>Increase (Decrease) in Reserve for Inventory</i>	(11,347)	-	-	-
Fund Balance at End of Year	<u>\$ 10,671,491</u>	<u>\$ 2,320,274</u>	<u>\$ 3,871,163</u>	<u>\$ 1,341,248</u>

See accompanying notes to the basic financial statements

City of Canton, Ohio

Reconciliation of The Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended December 31, 2005

Other Governmental Funds	Total Governmental Funds		\$	
		Net change in fund balances-Total Government Funds		(915,976)
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
\$ -	\$ 3,277,108			
-	41,602,373	Governmental funds report capital outlays as expenditures.		
883,904	9,575,642	However, in the statement of activities, the cost of those		
249,146	1,390,410	assets is allocated over their estimated useful lives as		
208,903	447,482	depreciation expense. This is the amount by which depreciation		
2,927,772	10,276,283	exceed capital outlay in the current period.		
46,648	1,242,630	Capital Outlay	\$ 7,743,783	
3,019,300	8,873,767	Depreciation Expense	<u>(10,916,181)</u>	
1,991,292	2,004,520			(3,172,398)
20,620	395,741			
59,275	1,575,116	The net effect of various miscellaneous transactions involving		
<u>9,406,860</u>	<u>80,661,072</u>	capital assets (i.e., sales and donations) is to decrease net assets.		
		Sale proceeds for capital asset deletes		(145,931)
1,387,754	17,522,987			
1,651,139	31,771,722	Repayment of long-term debt is reported as an expenditure in		
2,900,403	5,233,094	the governmental funds, but the repayment reduces long-term		
2,039,864	3,388,270	liabilities in the statement of net assets.		
479,575	7,858,937	Bond Principal Payments	2,410,000	
2,435	2,414,290	Loan Principal Payments	568,916	
2,597,196	9,765,750	Legal Claims Payments	<u>27,600</u>	
				3,006,516
-	2,978,916			
102,129	923,542	Change in Long Term Debt Due to the issuance of new		
<u>11,160,495</u>	<u>81,857,508</u>	loans by the City		(245,611)
<u>(1,753,635)</u>	<u>(1,196,436)</u>			
		Consumable inventory is reported using the purchase		
-	34,849	method on a modified accrual basis, but is reported using the		
245,611	245,611	consumption method for full accrual. This amount represents		
100,783	100,783	the increase in inventory that took place during the fiscal year		225,599
-	<u>(100,783)</u>			
<u>346,394</u>	<u>280,460</u>	Some revenues that will not be collected for several months		
(1,407,241)	(915,976)	after the City's year end are not considered "available" revenues		(1,137,316)
		and are deferred in the governmental funds.		
7,433,450	25,157,708	Internal service funds are used by management to charge the		
236,946	225,599	costs of certain activities, such as insurance, to individual		
<u>\$ 6,263,155</u>	<u>\$ 24,467,331</u>	funds. The net revenue (expense) of the internal service funds		
		is reported with governmental activities		(828,730)
		<i>Change in Net Assets of Governmental Activities</i>		<u><u>\$ (3,213,847)</u></u>

City of Canton, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
General and Major Special Revenue Funds
For the year ended December 31, 2005

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/(Under)
	Original	Final		
Revenues				
Property and Other Taxes	\$ 3,062,000	\$ 3,291,000	\$ 3,277,108	\$ (13,892)
Municipal Income Tax	28,434,096	31,334,660	31,731,353	396,693
Intergovernmental	7,001,250	6,980,850	7,057,242	76,392
Charges for Services	8,542,440	8,782,581	8,717,246	(65,335)
Licenses, Permits and Fees	1,518,915	1,518,915	1,150,832	(368,083)
Fines and Forfeitures	290,000	290,000	250,854	(39,146)
Interest	737,000	1,019,000	1,153,240	134,240
Operating Grant	54,000	74,000	110,221	36,221
Rentals	223,500	283,500	342,974	59,474
Other	320,300	384,704	569,157	184,453
Total Revenues	50,183,501	53,959,210	54,360,227	401,017
Expenditures				
<i>Current</i>				
General				
Service Director Support Administration	253,401	1,425,928	1,423,517	2,411
Service Director	83,014	88,015	82,980	5,035
Annexation	28,160	28,160	21,602	6,558
Purchasing Administration	489,574	509,574	501,116	8,458
Building Maintenance	1,289,418	1,260,216	1,245,348	14,868
Income Tax	1,121,606	1,547,170	1,496,947	50,223
Mayor Administration	459,535	609,609	508,666	100,943
EEO Office Administrator	5,000	5,000	3,878	1,122
Human Resources	132,815	138,516	129,868	8,648
Word Processing	173,896	53,896	53,812	84
Youth Development	192,815	195,526	172,580	22,946
Council	568,788	585,788	581,396	4,392
Judges	1,584,732	1,582,883	1,553,333	29,550
Clerk of Courts	1,299,669	1,298,641	1,280,036	18,605
Law Department	1,579,190	1,582,190	1,470,230	111,960
Auditor's Office	1,702,535	1,755,334	1,679,711	75,623
Treasurer's Office	222,782	222,782	209,028	13,754
Civil Service	210,064	251,564	227,789	23,775
Zoning Board	8,547	8,547	8,524	23
Department of Motor Vehicles	2,209,393	2,510,732	2,485,521	25,211
Management Information Systems	1,121,803	1,121,803	999,112	122,691
Total General	14,736,737	16,781,874	16,134,994	646,880
Security of Persons and Property				
Safety Director	132,859	136,860	132,617	4,243
Code Enforcement	919,404	950,043	883,941	66,102
Code Enforcement - Demolitions	-	225,000	94,494	130,506
Police	14,566,970	14,969,544	14,856,553	112,991
Fire	12,932,151	13,151,834	13,102,040	49,794
Central Communication	929,908	929,908	911,806	18,102
Traffic Engineer/Parking Meters	155,277	155,278	153,790	1,488
Total Security of Persons and Property	\$ 29,636,569	\$ 30,518,467	\$ 30,135,241	\$ 383,226

City of Canton, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
General and Major Special Revenue Funds (continued)
For the year ended December 31, 2005

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/(Under)
	Original	Final		
Health				
Administration	\$ 690,551	\$ 810,551	\$ 792,078	\$ 18,473
Nurses	663,357	685,358	679,293	6,065
Lab	205,187	228,187	223,575	4,612
Environmental Administration	634,341	633,146	619,998	13,148
Total Health	<u>2,193,436</u>	<u>2,357,242</u>	<u>2,314,944</u>	<u>42,298</u>
Transportation				
Engineering - Daily Operations	101,730	101,614	88,056	13,558
Street Department	1,076,871	1,298,418	1,269,603	28,815
Total Transportation	<u>1,178,601</u>	<u>1,400,032</u>	<u>1,357,659</u>	<u>42,373</u>
Leisure Time Activities				
Civic Center - Administration	1,065,342	1,364,762	1,326,265	38,497
Park	1,098,611	1,108,709	1,052,354	56,355
Baseball Stadium	16,410	61,409	35,919	25,490
Total Leisure Time Activities	<u>2,180,363</u>	<u>2,534,880</u>	<u>2,414,538</u>	<u>120,342</u>
Debt Service				
Principal	285,000	285,000	285,000	-
Interest and Fiscal Charges	237,782	173,955	135,652	38,303
Total Expenditures	<u>50,448,488</u>	<u>54,051,450</u>	<u>52,778,028</u>	<u>1,273,422</u>
<i>Excess Revenues Over (Under) Expenditures</i>	<u>(264,987)</u>	<u>(92,240)</u>	<u>1,582,199</u>	<u>1,674,439</u>
Other Financing Sources (Uses)				
Sale of Assets			458	458
Advances In			187,027	187,027
Advances Out	(63,000)	(219,027)	(187,027)	32,000
Transfers Out	(40,000)	(100,783)	(100,783)	-
Total Other Financing Sources (Uses)	<u>(103,000)</u>	<u>(319,810)</u>	<u>(100,325)</u>	<u>219,485</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(367,987)</u>	<u>(412,050)</u>	<u>1,481,874</u>	<u>1,893,924</u>
<i>Fund Balance at Beginning of Year</i>	3,213,188	3,213,188	3,213,188	-
Unexpended Prior Year Encumbrances	222,931	222,931	222,931	-
Fund Balance at End of Year	<u>\$ 3,068,132</u>	<u>\$ 3,024,069</u>	<u>\$ 4,917,993</u>	<u>\$ 1,893,924</u>

See accompanying notes to the basic financial statements

City of Canton, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
General and Major Special Revenue Funds *(continued)*
For the year ended December 31, 2005

	Community and Economic Development			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/(Under)
	Original	Final		
Revenues				
Charges for Services	\$ 100,000	\$ 100,000	\$ 131,521	\$ 31,521
Operating Grant	11,922,554	11,922,554	5,518,790	(6,403,764)
Interest		-	2,635	2,635
Other	490,000	490,000	678,117	188,117
Total Revenues	<u>12,512,554</u>	<u>12,512,554</u>	<u>6,331,063</u>	<u>(6,181,491)</u>
Expenditures				
Current				
Community Environment	13,216,996	14,862,149	7,694,021	7,168,128
Debt Service				
Principal	335,000	335,000	335,000	-
Interest and Fiscal Charges	62,000	62,000	61,918	82
Total Expenditures	<u>13,613,996</u>	<u>15,259,149</u>	<u>8,090,939</u>	<u>7,168,210</u>
<i>Excess Revenues Over (Under) Expenditures</i>	<u>(1,101,442)</u>	<u>(2,746,595)</u>	<u>(1,759,876)</u>	<u>986,719</u>
Other Financing Sources (Uses)				
Sale of Assets	-	-	11	11
Advances Out	-	(2,300,000)	-	2,300,000
Transfers In	5,710,000	5,710,000	-	(5,710,000)
Total Other Financing Sources (Uses)	<u>5,710,000</u>	<u>3,410,000</u>	<u>11</u>	<u>(3,409,989)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	4,608,558	663,405	(1,759,865)	(2,423,270)
<i>Fund Balance at Beginning of Year</i>	(1,213,362)	(1,213,362)	(1,213,362)	-
Unexpended Prior Year Encumbrances	1,748,351	1,748,351	1,748,351	-
<i>Fund Balance at End of Year</i>	<u>\$ 5,143,547</u>	<u>\$ 1,198,394</u>	<u>\$ (1,224,876)</u>	<u>\$ (2,423,270)</u>

See the accompanying notes to the basic financial statements

City of Canton, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2005

	Business-Type Activities			Total	Governmental
	Water Operating Fund	Sewer Operating Fund	Refuse Operating Fund		Internal Service Fund
Assets					
<i>Current Assets</i>					
Equity in Pooled Cash and Cash Equivalents	\$ 7,507,673	\$ 8,275,794	\$ 523,540	\$ 16,307,007	\$ 6,022,645
Accounts Receivable	2,833,443	2,130,036	1,425,976	6,389,455	465,962
Due From Other Funds	-	-	-	-	2,479,270
Inventories	1,344,057	410,683	-	1,754,740	-
<i>Total Current Assets</i>	<u>11,685,173</u>	<u>10,816,513</u>	<u>1,949,516</u>	<u>24,451,202</u>	<u>8,967,877</u>
<i>Noncurrent Assets</i>					
Capital Assets:					
Land and Construction in Progress	1,858,428	2,584,955	-	4,443,382	-
Other Capital Assets, Net of Depreciation	35,173,075	47,824,624	983,350	83,981,049	-
<i>Total Noncurrent Assets</i>	<u>37,031,503</u>	<u>50,409,578</u>	<u>983,350</u>	<u>88,424,431</u>	<u>-</u>
Total Assets	<u><u>\$ 48,716,676</u></u>	<u><u>\$ 61,226,091</u></u>	<u><u>\$ 2,932,866</u></u>	<u><u>\$ 112,875,633</u></u>	<u><u>\$ 8,967,877</u></u>
Liabilities					
<i>Current</i>					
Accounts Payable	\$ 163,365	\$ 587,594	\$ 111,176	\$ 862,135	\$ 308,007
Accrued Wages and Benefits	208,572	186,148	101,030	495,750	5,283
Due to Other Funds	12,906	4,027	1,229	18,162	-
Due to Other Governments	19,815	15,877	9,598	45,290	11,414
Due Within One Year	1,605,768	2,071,855	-	3,677,623	996,169
Claims Payable	-	-	-	-	4,698,724
<i>Total Current</i>	<u>2,010,426</u>	<u>2,865,501</u>	<u>223,033</u>	<u>5,098,960</u>	<u>6,019,597</u>
<i>Noncurrent</i>					
Due Within More Than One Year	13,416,696	12,914,286	-	26,330,982	7,737,382
Total Liabilities	<u>15,427,122</u>	<u>15,779,787</u>	<u>223,033</u>	<u>31,429,942</u>	<u>13,756,979</u>
<i>Net Assets</i>					
Invested in Capital Assets, Net of Related Debt	22,009,039	35,423,437	983,350	58,415,826	-
Unrestricted	11,280,515	10,022,867	1,726,483	23,029,865	(4,789,102)
<i>Total Net Assets</i>	<u>33,289,554</u>	<u>45,446,304</u>	<u>2,709,833</u>	<u>81,445,691</u>	<u>(4,789,102)</u>
Total Net Assets and Liabilities	<u><u>\$ 48,716,676</u></u>	<u><u>\$ 61,226,091</u></u>	<u><u>\$ 2,932,866</u></u>	<u><u>\$ 112,875,633</u></u>	<u><u>\$ 8,967,877</u></u>

See accompanying notes to the basic financial statements

City of Canton, Ohio
Statement of Revenues, Expenses
and Changes in Net Assets
Proprietary Funds
For the year ended December 31, 2005

	Business-Type Activities			Total	Governmental
	Water Operating Fund	Sewer Operating Fund	Refuse Operating Fund		Internal Service Fund
Operating Revenues					
Charges for Services	\$ 11,516,587	\$ 9,962,634	\$ 4,141,408	\$ 25,620,629	\$ 13,365,499
Operating Grants and Contributions	-	-	38,115	38,115	-
Rentals	67,056	14,675	-	81,731	-
Other	54,855	936,420	875	992,150	580,948
Total Operating Revenues	<u>11,638,498</u>	<u>10,913,729</u>	<u>4,180,398</u>	<u>26,732,625</u>	<u>13,946,447</u>
Operating Expenses					
Personal Services	5,547,414	4,592,366	2,810,635	12,950,415	139,060
Contractual Services	1,053,873	1,956,925	1,358,213	4,369,011	787,630
Materials and Supplies	433,704	480,830	61,344	975,878	310
Insurance Claims and Expenses	64,139	8,808	14,523	87,470	9,373,809
Benefit Claim Expenses	-	-	-	-	2,408,465
Depreciation	1,295,697	2,295,493	192,701	3,783,891	-
Other	113,064	53,059	19,473	185,596	372
Total Operating Expenses	<u>8,507,891</u>	<u>9,387,481</u>	<u>4,456,889</u>	<u>22,352,261</u>	<u>12,709,646</u>
<i>Operating Income (Loss)</i>	<u>3,130,607</u>	<u>1,526,248</u>	<u>(276,491)</u>	<u>4,380,364</u>	<u>1,236,801</u>
Nonoperating Revenues (Expenses)					
Gain/(Loss) on Disposal of Capital Assets	1,436	-	(24,609)	(23,173)	-
Intergovernmental	33,167	-	-	33,167	-
Interest	9,184	1,608	-	10,792	46,752
Capital Grants and Contributions	169,897	62,393	-	232,290	-
Interest Expense	(870,104)	(546,649)	-	(1,416,753)	-
Total Nonoperating Revenue (Expenses)	<u>(656,420)</u>	<u>(482,648)</u>	<u>(24,609)</u>	<u>(1,163,677)</u>	<u>46,752</u>
Change in Net Assets	2,474,187	1,043,600	(301,100)	3,216,687	1,283,553
<i>Total Net Assets at Beginning of Year</i>	<u>30,815,367</u>	<u>44,402,704</u>	<u>3,010,933</u>		<u>(6,072,655)</u>
<i>Total Net Assets at End of Year</i>	<u>\$ 33,289,554</u>	<u>\$ 45,446,304</u>	<u>\$ 2,709,833</u>		<u>\$ (4,789,102)</u>

Some amounts reported for business-type activities in the statement of activities are different because a portion of the net expense of the internal service fund is reported with business-type activities

Change in net assets of business-type activities \$ 2,112,283
\$ 5,328,970

See accompanying notes to the basic financial statements

City of Canton, Ohio
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2005

	Business-Type Activities			Total	Governmental
	Water Operating Fund	Sewer Operating Fund	Refuse Operating Fund		Internal Service
Cash Flows From Operating Activities					
Receipts from Customers	\$ 11,500,687	\$ 9,760,281	\$ 4,140,770	\$ 25,401,738	\$ 13,215,760
Other Cash Receipts	99,190	957,177	38,990	1,095,357	154,215
Payments to Suppliers	(2,321,969)	(2,258,278)	(1,426,775)	(6,007,022)	(481,418)
Payments to Employees	(5,526,866)	(4,582,660)	(2,824,776)	(12,934,302)	(138,688)
Claims Paid	(64,139)	(8,808)	(14,523)	(87,470)	(10,989,587)
Other Cash Payments	(112,921)	(53,525)	(14,448)	(180,894)	(372)
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>3,573,982</u>	<u>3,814,187</u>	<u>(100,762)</u>	<u>7,287,407</u>	<u>1,759,910</u>
Cash Flows from Non Capital Financing Activities					
Reduction in Long Term Compensated Absences	-	-	-	-	(1,272,918)
Cash Flows From Capital and Related Financing Activities					
Proceeds from Capital Grants	315,455	62,393	-	377,848	-
Proceeds from Sale of Capital Assets	1,436	-	1,225	2,661	-
Purchases of Capital Assets	(1,239,819)	(1,915,387)	(446,311)	(3,601,517)	-
Principal Paid on Capital Debt	(1,524,200)	(2,459,626)	-	(3,983,826)	-
Interest Paid on Capital Debt	(870,104)	(546,649)	-	(1,416,753)	-
<i>Net Cash Provided (Used) by Capital and Related Financing Activities</i>	<u>(3,317,232)</u>	<u>(4,859,269)</u>	<u>(445,086)</u>	<u>(8,621,587)</u>	<u>-</u>
Cash Flows From Investing Activities					
Interest and Dividends	7,363	-	-	7,363	41,594
<i>Net Cash Provided by Investing Activities</i>	<u>7,363</u>	<u>-</u>	<u>-</u>	<u>7,363</u>	<u>41,594</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	264,113	(1,045,082)	(545,848)	(1,326,817)	528,586
Balance - Beginning of the Year	7,243,560	9,320,876	1,069,388	17,633,824	5,494,059
Balance - End of the Year	<u>7,507,673</u>	<u>8,275,794</u>	<u>523,540</u>	<u>16,307,007</u>	<u>6,022,645</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	3,130,607	1,526,248	(276,491)	4,380,364	1,236,801
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities					
Depreciation Expense	1,295,697	2,295,493	192,701	3,783,891	-
Change in Assets and Liabilities:					
Accounts Receivables, net	(38,621)	(197,680)	(638)	(236,939)	(397,202)
Intergovernmental Receivables, net	-	1,409	-	1,409	-
Inventories	(624,097)	(14,335)	-	(638,432)	-
Due From Other Funds	-	-	-	-	(179,270)
Accounts Payables	(210,152)	193,346	(2,193)	(18,999)	(226,839)
Accrued Wages Payable	6,978	5,186	(14,036)	(1,872)	340
Intergovernmental Payable	664	493	(1,334)	(177)	2,372
Due to Other Funds	12,906	4,027	1,229	18,162	-
Compensated Absences Payable	-	-	-	-	221,621
Claims Payable	-	-	-	-	1,102,087
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>\$ 3,573,982</u>	<u>\$ 3,814,187</u>	<u>\$ (100,762)</u>	<u>\$ 7,287,407</u>	<u>\$ 1,759,910</u>

See accompanying notes to the basic financial statements

City of Canton, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2005

	Private Purpose Trust	
	Hartford Houtz	Agency Funds
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ -	\$ 1,431,529
Cash and Cash Equivalents in Segregated Accounts	3,485	57,043
Investments in Segregated Accounts	129,476	
Total Assets	\$ 132,961	\$ 1,488,572
Liabilities		
Due to Other Governments	\$ -	\$ 887,048
Undistributed Assets	-	166,660
Deposits Held and Due to Others	-	434,864
Total Liabilities	-	\$ 1,488,572
Net Assets - Held in Trust for Individuals	\$ 132,961	

See accompanying notes to the basic financial statements

City of Canton, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2005

	Private Purpose Trust
	Hartford Houtz
Additions	
Investment Earnings:	
Interest	\$ 3,235
Total Investment Earnings	3,235
Deductions	
Benefits	6,000
Administrative Expenses	92
Total Deductions	6,092
Change in Net Assets	(2,857)
<i>Net Assets-Beginning of Year</i>	135,818
<i>Net Assets-End of Year</i>	\$ 132,961

See accompanying notes to the basic financial statements

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Canton (the City) is a municipal corporation incorporated under the laws of the State of Ohio. The City operates under a Mayor-Council form of government. The Mayor and Council are elected. The City provides police and fire protection, emergency medical, parks and recreation, planning, zoning, street maintenance and repair, refuse collection and general administrative services to the citizens of the City.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. A primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. The primary government of the City includes City departments and agencies that provide the following services: police protection, fire fighting and prevention, street maintenance and repairs, building inspection, parks and recreation, water, sewer and sanitation.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. The City will report the financial status of the Canton Community Improvement Corporation (CCIC) as a discretely presented component unit in its basic financial statements. A complete copy of the CCIC financial statements can be obtained by contacting the City's Community and Economic Development Department.

The City is associated with the Stark Area Regional Transit Authority, the Stark Council of Governments and the Stark County Regional Planning Commissions as jointly governed organizations; Canton Tomorrow Inc., and the Downtown Canton Special Improvement District as joint ventures; and the Joint Recreation District as a related organization. See Notes 12, 13 and 14.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. The City has not elected to apply FASB statements and interpretations issued after November 30, 1989. The most significant of the City's accounting policies are described below.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The Statement of Net Assets presents the financial condition of the governmental and business-type activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds

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

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Community and Economic Development Fund – To account for HUD Community and Economic Development Block Grant money used for the acquisition of real property, administrative costs, public facilities, and the rehabilitation of real property.

Capital Projects – To account for the City’s capital projects and expenditures of 20 percent of the net income tax receipts.

Motor Vehicle Purchase Fund – To account for the purchase and maintenance of the City’s vehicles and expenditures of 5 percent of the net income tax receipts.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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

Enterprise Water Operating Fund - The water operating enterprise fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City, and surrounding communities.

Enterprise Sewer Operating Fund - The sewer operating enterprise fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City, and several surrounding communities.

Enterprise Refuse Operating Fund - The refuse operating enterprise fund accounts for the provision of trash collection to the residents and commercial users located in the City.

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City’s internal service fund reports on a self-insurance program for employee medical benefits, compensated absences, and the City’s retrospective rating worker’s compensation benefits.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is a private-purpose trust fund established to account for monies donated to assist the poor of the City. The agency funds account for building permit fees collected on behalf of the State, municipal court collections that are distributed to various local governments, and the collection of payroll and employee deductions to be distributed to other governmental agencies. The City's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

The private-purpose trust fund is reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end. Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, interest, tuition, grants, fees and rentals.

Unearned/Deferred Revenue

Unearned or deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2005, but which were levied to finance year 2006 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue on modified accrual only.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year, for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department level. The appropriation ordinance may be amended during the year by

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

action of Council, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of council.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not re-appropriated.

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, except the private-purpose trust fund and funds requiring that interest proceeds follow the invested principal, are maintained in this pool. Individual fund integrity is maintained through the City's records.

The City utilizes financial institutions to service bonded debt as principal and interest come due. The balances in these accounts are presented as "cash and cash equivalents with fiscal agent."

The City has segregated bank accounts for monies held separate from the City's central bank account. These monies are presented in the Statement of Net Assets as "cash and cash equivalents in segregated accounts" and "investments in segregated accounts" since they are not required to be deposited into the City treasury.

During 2005, investments were limited to certificates of deposit, a money market investment, repurchase agreements, and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price investments could be sold for on December 31, 2005.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2005 amounted to \$1,193,590, which includes \$45,849, assigned from other city funds.

For purposes of the statement of cash flows and for presentation on the statement of net assets/balance sheet, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of bridges, culverts, storm sewers, streets, traffic signals and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City Engineer's interpretation of historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings & Structures	10 to 45 years	10 to 45 years
Vehicles & Equipment	10 to 15 years	10 to 15 years
Infrastructure	10 to 50 years	10 to 50 years

Interfund Balances

On fund financial statements, long-term interfund loans are classified as “due to/from other funds” on the balance sheet and are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all eligible employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for unused earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

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

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

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances, inventories, and loans receivable are recorded as a reservation of fund balance. The other purpose reservation line item is used to create a reserve fund balance for any amount due from another fund.

Net Assets

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

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water services, sewer treatment, refuse collection, the workers compensation, health insurance, and compensated absence claims internal service funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in business-type activities. Interfund transfers are eliminated when reported in the entity wide financial statements for both the governmental and business-type activities. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund, and as a reduction of expenditures/expenses in the fund that is reimbursed.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2005.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the General Fund and Major Special Revenue Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash (cash on hand) represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and the Community and Economic Development Fund.

Net Change in Fund Balance		
	General Fund	Community and Economic Development Fund
GAAP Basis	\$ 1,481,290	\$ (1,220,009)
Net Adjustment for Revenue Accruals	9,192	(225,197)
Net Adjustment for Expenditure		
Accruals	326,159	310,713
Encumbrances	(334,767)	(625,372)
Budget Basis	\$ 1,481,874	\$ (1,759,865)

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the City treasury. Active monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current 5-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Interim monies may be invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreements must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligation, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand

At year-end, the City had \$147,656 in undeposited cash on hand which is included on the Financial Statements of the City as part of "Cash and Cash Equivalents."

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Deposits with Financial Institutions

At December 31, 2005, the carrying amount of all City deposits was \$6,562,449. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of December 31, 2005, \$41,111,536 of the City's bank balance of \$41,811,536 was exposed to custodial risk as discussed below, while \$700,000 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City.

Investments

As of December 31, 2005, the City had the following investments and maturities:

Investment type	Balance at Fair Value	Investment Maturities	
		6 months or less	7 to 12 months
Certificates of Deposit	\$ 31,000,000	\$ 14,000,000	\$ 17,000,000
Money Markets	525,000	525,000	-
Star Ohio	3,253,600	3,253,600	-
Total Investments	<u>\$ 34,778,600</u>	<u>\$ 17,778,600</u>	<u>\$ 17,000,000</u>

The weighted average maturity is .45 years.

Credit Risk: The City has investments, in Star Ohio. Standard & Poor's has assigned Star Ohio AAAM money market rating

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. For the City's investments in certificates of deposit the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the City.

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

The following table includes the percentage of each investment type held by the City at December 31, 2005:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Certificates of Deposit	\$ 31,000,000	89.14
Money Markets	525,000	1.51
Star Ohio	3,253,600	9.36
Total Investment	<u>\$ 34,778,600</u>	<u>100.00</u>

Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the financial statements as of December 31, 2005:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 6,562,449
Investments	34,778,600
Total	<u>\$ 41,341,049</u>
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental Activities	\$ 23,412,509
Business Type Activities	16,307,007
Fiduciary Funds	1,621,533
Total	<u>\$ 41,341,049</u>

NOTE 5 - RECEIVABLES

Receivables at December 31, 2005, consisted of taxes, accounts (billings for user charged services), loans and intergovernmental receivables. All of these receivables, except loans receivable, are considered fully collectible.

No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one-year amount to \$22,622 in the Debt Service Fund, and \$517,517 for the other governmental funds. Special assessments are included in either accounts receivable or taxes receivable.

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 5 - RECEIVABLES (Continued)

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2005 for real and public utility property taxes represents collections of the 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) is for 2005 taxes.

2005 real property taxes are levied after October 1, 2005, on the assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2005 real property taxes are collected in and intended to finance 2006.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 25 percent of true value. 2005 public utility property taxes became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value.

The assessed value upon which the 2005 taxes were collected was \$1,039,538,953. Real estate represented 78.64 percent (\$817,479,800) of this total, public utility tangible personal property represented 4.54 percent (\$47,159,010) and general tangible personal property represented 16.82 percent (\$174,900,143). The tax rates per \$1,000 of assessed valuation for the year ended December 31, 2005, for all City operations applied to taxable property in the following taxing districts within the City limits was \$3.40 for District 2 – Canton Local School District, \$2.00 for District 3 – Plain Local School District, and \$2.60 for District 4 – Canton City School District.

Real property taxes are payable annually or semiannually. If paid annually, the payment is due by December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single-county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30 with the remainder payable at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county including the City of Canton. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies, which are measurable as of December 31, 2005. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2005 operations. The receivable is offset by deferred revenue.

Income Taxes

The City levies a municipal income tax of two percent on all salaries, wages, commissions and other

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 5 - RECEIVABLES (Continued)

compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, income tax proceeds, after income tax department expenditures, are credited to the following funds: 75 percent to the General Fund, 20 percent to the Capital Projects and 5 percent to the Motor Vehicle Purchase Capital Projects Funds.

Due From Other Governments

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Local Government and Local Government	
Revenue Assistance	\$ 3,398,698
Charges for Service	375,101
Courts	51,330
Gasoline and Excise Tax	773,805
Motor Vehicle Tax	53,791
Grants	8,036,830
Total:	\$ 12,689,555

Loans Receivable

The special revenue funds reflect community development loans receivable in the amount of \$3,155,265. The loans receivable represent the principal owed to the City for Community Development Block Grants. The loans bear interest at annual rates between 0 and 11 percent. The loans are to be repaid over periods ranging from 2 months to 20 years.

NOTE 6 - RISK MANAGEMENT

Workers' Compensation

Since 1989, the City has participated in the Ohio Bureau of Workers' Compensation Retrospective Rating Plan. Under the retrospective rating plan, the City assumes a portion of the risk in return for a reduction in current premiums. Current limits for claims incurred in 2005 are \$250,000 per claim.

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 6 - RISK MANAGEMENT (Continued)

A minimum premium for fixed costs is charged by the Ohio Bureau of Workers' Compensation. A maximum premium, the employer's experience-rated premium multiplied by the maximum percentage selected by the employer, may be charged back to the City for a ten-year evaluation period per claim. For the policy year 2005, the City selected Tier 1 which calls for no claim limit and a 200 percent maximum premium limit.

The claims liability of \$3,181,565 reported in the internal service fund at December 31, 2005, is based on the requirements of GASB Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past two years are as follows:

	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance End of Year
2004	\$ 2,282,084	\$ 1,538,259	\$ 935,175	\$ 2,885,168
2005	2,885,168	679,997	383,600	3,181,565

Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City contracts with Leonard Insurance Company for commercial property coverage, which has a \$365,811,063 limit and a \$100,000 deductible. The City also contracts with Leonard Insurance Services Agency, Inc. for boiler and machinery coverage, which has a \$1,000,000 limit and a \$2,500 deductible. The City contracts with Ohio Municipal League for automobile combined coverage, which has a \$5,000,000 limit and a \$125,000 deductible. The City also contracts with the Ohio Municipal League for general liability, including police professional and public official liability combined coverage provision. This coverage has a \$5,000,000 limit and a \$125,000 deductible for bodily injury and property damage, fire damage, employee benefit liability, and personal and advertising.

The City's elected officials are bonded for their respective terms. In addition, several specific employees (i.e., court bailiffs) are bonded where required by Ohio Revised Code.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been significant reduction in coverage from the prior year.

Medical

The City has elected to provide employees' major medical, hospitalization, prescription, dental and vision coverage through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. The City purchases stop-loss coverage of \$150,000 in aggregate per employee. The third party administrators, Aultcare and Benefit Services Inc., review all claims, which are then paid by the City.

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 6 - RISK MANAGEMENT (Continued)

The claims liability of \$1,402,305 reported in the self-insurance fund at December 31, 2005, is estimated by the third-party administrators and is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not report claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount for the last two years follow:

	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance End of Year
2004	\$ 914,984	\$ 6,812,181	\$ 7,105,936	\$ 621,229
2005	621,229	8,693,812	7,912,736	1,402,305

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005, was as follows:

	Balance 12/31/04	Additions	Deductions	Balance 12/31/05
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$ 6,748,878	\$ 776,500	\$ (16,724)	\$ 7,508,654
Construction in Progress	3,940,827	2,243,780	(1,767,409)	4,417,198
Total Capital Assets, not being Depreciated	10,689,705	3,020,280	(1,784,133)	11,925,852
Capital Assets, being Depreciated				
Buildings and Structures	38,887,824	365,417	(105,000)	39,148,241
Vehicles and Equipment	24,882,114	1,341,617	(404,107)	25,819,624
Infrastructure	325,513,876	4,783,878	(529,278)	329,768,476
Total Capital Assets, being Depreciated	389,283,814	6,490,912	(1,038,385)	394,736,341

(Continued)

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 7 - CAPITAL ASSETS (Continued)

	Balance 12/31/04	Additions	Deductions	Balance 12/31/05
Less Accumulated Depreciation				
Buildings and Structures	\$ (14,067,248)	\$ (965,305)	\$ 29,750	\$ (15,002,803)
Vehicles and Equipment	(13,982,503)	(1,847,742)	385,865	(15,444,380)
Infrastructure	(270,944,634)	(8,103,134)	493,563	(278,554,205)
Total Accumulated Depreciation	<u>(298,994,385)</u>	<u>(10,916,181)</u> *	<u>909,178</u>	<u>(309,001,388)</u>
Total Capital Assets, being Depreciated, net Governmental Activities	<u>90,289,429</u>	<u>(4,425,269)</u>	<u>(129,207)</u>	<u>85,734,953</u>
Capital Assets, net	<u>\$ 100,979,134</u>	<u>\$ (1,404,989)</u>	<u>\$ (1,913,340)</u>	<u>\$ 97,660,805</u>
 Business-Type Activities				
Capital Assets, not being depreciated				
Land	\$ 2,525,514	\$ -	\$ -	\$ 2,525,514
Construction in Progress	640,191	1,511,584	(233,907)	1,917,868
Total Capital Assets, not being Depreciated	<u>3,165,705</u>	<u>1,511,584</u>	<u>(233,907)</u>	<u>4,443,382</u>
Capital Assets, being Depreciated				
Buildings and Structures	89,639,820	233,907	-	89,873,727
Vehicles and Equipment	9,901,631	991,249	(209,907)	10,682,973
Infrastructure	146,818,117	1,098,683	-	147,916,800
Total Capital Assets, being Depreciated	<u>246,359,568</u>	<u>2,323,839</u>	<u>(209,907)</u>	<u>248,473,500</u>
Less Accumulated Depreciation				
Buildings and Structures	(42,639,032)	(1,875,083)	-	(44,514,115)
Vehicles and Equipment	(7,937,300)	(501,191)	184,073	(8,254,418)
Infrastructure	(110,316,304)	(1,407,617)	-	(111,723,921)
Total Accumulated Depreciation	<u>(160,892,636)</u>	<u>(3,783,891)</u>	<u>184,073</u>	<u>(164,492,454)</u>
Total Capital Assets, being Depreciated, net Business-Type Activities	<u>85,466,932</u>	<u>(1,460,052)</u>	<u>(25,834)</u>	<u>83,981,046</u>
Capital Assets, net	<u>\$ 88,632,637</u>	<u>\$ 51,532</u>	<u>\$ (259,741)</u>	<u>\$ 88,424,428</u>

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 7 - CAPITAL ASSETS (Continued)

* Depreciation expense was charged to governmental functions as follows:

General Government	\$ 495,800
Security of Persons and Property	1,290,951
Public Health	86,615
Transportation	8,594,690
Community Environment	10,840
Leisure Time Activities	437,285
Total Depreciation Expense	<u>\$ 10,916,181</u>

NOTE 8 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave components are derived from negotiated agreements, City ordinances and State laws. Employees earn two to six weeks of vacation per year, depending upon length of service. Twelve days of vacation may be carried forward into the next year.

Employees may bank up to 75 days earned vacation time toward retirement, payable at retirement or termination. No more than 15 days of earned vacation may be banked in any one-year in minimum increments of five days. In March 2003, the City eliminated banked vacation for individuals in management and non-bargaining classifications. In lieu of, or in addition to banking vacation, an employee may request to receive cash payment for unused vacation of no more than 10 days per year in minimum increments of five days calculated at 90 percent of the current rate of pay. Employees must declare their desire to receive cash payment no later than October 1 of each year. Payment shall be made on the first regular pay day in November of each year. Approval of the cash payment is within the sole discretion of the appointing authority.

Employees earn sick leave at the rate 4.6 hours per 80 hours worked. Sick leave accumulation is unlimited. Upon retirement or death, an employee can be paid 100 percent to a maximum of 150 days of accumulated, unused sick leave. Firefighters and police can be paid 100 percent to a maximum of 187.5 days and 1,500 hours, respectively. In March 2003, the City created a weighted scale for management and non-bargaining classifications. In addition, the City was able to negotiate this same scale with the union representing approximately 135 of the City's clerical and technical workers. This scale will now require 3,400 hours of unused sick time at retirement in order to receive the same 1,500 hours severance as noted above.

In 2004 the City establish a Compensated Absence Claim Fund for the purpose of depositing sick expense premiums from the employees labor fund distribution to pay both current and previous unfunded compensated absences. The expense associated with current and future obligations is being charged as a direct claim against the Compensated Absences Claim Fund. The premium supporting the fund is included in the personal service charge for each fund. The premium is equal to 125% of the total cost of the sick leave accrued on biweekly payrolls.

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

Note 9 – LONG-TERM OBLIGATIONS

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The City’s most recent general obligation bond issuance came in 2001 for the purpose of replacing its aging radio communication system.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 20-year serial bonds, with some exceptions. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Original Amount</u>
Governmental Activities, 1993 Various Purpose Refunding	2.5 - 5.375%	\$ 6,375,000
Governmental Activities, 1998 Pension Refunding	3.15 - 1.75%	6,080,000
Governmental Activities, 1999 Various Purpose Bonds	3.5%	6,635,000
Governmental Activities, 2001 Radio Communication	4.0 - 2.25%	5,610,000
Business-Type Activities, 1995 Water Works System	4.6 - 5.85%	10,070,000
Business-Type Activities, 1998 Utility System	4.1 - 5.0%	7,995,000
Business-Type Activities, 1993 Various Purpose Refunding	2.5 - 5.375%	2,365,000
		<u>\$ 45,130,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	2,195,000	707,571	2,145,000	673,280
2007	1,815,000	609,689	2,210,000	565,836
2008	1,250,000	530,493	1,980,000	453,620
2009	1,290,000	481,025	720,000	349,520
2010	1,355,000	428,360	760,000	308,120
2011-2015	4,805,000	1,379,393	4,520,000	823,388
2016-2020	3,000,000	297,275	-	-
Total	<u>\$ 15,710,000</u>	<u>\$ 4,433,806</u>	<u>\$ 12,335,000</u>	<u>\$ 3,173,764</u>

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

The City has annual debt requirements for the following three loans, all related to governmental activities. A Housing and Urban Development loan was entered into in 1995 for the Cornerstone improvement and construction project. The interest rate for this loan is 4% with an original outstanding balance of \$2,320,000. In 2004, the City chose to refinance the outstanding balance of the Housing and Urban Development loan resulting in a savings in interest payments. The balance refinanced was \$1,650,000 with an interest rate of 2.31% for the first payment rising incrementally to 5.19% for the final payment. A State Infrastructure Bank loan was entered into in 1998 for the Market Avenue Streetscape project. The interest rate for this loan is 4% with an original outstanding balance of \$1,179,031. Finally, a State of Ohio Urban Redevelopment loan was issued in 2000, with an interest rate of 4% and an original outstanding balance of \$1,650,916 and was used to build the Millennium Parking Deck. These loans were all issued as part of the City's continuing effort to improve its downtown business district.

Annual debt service requirements to maturity for the Housing and Urban Development Loan, the State Infrastructure Bank Loan, and the Urban Redevelopment Loan are as follows:

			State Infrastructure Bank Loan		
			Year Ending December 31	Governmental Activities	
Year Ending December 31	Governmental Activities			Principal	Interest
Housing and Urban Development Loan			2006	57,364	42,778
2006	335,000	49,271	2007	59,828	40,314
2007	335,000	38,919	2008	62,398	37,744
2008	335,000	26,792	2009	65,078	35,064
2009	310,000	13,392	2010	67,873	32,269
Total	<u>\$ 1,315,000</u>	<u>\$ 128,374</u>	2011-2015	385,680	115,030
			2016-2020	322,506	27,989
			Total	<u>\$ 1,020,727</u>	<u>\$ 331,188</u>

Urban Redevelopment Loan		
Year Ending December 31	Governmental Activities	
	Principal	Interest
2006	133,333	56,667
2007	133,333	51,000
2008	133,333	45,333
2009	133,333	39,667
2010	133,333	34,000
2011-2015	584,252	79,333
Total	<u>\$ 1,250,917</u>	<u>\$306,000</u>

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

The City entered into various loan agreements with the Ohio Public Works Commission for the purpose of improving the water pollution control and storm sewer operations. These are interest free loans. The following is a list of outstanding debt with the Ohio Public Works Commission.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Original Amount</u>
Water Pollution Control Center	0.00%	724,423
35th St. N.E. Storm Sewer Reconstruction	0.00%	197,266
Harmont Ave Pump Station	0.00%	107,900
Market Ave North Sewer Replacement	0.00%	54,389
		<u>\$ 1,083,978</u>

Annual debt service requirements to maturity for Ohio Public Works Commission loans are as follows:

Ohio Public Works Commission Loan				
Year Ending	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
December 31	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	40,387	-	52,130	-
2007	40,387	-	52,130	-
2008	40,387	-	52,130	-
2009	40,387	-	28,762	-
2010	40,387	-	5,395	-
2011-2015	201,935	-	26,975	-
2016-2020	138,474	-	26,975	-
2021-2025	67,500	-	10,790	-
Total	<u>\$ 609,844</u>	<u>\$ -</u>	<u>\$ 255,287</u>	<u>\$ -</u>

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

The City entered in to various loan agreements with the Ohio Water Development Authority for the purpose of improving and expanding both the water and the water pollution control operations. These loans will be repaid from business-type activity revenue. The Ohio Water Development Authority loans outstanding were as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Original Amount</u>
Steiner Heights Water Line Extension	6.39%	591,671
Plain Township Water Line Extension (55th St)	4.74%	1,653,459
Water Main Extension (Norwood Hills)	4.55%	527,230
Perry Township Water Extension	4.65%	1,459,754
Lake Local School Waterline	4.64%	1,980,974
Lawrence Chester Water Main Extension	5.01%	250,606
Incinerator Rehabilitation	4.56%	2,908,585
Water Pollution System	2.64%	14,230,181
Discharge Line (J.L.)	4.56%	835,606
Odor Corrosion	3.20%	1,954,886
		<u>\$ 26,392,952</u>

Annual debt service requirements to maturity for Ohio Water Development Authority loans are as follows:

Ohio Water Development Authority Loan		
Year Ending	<u>Business-Type Activities</u>	
December 31	<u>Principal</u>	<u>Interest</u>
2006	1,480,493	574,622
2007	1,532,158	522,957
2008	1,156,167	472,745
2009	1,197,967	430,946
2010	1,200,950	387,472
2011-2015	5,517,844	1,356,134
2016-2020	4,847,646	495,737
2021-2025	475,455	25,779
Total	<u>\$ 17,408,680</u>	<u>\$ 4,266,392</u>

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

Changes in long-term obligations of the City during the year ended December 31, 2005, were as follows:

	Outstanding 12/31/04	Additions	Reductions	Outstanding 12/31/05	Due Within One Year
<i>Business Type Activities</i>					
OPWC Loan:					
Sewer Fund:					
Water Pollution Control					
Center 0%	\$ 210,307	-	(46,735)	\$ 163,572	\$ 46,735
2003 Harmont Lift Station 0%	99,808	-	(8,093)	91,715	5,395
Total OPWC Loans	310,115	-	(54,828)	255,287	52,130
OWDA Loans:					
Water Fund:					
2001 Water Main Extension (Norwood Hills) 4.55%	393,137	-	(48,873)	344,264	51,122
2000 Steiner Heights Water Line Extension 6.39%	370,622	-	(58,212)	312,410	61,992
2001 Plain Township Water Line Ext. (55th St) 4.74%	1,521,098	-	(57,440)	1,463,658	60,195
2002 Perry Twshp Water Extension 4.65%	1,218,879	-	(129,001)	1,089,878	135,069
2002 Lake Schl Water 4.64%	1,854,810	-	(67,820)	1,786,990	71,003
2003 Lawrence Water Main Extension 5.01%	240,800	-	(20,354)	220,446	21,387
Sewer Fund:					
2002 Odor Corrosion 3.20% 1997 Incinerator Rehabilitation 4.56%	1,209,419	-	(390,584)	818,835	403,182
1997 Water Pollution System 2.64%	11,347,154	-	(623,989)	10,723,165	640,786
1999 Discharge Line (J.L.) 4.56%	683,467	-	(34,433)	649,034	35,757
Total OWDA Loans	19,192,678	-	(1,783,998)	17,408,680	1,480,493
Bonds:					
Water Fund:					
1995 Water Works System 4.6%-5.85%	8,510,000	-	(575,000)	7,935,000	610,000
1998 Utility System 4.1%-5%	2,432,500	-	(567,500)	1,865,000	595,000
Sewer Fund:					
1998 Utility System 4.1%-5%	2,432,500	-	(567,500)	1,865,000	595,000
1993 Various Purpose Refunding 2.5%-5.375%	1,105,000	-	(435,000)	670,000	345,000
Total 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

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

	Outstanding 12/31/04	Additions	Reductions	Outstanding 12/31/05	Due Within One Year
<i>Governmental Activities</i>					
1993 Various Purpose Refunding					
Bonds 2.5%-5.375%	\$ 2,940,000	\$ -	\$ (1,295,000)	\$ 1,645,000	\$ 1,030,000
1998 Pension Refunding					
Bonds 3.15%-1.75%	5,285,000	-	(285,000)	5,000,000	295,000
1999 Various Purpose					
Bonds 3.50%	5,775,000	-	(300,000)	5,475,000	320,000
2001 Radio Communication					
Bonds 4.0%-2.25%	4,120,000	-	(530,000)	3,590,000	550,000
Total Bonds	18,120,000	-	(2,410,000)	15,710,000	2,195,000
1995 HUD Loan 7.71%-8.77%	1,650,000		(335,000)	1,315,000	335,000
1999 SIB Loan	1,075,729		(55,002)	1,020,727	57,364
2000 Legal Claims	232,300	-	(27,600)	204,700	27,600
2000 Millenium Parking					
Deck Loan 4%	1,384,250	-	(133,333)	1,250,917	133,333
OPWC Loan:					
2003 35th St NE					
Storm Sewer 0%	355,425	-	(38,081)	317,344	25,387
2004 Market Ave Sewer 0%	54,389	245,611	(7,500)	292,500	15,000
Total OPWC Loans	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	31,324,586	1,657,346	(5,417,029) *	27,564,903 *	3,573,440
Totals	\$ 66,639,734	\$ 2,170,256	\$ (9,966,284)	\$ 58,843,706	\$ 7,462,476

*Note: During 1998, the City issued utility system general obligation bonds. The proceeds reported in the water enterprise fund and the sewer enterprise fund of \$5,375,000 and \$5,375,000, respectively, were used for a water meters project. The utility system general obligation bonds are reported net of the unamortized premium of \$4,819 in the water enterprise fund and \$4,819 in the sewer enterprise fund. Also, the above schedule of long-term debt obligations would differ from the government wide statement of net assets as a result of the compensated absences payable associated with business activities being included with the long-term liabilities of the governmental activities. The internal service Compensated Absence Claim Fund is responsible for the payment of both the governmental and business type compensated absence liabilities. Since governmental activities are the primary user of the internal service funds, GAAP requires the internal service funds to be reported with the governmental activities. The result is a discrepancy of \$1,279,836 between the debt reflected in the above schedule for governmental and business type activities and the debt numbers reflected in the Due in More Than One Year line item on the Statement of Net Assets on page 13. A similar discrepancy of \$211,413 results for the Due Within One Year line item. The City's overall legal debt margin was \$98,441,590 and an unvoted debt margin of \$46,464,642 at December 31, 2005.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employee Retirement System

All City employees, other than Police and Firemen, participate in the Ohio Public Employees Retirement System (OPERS), a cost sharing multiple-employer public employee retirement system

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

administered by the Ohio Public Employees Retirement Board. The traditional plan is a cost-sharing, multiple employer defined benefit pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 13.55 percent for the year 2005. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2005, 2004, and 2003 were \$3,329,426, \$3,204,912, and \$3,275,288, respectively. The full amount has been contributed for 2004 and 2003. 92.22 percent has been contributed for 2005 with the remainder being presented as "Due to Other Governments" in the payroll clearing, agency fund. Contributions to the member-directed plan for 2005 were \$3,329,426 made by the City and \$2,088,570 made by the plan members or by the City on their behalf where contracts and ordinances dictate.

Ohio Police and Firemen's Disability and Pension Fund

The City contributes to the Ohio Police and Firemen's Disability and Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. The PFDPF provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Firemen's Disability and Pension Fund, 140 East Town Street, Columbus, Ohio 43215.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and for 2005 the City was required to contribute 19.5 percent for police and 24.0 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the PFDPF for police and firefighters were \$1,791,119 and \$2,018,805 for the year ending December 31, 2005, \$1,698,203 and \$1,981,171 for the year ended December 31, 2004, \$1,735,243 and \$1,998,274 for the year ended December 31, 2003. The full amount has been contributed for 2004 and 2003 76.08 and 75.75 percent, respectively, have been contributed for 2005 with the remainder being presented as "Due to Other Governments" in the payroll clearing, agency fund.

NOTE 11 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

(OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on the authority granted by State statute. The 2005 employer contribution rate was 13.55 percent of covered payroll; 4.0 percent was the portion that was used to fund health care for 2005.

Benefits are advanced-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual City contributions for 2005 that were used to fund postemployment benefits were \$1,014,659. The actual contributions and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increase as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Ohio Police and Firemen's Disability and Pension Fund

The Ohio Police and Firemen's Disability and Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Firemen's Disability and Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2003 and 2004. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

The City's actual contributions for 2004 that were used to fund postemployment benefits were \$711,790 for police and \$651,872 for fire. OP&F's total health care expenses for the year ended December 31, 2004 (the latest information available) were \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

NOTE 12 - JOINT VENTURES

Canton Tomorrow, Inc.

The City participates in Canton Tomorrow, Inc., formed under Chapter 1702 of the Ohio Revised Code. Of the 21 member board, the City appoints three members. The degree of control exercised by any participating government is limited to its representation on the board. Canton Tomorrow, Inc., was formed to serve as a catalyst to bring together the vision, initiative and action necessary for the continuing revitalization of the City. Continued existence of Canton Tomorrow, Inc. is dependent on the City's continued participation, despite its minimal contribution to the overall budget; however, the City does not have an equity interest in Canton Tomorrow, Inc. (Agency). The Agency is not accumulating significant financial resources or experiencing fiscal stress, which would cause additional financial benefit or burden to the City. Canton Tomorrow's funding comes from a grant given by the City to the Canton Regional Chamber of Commerce. In 2005 the grant was for \$175,000 and the Chamber of Commerce is responsible for dividing it up amongst various agencies like Canton Tomorrow. Complete financial statements can be obtained from Canton Tomorrow, Inc.

Downtown Canton Special Improvement District

The City participates in the Downtown Canton Special Improvement District (District), formed under Chapter 1710 of the Ohio Revised Code. Of the 9 member board, the City appoints two members. The degree of control exercised by any participating government is limited to its representation on the board. The District was created for the purpose of developing and implementing plans for public improvements and public services. Continued existence of the District is dependent on the City's continued participation; however, the City does not have an equity interest in the District. In 2005, the City contributed \$87,901 to the District, which represents 100 percent of total contributions. Complete financial statements can be obtained from the Downtown Canton Special Improvement District.

NOTE 13 – RELATED ORGANIZATION

Joint Recreation District

The City appoints three of the five members of the Joint Recreation District (District) Board. The District manages recreational activities at sites within the City at facilities owned by either the City or Canton City Schools. The District hires and fires its own staff and does not rely on the City to finance deficits. The City is not financially accountable for the District nor is the District financially dependent on the City. The District serves as its own budgeting, taxing and debt issuance authority. The City did not make any contributions during 2005. Complete financial statements can be obtained from the Canton Recreation Department.

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

Stark Area Regional Transit Authority

The City participates in the Stark Area Regional Transit Authority (Authority), which is a jointly governed organization between Stark County and the cities of Canton, Massillon and Alliance. A nine-member board of trustees oversees the operation of the Authority whose purpose is to provide a low cost mass transportation system for Stark County. The City appoints three of the nine members. Each member's control over the operation of the Authority is limited to its representation on the Board. The Board exercises total authority for the day-to-day operations of the Authority, which include budgeting, appropriating, contracting and designating management. The City has no financial responsibility for any of the Authority's liabilities. The City made no monetary contributions to assist in the operational expenses of SARTA during 2005. Complete financial statements may be obtained from the Stark Area Regional Transit Authority.

Stark Council of Governments

The Stark Council of Governments (SCOG) is a jointly governed organization. SCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. Currently, SCOG's functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. SCOG is governed by the membership, including Stark County, and other cities and villages and townships. The membership elects a nine member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel and performs accounting and finance related activities. Continued existence of the agency is dependent on the City's continued participation; however, the City does not have an equity interest in the agency. The agency is not accumulating significant financial resources or experiencing fiscal stress, which would cause additional financial benefit or burden to the City. The City contributed \$652,155 from the General Fund for 2005 for the operation of SCOG, which represents 48.5 percent of total contributions. Complete financial statements may be obtained from the Stark Council of Governments.

Stark County Regional Planning Commission

The City participates in the Stark County Regional Planning Commission (Commission), which is a statutorily created political subdivision of the State. The commission is jointly governed among Stark County, and other cities, villages, and townships. Of the 48-member board, the City appoints 5 members. The degree of control exercised by any participating government is limited to its representation on the board. The principal aim of the Commission is to provide comprehensive planning, both long and short-term range, dealing with the economic and physical environment of Stark County. The board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting, and designating management. The City has no financial responsibility for any of the Commission's liabilities. In 2005, the City contributed \$103,774 to the Commission. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNIT

The component unit column in the combined financial statements identifies the financial data of the City's component unit, Canton Community Improvement Corporation. It is reported separately to emphasize that it is legally separate from the City.

Canton Community Improvement Corporation

Canton Community Improvement Corporation (CCIC) is a legally separate, not-for-profit, community

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNIT (Continued)

improvement corporation, as authorized under Chapter 1724 of the Ohio Revised Code. The seven-member board is comprised of the following; the City’s Mayor, three appointed or elected officials, chosen by the Mayor, and three recommended by the Mayor and approved by the other three board members. The CCIC was organized for the purpose of advancing, encouraging, and promoting the industrial, economic, and commercial and civic development of the community. The City’s Community and Economic Development Department, as authorized by City Council, provides an annual grant to pay for all operational costs associated with the CCIC.

NOTE 16 - CONTRACTUAL COMMITMENTS

As of December 31, 2005, the City had significant contractual commitments as follows:

Company	Project	Amount Remaining On Contract
Urban Housing Foundation	Summit Housing Project	\$ 1,060,000
Adams Signs	Civic Center Signs	347,983
Central Allied	Market Ave. Sanitary Sewer	368,228
Canton Regional Chamber of Commerce	Mill Road Industrial Park	255,000
Burgess Hears & Ambulance	Purchase an Ambulance	173,115

NOTE 17 – OPERATING LEASES

The City has entered into multiple year non-cancelable operating leases for equipment and vehicles. In addition, some of the operating leases have options to purchase the equipment or vehicle at the end of the lease. Total rental costs for such leases were \$281,070 for the year ended December 31, 2005. The minimum rental commitments under all such non-cancelable leases are as follows:

Year Ending	Amount
2006	\$ 281,070
2007	202,550
2008	186,717
2009	181,679
2010	65,067
Total	\$ 917,083

NOTE 18 - CONTINGENT LIABILITIES

Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City.

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 18 - CONTINGENT LIABILITIES(Continued)

Litigation

The Case of Bobby J. Wright vs. City of Canton, Et Al, was settled on May 14, 2001 in the United States District Court, Northern District of Ohio, Case No. 5:00CV2717, as authorized by the City Council. The terms of this settlement resulted in an obligation of \$506,200 payable over the next twelve years.

<u>Year Ending</u>	<u>Amount</u>
2006	\$ 27,600
2007	27,600
2008	27,600
2009	27,600
2010	27,600
2011-2015	66,700
Total	<u>\$ 204,700</u>

The City is a party to various other legal proceedings. The City management is of the opinion that ultimate disposition of those subsequent pending claims and legal proceedings will likely not have a material adverse effect, if any, on the financial condition of the City. However any litigation that could be successful against the City would in all likelihood not exceed a maximum exposure of \$400,000.

NOTE 19 - NOTES PAYABLE

GASB Statement No. 38 requires that short-term debt activity during the year be disclosed, even if no short-term debt is outstanding at year-end. Details are to include a schedule of changes in short-term debt, disclosing beginning and end of year balances, increases and decreases and the purpose for which the short-term debt was issued. The City had no short debt obligations for 2005.

NOTE 20 - INTERFUND BALANCES AND TRANSFERS

All transfers made by the City during 2005 were used to meet the City’s matching obligations for grants. Interfund transfers for the year ended December 31, 2005, consisted of the following:

<u>Transfer to</u>	<u>Transfer From</u>	
	<u>General Fund</u>	<u>Total</u>
Nonmajor		
Special Revenue	\$ 100,783	\$ 100,783
<i>Total</i>	<u>\$ 100,783</u>	<u>\$ 100,783</u>

Transfers are used to move resources from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 20 - INTERFUND BALANCES AND TRANSFERS (Continued)

At December 31, 2005, the Community and Economic Development Fund had an interfund due to balance of \$2,300,000 and the Nonmajor Internal Service Funds interfund balance included a due from of \$2,300,000. The obligation between the Nonmajor Internal Service Funds and the Community and Economic Development Fund represents the advance funding needed to fund a federal project. The Nonmajor Capital Project Funds had an interfund due to balance of \$116,337 and the Capital Projects Fund had an interfund due from balance of \$116,337. The transaction took place to provide advanced funding for a project the City is currently working on. The General Fund had an interfund due from for \$27,304 and the Nonmajor Special Revenue Funds interfund balance included a due to of \$27,304. The interfund obligations between the General Fund and Nonmajor Special Revenue Funds represent the advance funding necessary to provide adequate cash reserves to meet the Health Funds payroll. The balance of the Nonmajor Internal Service Funds due from balance of \$179,270 represents outstanding obligations to various operating funds for outstanding compensated absence obligations due to the Compensated Absence Fund. All of the above mentioned obligations should be satisfied using the appropriate grant and program revenues associated with each fund.

	Due to			
	General Fund	Capital Projects	Nonmajor Internal Service	Total
<u>Due From</u>				
General Fund	\$ -	\$ -	\$ 124,256	\$ 124,256
Community and Economic Development Fund	-	-	2,300,000	2,300,000
Capital Projects	-	-	1,955	1,955
Water Fund	-	-	12,907	12,907
Sewer Fund	-	-	4,026	4,026
Refuse Fund	-	-	1,229	1,229
Nonmajor Special Revenue	27,304	-	34,897	62,201
Nonmajor Capital Projects	-	116,337	-	116,337
<i>Total</i>	<u>\$ 27,304</u>	<u>\$ 116,337</u>	<u>\$ 2,479,270</u>	<u>\$ 2,622,911</u>

NOTE 21 – FUND DEFICITS/ACCOUNTABILITY

Fund balances at December 31, 2005 included the following individual fund deficits:

	<u>Deficit Fund Balance</u>
Nonmajor Funds:	
Shorb & 4th St. Roadway Improvement	\$ 70,552
Compensated Absences Claims	6,960,789

The deficits in these nonmajor funds are the result of adjustments for accrued liabilities and the timing of the receipts. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

**Combining, Statements and
Individual Fund Schedules**

Nonmajor Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are restricted by law and administrative action to expenditures for specified purposes.

Police and Fire Pension Fund To account for property taxes and transfers from the general fund for the payment of the employer's share of police and fire pension benefits.

Street Construction, Maintenance and Repair Fund Required by the Ohio Revised Code to account for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

State Highway Fund Required by the Ohio Revised Code to account for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of State highways within the City.

Municipal Road Fund To account for County grant money used for various street projects approved through the county's municipal road fund.

Cornerstone Parking Deck Fund To account for parking fees used for the upkeep of the Cornerstone Parking Deck.

Health Services Fund To account for State and Federal grant funds used for various health education, prevention, and treatment programs in the City.

Court's Computer Fund To account for monies used to maintain court computer systems.

Recycle Ohio Fund To account for grant monies used for the City's recycling program.

Canton Rail Station Fund To account for grant monies used in conjunction with the building of the Scenic Valley Railroad train station.

Court Fund To account for revenues received from Canton Municipal Court fines and to account for how such revenues are spent.

Law Department Dispute Resolution Fund To provide for the receipt of fees charged for discretionary public services provided to resolve various types of disputes.

Youth Development Fund To account for grant monies used for summer youth employment programs.

Enforcement and Education Fund To account for fines which are used for educating the public on the dangers of driving while under the influence of alcohol and the laws governing the operation of a motor vehicle while under the influence of alcohol.

Indigent Driver Alcohol Treatment Fund To account for fines collected by the municipal court from persons whose driver's license or permit was suspended for driving under the influence of alcohol. By order of the court, this fund will provide for the cost of rehabilitation for those deemed to be indigent.

Law Enforcement Fund To account for monies received from the sale or disposition of seized contraband. Expenditures from this fund are made for law enforcement purposes.

Municipal Probation Services Fund To account for fines and forfeitures used for various probation projects.

Prisoner Housing Fund To account for fines collected used for the housing and/or treatment of indigent offenders.

Local Law Enforcement Block Grant Fund To account for block grant monies used for law enforcement purposes.

Safe Neighborhood Fund To account for the receipts and expenditures associated with small private grants the City's police force receives.

Supplementary Police Forces Fund To account for the receipts and expenditures associated with the City's Auxiliary Police Force and Police Youth Corp.

Fire Donation Fund To account for the receipts and expenditures associated with donations given to the City's Fire Department.

Clean Ohio Revitalization Fund To account for the receipts and expenditures associated with the Clean Ohio Revitalization Grant received by the City for asbestos abatement projects.

Other Smaller special revenue funds operated by the City and subsidized in part by Local, State and Federal monies as well as miscellaneous sources. These funds are as follows:

City Hall Plaza Fund
Guardrail/Attenuator Replacement Fund
Southeast Community Center Fund
Bryne Memorial Mediation Fund
Park Fund
Federal Forfeiture Fund
D.A.R.E. Program Fund
Drug Law Enforcement Fund
Misdemeanor Community Sanction Grant Fund
Thermal Imaging System Fund
Clerk of Courts Administration Fund
Court Security Funding Fund
EMS Training & Equipment Fund
Firefighters Assistance Grant Fund

Nonmajor Debt Service Funds

Debt Service Funds are established to account for the accumulation of resources for, and the payment of, general and special assessment long-term debt principal and interest and related costs.

General Obligation Bond Retirement Fund To account for the accumulation of resources to pay principal and interest on general obligation debt.

Special Assessment Bond Retirement Fund To account for the collection of special assessments levied against properties for the payment of special assessment bonds and related interest costs.

Nonmajor Capital Projects Funds

Capital Projects Funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Radio Communication Fund To account for the purchase of a Digital Radio Communication System.

Harmount Sidewalk Improvement Fund To account for improvements of Harmount Street sidewalks.

Traffic Signalization Fund To account for costs associated with the maintenance of the traffic signals within the City.

OPWC Fund To account for some of the costs associated with State of Ohio Issue II monies used for infrastructure replacements and street improvements.

Street & Storm Sewer Improvement Fund To account for some of the costs associated with the repair, improvement, and construction of streets or storm sewer projects.

Market Avenue Sanitary Sewer Fund To account for the improvement of a portion of Market Avenue's Sanitary Sewer System.

Civic Center Improvement Fund To account for improvements at the Civic Center.

Shorb & 4th Street Roadway Improvement Fund To account for all costs associated with the revamping and rerouting of Shorb Avenue and 4th Street NW.

City of Canton, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 4,802,251	\$ -	\$ 724,076	\$ 5,526,327
Cash and Cash Equivalents with Fiscal Agents	-	3,019	-	3,019
Taxes Receivable	-	22,622	-	22,622
Accounts Receivable	19,115	-	-	19,115
Due From Other Governments	3,445,152	-	-	3,445,152
Inventories	277,295	-	-	277,295
Total Assets	<u>\$ 8,543,813</u>	<u>\$ 25,641</u>	<u>\$ 724,076</u>	<u>\$ 9,293,530</u>
Liabilities and Fund Balances				
<i>Current</i>				
Accounts Payable	\$ 271,356	\$ -	\$ -	\$ 271,356
Accrued Wages and Benefits	143,099	-	-	143,099
Due to Other Funds	62,201	-	116,337	178,538
Due to Other Governments	211,349	-	-	211,349
Deferred Revenue	2,203,411	22,622	-	2,226,033
Total Liabilities	<u>2,891,416</u>	<u>22,622</u>	<u>116,337</u>	<u>3,030,375</u>
<i>Net Assets and Other Credits</i>				
<i>Fund Balances</i>				
Reserved for:				
Inventories	277,295	-	-	277,295
Encumbrances	542,694	-	395,006	937,700
Unreserved:				
Undesignated, Reported in :				
Special Revenue Funds	4,832,408	-	-	4,832,408
Debt Service Funds	-	3,019	-	3,019
Capital Projects Funds (Deficit)	-	-	212,733	212,733
Total Fund Balances	<u>5,652,397</u>	<u>3,019</u>	<u>607,739</u>	<u>6,263,155</u>
Total Liabilities and Fund Balances	<u>\$ 8,543,813</u>	<u>\$ 25,641</u>	<u>\$ 724,076</u>	<u>\$ 9,293,530</u>

City of Canton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005

	Police and Fire Pension	Street Maintenance	State Highway	Municipal Road
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ -	\$ 301,715	\$ 66,938	\$ 661,276
Accounts Receivable	-	4,990	-	-
Due From Other Governments	-	762,284	72,123	-
Inventories	-	277,295	-	-
Total Assets	\$ -	\$ 1,346,284	\$ 139,061	\$ 661,276
Liabilities and Fund Balances				
<i>Current</i>				
Accounts Payable	\$ -	\$ 159,157	\$ 6,957	\$ -
Accrued Wages and Benefits	-	59,112	3,165	-
Due to Other Funds	-	9,897	-	-
Due to Other Governments	-	5,616	301	-
Deferred Revenue	-	358,754	28,716	-
Total Liabilities	-	592,536	39,139	-
<i>Net Assets and Other Credits</i>				
<i>Fund Balances</i>				
Reserved for:				
Inventories	-	277,295	-	-
Encumbrances	-	35,175	13,278	42,109
Unreserved:				
Undesignated, Reported in :				
Special Revenue Funds (Deficit)	-	441,278	86,644	619,167
<i>Total Fund Balances</i>	-	753,748	99,922	661,276
Total Liabilities and Fund Balances	\$ -	\$ 1,346,284	\$ 139,061	\$ 661,276

Cornerstone Parking Deck	Health Service	Court Computer	Recycle Ohio	Canton Rail Station	Court	Law Department Dispute Resolution	Youth Development
\$ 422,025	\$ 1,958,297	\$ 61,584	\$ 34,771	\$ 74,200	\$ 64,806	\$ 2,891	\$ 5,580
-	14,125	-	-	-	-	-	-
-	1,533,509	20,898	-	-	18,067	-	-
-	-	-	-	-	-	-	-
<u>\$ 422,025</u>	<u>\$ 3,505,931</u>	<u>\$ 82,482</u>	<u>\$ 34,771</u>	<u>\$ 74,200</u>	<u>\$ 82,873</u>	<u>\$ 2,891</u>	<u>\$ 5,580</u>
\$ 48,468	\$ 22,861	\$ 2,068	\$ -	\$ -	\$ 3,401	\$ -	\$ -
-	63,749	5,562	-	-	3,463	-	-
-	52,304	-	-	-	-	-	-
68,278	135,532	529	-	-	329	-	-
-	981,570	-	-	-	-	-	-
<u>116,746</u>	<u>1,256,016</u>	<u>8,159</u>	<u>-</u>	<u>-</u>	<u>7,193</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
97,591	97,443	11,713	30,560	14,115	8,716	-	665
207,688	2,152,472	62,610	4,211	60,085	66,964	2,891	4,915
305,279	2,249,915	74,323	34,771	74,200	75,680	2,891	5,580
<u>\$ 422,025</u>	<u>\$ 3,505,931</u>	<u>\$ 82,482</u>	<u>\$ 34,771</u>	<u>\$ 74,200</u>	<u>\$ 82,873</u>	<u>\$ 2,891</u>	<u>\$ 5,580</u>

(continued)

City of Canton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005

	Enforcement and Education	Indigent Driver Alcohol Treatment	Law Enforcement Trust	Municipal Probation Services	Prisoner Housing	Local Law Enforcement Block Grant
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 6,966	\$ 138,162	\$ 172,724	\$ 63,165	\$ 3,743	\$ 51,785
Accounts Receivable	-	-	-	-	-	-
Due From Other Governments	-	1,504	-	12,621	810	-
Inventories	-	-	-	-	-	-
Total Assets	\$ 6,966	\$ 139,666	\$ 172,724	\$ 75,786	\$ 4,553	\$ 51,785
Liabilities and Fund Balances						
<i>Current</i>						
Accounts Payable	\$ -	\$ 8,333	\$ 95	\$ 4,551	\$ 1,000	\$ -
Accrued Wages and Benefits	-	-	-	5,737	-	-
Due to Other Funds	-	-	-	-	-	-
Due to Other Governments	-	-	-	545	-	-
Deferred Revenue	-	-	-	-	-	-
Total Liabilities	-	8,333	95	10,833	1,000	-
<i>Net Assets and Other Credits</i>						
<i>Fund Balances</i>						
Reserved for:						
Inventories	-	-	-	-	-	-
Encumbrances	-	10,508	472	501	2,743	-
Unreserved:						
Undesignated, Reported in :						
Special Revenue Funds (Deficit)	6,966	120,825	172,157	64,452	810	51,785
Total Fund Balances	6,966	131,333	172,629	64,953	3,553	51,785
Total Liabilities and Fund Balances	\$ 6,966	\$ 139,666	\$ 172,724	\$ 75,786	\$ 4,553	\$ 51,785

Safe Neighborhood	Supplementary Police Forces	Fire Donation	Clean Ohio	Other	Total Nonmajor Special Revenue Funds
\$ 1,000	\$ 4,111	\$ 1,055	\$ -	\$ 705,457	\$ 4,802,251
-	-	-	-	-	19,115
-	-	-	986,205	37,131	3,445,152
-	-	-	-	-	277,295
<u>\$ 1,000</u>	<u>\$ 4,111</u>	<u>\$ 1,055</u>	<u>\$ 986,205</u>	<u>\$ 742,588</u>	<u>\$ 8,543,813</u>
\$ -	\$ -	\$ -	\$ 8,406	\$ 6,059	\$ 271,356
-	-	-	-	2,311	143,099
-	-	-	-	-	62,201
-	-	-	-	219	211,349
-	-	-	815,805	18,566	2,203,411
-	-	-	824,211	27,155	2,891,416
-	-	-	-	-	277,295
-	-	-	172,970	4,135	542,694
1,000	4,111	1,055	(10,976)	711,298	4,832,408
1,000	4,111	1,055	161,994	715,433	5,652,397
<u>\$ 1,000</u>	<u>\$ 4,111</u>	<u>\$ 1,055</u>	<u>\$ 986,205</u>	<u>\$ 742,588</u>	<u>\$ 8,543,813</u>

City of Canton, Ohio
 Combining Balance Sheet
 Nonmajor Debt Service Funds
 December 31, 2005

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service
Assets			
Cash and Cash Equivalents with Fiscal Agents	\$ 3,019	\$ -	\$ 3,019
Taxes Receivable	-	22,622	22,622
Total Assets	\$ 3,019	\$ 22,622	\$ 25,641
Liabilities and Fund Balances			
<i>Current</i>			
Deferred Revenue	\$ -	\$ 22,622	\$ 22,622
<i>Net Assets and Other Credits</i>			
<i>Fund Balances</i>			
Unreserved:			
Undesignated, Reported in :			
Debt Service Funds	3,019	-	3,019
<i>Total Fund Balances</i>	3,019	-	3,019
Total Liabilities and Fund Balances	\$ 3,019	\$ 22,622	\$ 25,641

City of Canton, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2005

	Radio Communication Systems	Harmount Sidewalk Improvement	Traffic Signalization	OPWC
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 6,843	\$ 12,692	\$ 1,397	\$ -
Liabilities and Fund Balances				
<i>Current</i>				
Due to Other Funds	\$ -	\$ -	\$ -	\$ -
<i>Net Assets and Other Credits</i>				
<i>Fund Balances</i>				
Reserved for:				
Encumbrances	-	-	-	-
Unreserved:				
Undesignated, Reported in :				
Capital Projects Funds	6,843	12,692	1,397	-
<i>Total Fund Balances</i>	6,843	12,692	1,397	-
Total Liabilities and Fund Balances	\$ 6,843	\$ 12,692	\$ 1,397	\$ -

(continued)

City of Canton, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2005

	Street & Storm Sewer Improvement	Market Avenue Sanitary Sewer	Civic Center Improvement	Shorb & 4th Street Roadway Improvement	Total Nonmajor Capital Projects Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 237,899	\$ -	\$ 419,460	\$ 45,785	\$ 724,076
Liabilities and Fund Balances					
<i>Current</i>					
Due to Other Funds	\$ -	\$ -	\$ -	\$ 116,337	\$ 116,337
<i>Net Assets and Other Credits</i>					
<i>Fund Balances</i>					
Reserved for:					
Encumbrances	212,784	-	137,383	44,839	395,006
Unreserved:					
Undesignated, Reported in :					
Capital Projects Funds	25,115	-	282,077	(115,391)	212,733
<i>Total Fund Balances</i>	<u>237,899</u>	<u>-</u>	<u>419,460</u>	<u>(70,552)</u>	<u>607,739</u>
Total Liabilities and Fund Balances	<u>\$ 237,899</u>	<u>\$ -</u>	<u>\$ 419,460</u>	<u>\$ 45,785</u>	<u>\$ 724,076</u>

City of Canton, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Charges for Services	\$ 883,904	\$ -	\$ -	\$ 883,904
Licenses, Permits, and Fees	249,146	-	-	249,146
Fines and forfeitures	208,903	-	-	208,903
Intergovernmental	2,927,772	-	-	2,927,772
Interest	29,332	-	17,316	46,648
Operating Grants and Contributions	3,019,300	-	-	3,019,300
Capital Grants and Contributions	652,549	-	1,338,743	1,991,292
Rentals	20,620	-	-	20,620
Other	59,275	-	-	59,275
Total Revenues	<u>8,050,801</u>	<u>-</u>	<u>1,356,059</u>	<u>9,406,860</u>
Expenditures				
Current				
General Government	1,387,754	-	-	1,387,754
Security of Persons and Property	1,651,139	-	-	1,651,139
Public Health	2,900,403	-	-	2,900,403
Transportation	2,039,864	-	-	2,039,864
Community Environment	479,575	-	-	479,575
Leisure Time Activities	2,435	-	-	2,435
Capital Outlay	-	-	2,597,196	2,597,196
Debt Service				
Interest and Fiscal Charges	102,129	-	-	102,129
Total Expenditures	<u>8,563,299</u>	<u>-</u>	<u>2,597,196</u>	<u>11,160,495</u>
<i>Excess Revenues Over (Under) Expenditures</i>	<u>(512,498)</u>	<u>-</u>	<u>(1,241,137)</u>	<u>(1,753,635)</u>
Other Financing Sources				
Issuance of Debt	-	-	245,611	245,611
Transfers In	100,783	-	-	100,783
Total Other Financing Sources	<u>100,783</u>	<u>-</u>	<u>245,611</u>	<u>346,394</u>
Net Change in Fund Balance	(411,715)	-	(995,526)	(1,407,241)
<i>Fund Balance at Beginning of Year</i>	5,827,166	3,019	1,603,265	7,433,450
<i>Increase (Decrease) in Reserve for Inventory</i>	236,946	-	-	236,946
Fund Balance at End of Year	<u>\$ 5,652,397</u>	<u>\$ 3,019</u>	<u>\$ 607,739</u>	<u>\$ 6,263,155</u>

City of Canton, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended December 31, 2005

	Police and Fire Pension	Street Maintenance	State Highway	Municipal Road	Cornerstone Parking Deck
Revenues					
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ 247,456
Licenses, Permits, and Fees	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	-	2,702,099	214,565	-	-
Interest	-	11,690	1,984	-	-
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Rentals	-	-	-	-	1,500
Other	-	9,615	-	-	-
Total Revenues	<u>-</u>	<u>2,723,404</u>	<u>216,549</u>	<u>-</u>	<u>248,956</u>
Expenditures					
Current					
General Government	-	-	-	-	464,928
Security of Persons and Property	-	1,229,740	26,876	-	-
Public Health	-	-	-	-	-
Transportation	-	1,832,014	167,867	32,891	7,092
Community Environment	-	-	-	-	-
Leisure Time Activities	-	-	-	-	-
Debt Service					
Interest and Fiscal Charges	102,129	-	-	-	-
Total Expenditures	<u>102,129</u>	<u>3,061,754</u>	<u>194,743</u>	<u>32,891</u>	<u>472,020</u>
<i>Excess Revenues Over (Under) Expenditures</i>	<u>(102,129)</u>	<u>(338,350)</u>	<u>21,806</u>	<u>(32,891)</u>	<u>(223,064)</u>
Other Financing Sources					
Transfers In	-	-	-	-	-
Net Change in Fund Balance	(102,129)	(338,350)	21,806	(32,891)	(223,064)
<i>Fund Balance at Beginning of Year</i>	102,129	855,152	78,116	694,167	528,343
<i>Increase (Decrease) in Reserve for Inventory</i>	-	236,946	-	-	-
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ 753,748</u>	<u>\$ 99,922</u>	<u>\$ 661,276</u>	<u>\$ 305,279</u>

Health Service	Court Computer	Recycle Ohio	Canton Rail Station	Court	Law Department Dispute Resolution	Youth Development
\$ 1,513	\$ 248,070	\$ -	\$ -	\$ 212,828	\$ 1,570	\$ -
249,146	-	-	-	-	-	-
-	-	-	-	-	-	-
11,108	-	-	-	-	-	-
-	-	-	-	-	-	-
2,653,383	-	46,387	-	-	-	38,236
-	-	-	72,740	-	-	-
-	-	-	-	-	-	-
41,278	-	-	-	6	-	-
<u>2,956,428</u>	<u>248,070</u>	<u>46,387</u>	<u>72,740</u>	<u>212,834</u>	<u>1,570</u>	<u>38,236</u>
-	206,267	-	-	204,067	791	48,699
-	-	-	-	-	-	-
2,900,403	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	37,762	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,900,403</u>	<u>206,267</u>	<u>37,762</u>	<u>-</u>	<u>204,067</u>	<u>791</u>	<u>48,699</u>
<u>56,025</u>	<u>41,803</u>	<u>8,625</u>	<u>72,740</u>	<u>8,767</u>	<u>779</u>	<u>(10,463)</u>
40,000	-	-	-	-	-	-
96,025	41,803	8,625	72,740	8,767	779	(10,463)
2,153,890	32,520	26,146	1,460	66,913	2,112	16,043
-	-	-	-	-	-	-
<u>\$ 2,249,915</u>	<u>\$ 74,323</u>	<u>\$ 34,771</u>	<u>\$ 74,200</u>	<u>\$ 75,680</u>	<u>\$ 2,891</u>	<u>\$ 5,580</u>

(continued)

City of Canton, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended December 31, 2005

	Enforcement and Education	Indigent Driver Alcohol Treatment	Law Enforcement Trust	Municipal Probation Services	Prisoner Housing
Revenues					
Charges for Services	\$ -	\$ -	\$ -	\$ 172,467	\$ -
Licenses, Permits, and Fees	-	-	-	-	-
Fines and forfeitures	5,498	41,471	78,422	-	10,498
Intergovernmental	-	-	-	-	-
Interest	-	-	-	-	-
Operating Grants and Contributions	-	-	7,611	-	-
Capital Grants and Contributions	-	-	-	-	-
Rentals	-	-	-	-	-
Other	-	-	1,831	1,095	-
Total Revenues	<u>5,498</u>	<u>41,471</u>	<u>87,864</u>	<u>173,562</u>	<u>10,498</u>
Expenditures					
Current					
General Government	-	60,325	-	246,864	26,000
Security of Persons and Property	-	-	33,236	-	-
Public Health	-	-	-	-	-
Transportation	-	-	-	-	-
Community Environment	-	-	-	-	-
Leisure Time Activities	-	-	-	-	-
Debt Service					
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>60,325</u>	<u>33,236</u>	<u>246,864</u>	<u>26,000</u>
<i>Excess Revenues Over (Under) Expenditures</i>	<u>5,498</u>	<u>(18,854)</u>	<u>54,628</u>	<u>(73,302)</u>	<u>(15,502)</u>
Other Financing Sources					
Transfers In	-	-	-	-	-
Net Change in Fund Balance	5,498	(18,854)	54,628	(73,302)	(15,502)
<i>Fund Balance at Beginning of Year</i>	1,468	150,187	118,001	138,255	19,055
<i>Increase (Decrease) in Reserve for Inventory</i>	-	-	-	-	-
Fund Balance at End of Year	<u>\$ 6,966</u>	<u>\$ 131,333</u>	<u>\$ 172,629</u>	<u>\$ 64,953</u>	<u>\$ 3,553</u>

Local Law Enforcement Block Grant	Safe Neighborhood	Supplementary Police Forces	Fire Donation	Clean Ohio	Other	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 883,904
-	-	-	-	-	-	249,146
-	-	-	-	-	73,014	208,903
-	-	-	-	-	-	2,927,772
-	-	-	-	-	15,658	29,332
-	1,000	-	600	-	272,083	3,019,300
-	-	-	-	579,809	-	652,549
-	-	-	-	-	19,120	20,620
-	-	729	-	14	4,707	59,275
-	1,000	729	600	579,823	384,582	8,050,801
-	-	-	-	8,406	121,407	1,387,754
80,652	-	979	1,000	-	278,656	1,651,139
-	-	-	-	-	-	2,900,403
-	-	-	-	-	-	2,039,864
-	-	-	-	441,813	-	479,575
-	-	-	-	-	2,435	2,435
-	-	-	-	-	-	102,129
80,652	-	979	1,000	450,219	402,498	8,563,299
(80,652)	1,000	(250)	(400)	129,604	(17,916)	(512,498)
-	-	-	-	-	60,783	100,783
(80,652)	1,000	(250)	(400)	129,604	42,867	(411,715)
132,437	-	4,361	1,455	32,390	672,566	5,827,166
-	-	-	-	-	-	236,946
<u>\$ 51,785</u>	<u>\$ 1,000</u>	<u>\$ 4,111</u>	<u>\$ 1,055</u>	<u>\$ 161,994</u>	<u>\$ 715,433</u>	<u>\$ 5,652,397</u>

City of Canton, Ohio
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Nonmajor Debt Service Funds
 For the year ended December 31, 2005

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues	\$ -	\$ -	\$ -
Expenditures	-	-	-
Net Change in Fund Balance	-	-	-
<i>Fund Balance at Beginning of Year</i>	3,019	-	3,019
<i>Fund Balance at End of Year</i>	\$ 3,019	\$ -	\$ 3,019

City of Canton, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Project Funds
For the year ended December 31, 2005

	Radio Communication Systems	Harmount Sidewalk Improvement	Traffic Signalization	OPWC	Street & Storm Sewer Improvement
Revenues					
Interest	\$ -	\$ 368	\$ -	\$ -	\$ -
Capital Grants and Contributions	-	-	-	-	963,430
Total Revenues	<u>-</u>	<u>368</u>	<u>-</u>	<u>-</u>	<u>963,430</u>
Expenditures					
Current					
Capital Outlay	-	-	-	69,585	1,328,431
<i>Excess Revenues Over (Under) Expenditures</i>	<u>-</u>	<u>368</u>	<u>-</u>	<u>(69,585)</u>	<u>(365,001)</u>
Other Financing Sources					
Issuance of Debt	-	-	-	-	-
Net Change in Fund Balance	-	368	-	(69,585)	(365,001)
<i>Fund Balance at Beginning of Year</i>	6,843	12,324	1,397	69,585	602,900
<i>Fund Balance at End of Year</i>	<u>\$ 6,843</u>	<u>\$ 12,692</u>	<u>\$ 1,397</u>	<u>\$ -</u>	<u>\$ 237,899</u>

(continued)

City of Canton, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Project Funds
For the year ended December 31, 2005

	Market Avenue Sanitary Sewer	Civic Center Improvement	Shorb & 4th Street Roadway Improvement	Total Nonmajor Capital Projects Funds
Revenues				
Interest	\$ -	\$ 16,948	\$ -	\$ 17,316
Capital Grants and Contributions	-	200,000	175,313	1,338,743
Total Revenues	<u>-</u>	<u>216,948</u>	<u>175,313</u>	<u>1,356,059</u>
Expenditures				
Current				
Capital Outlay	245,611	562,942	390,627	2,597,196
<i>Excess Revenues Over (Under) Expenditures</i>	<u>(245,611)</u>	<u>(345,994)</u>	<u>(215,314)</u>	<u>(1,241,137)</u>
Other Financing Sources				
Proceeds of from Debt Issues	245,611	-	-	245,611
Net Change in Fund Balance	-	(345,994)	(215,314)	(995,526)
<i>Fund Balance at Beginning of Year</i>	-	765,454	144,762	1,603,265
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ 419,460</u>	<u>\$ (70,552)</u>	<u>\$ 607,739</u>

Nonmajor Internal Service Funds

Internal Service Funds are established to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Workers' Compensation Retrospective Fund To account for the charges to operating funds on a percentage of payroll basis and the payment of premiums and claims under the retrospective rating plan as provided by the Ohio Bureau of Workers' Compensation.

Health Insurance Fund To account for charges to the operating funds on a per employee basis for the health and hospitalization self-insurance, eye and dental insurance and for payments to AFSCME for the unions' administered employees' eye and dental premiums. This fund also pays the salaries and fringe benefits of the employees responsible for administering and processing claims.

Compensated Absence Claim Fund To account for charges to the operating funds on a per employee basis for the claims associated with and mandated by local and state fringe benefit provisions including accumulated sick time, continuing disability, banked vacation, and termination pay.

City of Canton, Ohio
Combining Statement of Net Assets
Nonmajor Internal Service Funds
December 31, 2005

	Workers Compensation	Health Insurance	Compensated Absences Claims	Total Nonmajor Internal Service
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 2,804,124	\$ 1,499,263	\$ 1,719,258	\$ 6,022,645
Accounts Receivable	22,376	443,586	-	465,962
Due From Other Funds	2,300,000	-	179,270	2,479,270
Total Assets	<u>\$ 5,126,500</u>	<u>\$ 1,942,849</u>	<u>\$ 1,898,528</u>	<u>\$ 8,967,877</u>
Liabilities				
<i>Current</i>				
Accounts Payable	\$ 19,066	\$ 288,941	\$ -	\$ 308,007
Accrued Wages and Benefits	2,167	3,116	-	5,283
Due to Other Governments	206	296	10,912	11,414
Due Within One Year	-	-	996,169	996,169
Claims Payable - Current	3,181,565	1,402,305	114,854	4,698,724
<i>Total Current</i>	<u>3,203,004</u>	<u>1,694,658</u>	<u>1,121,935</u>	<u>6,019,597</u>
<i>Noncurrent</i>				
Due Within More Than One Year	-	-	7,737,382	7,737,382
Total Liabilities	<u>3,203,004</u>	<u>1,694,658</u>	<u>8,859,317</u>	<u>13,756,979</u>
<i>Net Assets</i>				
Unrestricted	1,923,496	248,191	(6,960,789)	(4,789,102)
Total Net Assets and Liabilities	<u>\$ 5,126,500</u>	<u>\$ 1,942,849</u>	<u>\$ 1,898,528</u>	<u>\$ 8,967,877</u>

City of Canton, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Net Assets
Nonmajor Internal Service Funds
For the year ended December 31, 2005

	Workers Compensation	Health Insurance	Compensated Absences Claims	Total Nonmajor Internal Service
Revenues				
Charges for Services	\$ 1,164,716	\$ 7,751,355	\$ 4,449,428	\$ 13,365,499
Other	41,517	539,431	-	580,948
Total Revenue	<u>1,206,233</u>	<u>8,290,786</u>	<u>4,449,428</u>	<u>13,946,447</u>
Operating Expenses				
Personal Services	56,300	82,760	-	139,060
Contractual Services	91,340	690,209	6,081	787,630
Materials and Supplies	-	310	-	310
Insurance Claims and Expenses	679,997	8,693,812	-	9,373,809
Benefit Claim Expenses	-	-	2,408,465	2,408,465
Other	143	229	-	372
Total Operating Expenses	<u>827,780</u>	<u>9,467,320</u>	<u>2,414,546</u>	<u>12,709,646</u>
<i>Operating (Income) Loss</i>	<u>378,453</u>	<u>(1,176,534)</u>	<u>2,034,882</u>	<u>1,236,801</u>
Nonoperating Revenues				
Interest and Investment Revenue	-	46,752	-	46,752
Change in Net Assets	378,453	(1,129,782)	2,034,882	1,283,553
<i>Total Net Assets at Beginning of Year</i>	<u>1,545,043</u>	<u>1,377,973</u>	<u>(8,995,671)</u>	<u>(6,072,655)</u>
<i>Total Net Assets at End of Year</i>	<u>\$ 1,923,496</u>	<u>\$ 248,191</u>	<u>\$ (6,960,789)</u>	<u>\$ (4,789,102)</u>

City of Canton, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the year ended December 31, 2005

	Workers Compensation	Health Insurance	Compensated Absences Claims	Total
Cash Flows From Operating Activities				
Receipts from Customers and Users	\$ 1,164,716	\$ 7,780,886	\$ 4,270,158	\$ 13,215,760
Other Cash Receipts	19,276	134,939	-	154,215
Payments to Suppliers	(72,274)	(403,063)	(6,081)	(481,418)
Payments to Employees	(56,206)	(82,482)	-	(138,688)
Claims Paid	(916,961)	(7,912,736)	(2,159,890)	(10,989,587)
Other Cash Payments	(143)	(229)	-	(372)
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>138,408</u>	<u>(482,685)</u>	<u>2,104,187</u>	<u>1,759,910</u>
Cash Flows from Non Capital Financing Activities				
Reduction in Long Term Compensated Absences	-	-	(1,272,918)	(1,272,918)
Cash Flows From Investing Activities				
Interest and Dividends	-	41,594	-	41,594
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	138,408	(441,091)	831,269	528,586
Balance - Beginning of the Year	<u>2,665,716</u>	<u>1,940,354</u>	<u>887,989</u>	<u>5,494,059</u>
Balance - End of the Year	<u><u>2,804,124</u></u>	<u><u>1,499,263</u></u>	<u><u>1,719,258</u></u>	<u><u>6,022,645</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	378,453	(1,176,534)	2,034,882	1,236,801
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities				
Change in Assets and Liabilities:				
Accounts Receivables, net	(22,241)	(374,961)	-	(397,202)
Due From Other Funds	-	-	(179,270)	(179,270)
Accounts Payables	(514,295)	287,456	-	(226,839)
Accrued Wages Payable	86	254	-	340
Intergovernmental Payable	8	24	2,340	2,372
Compensated Absences Payable	-	-	221,621	221,621
Claims Payable	296,397	781,076	24,614	1,102,087
Net Cash Provided (Used) by Operating Activities	<u>\$ 138,408</u>	<u>\$ (482,685)</u>	<u>\$ 2,104,187</u>	<u>\$ 1,759,910</u>

Combining Statements-Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in trustee capacity, or as an agent for individuals, private organizations, other governments, and/or other funds.

Private Purpose Trust

This fund is accounted for in essentially the same manner as proprietary funds.

Hartford Houtz Fund To account for monies donated to be used to improve the health and education of children.

Agency Funds

Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

Building Escrow Fund To account for receipts from insurance companies, under City and State statutes, necessary to ensure compliance with building codes after a structure fire. Disbursements are normally to property owners upon release from the code enforcement department.

Payroll Clearing Fund To account for payroll taxes and other related payroll deductions accumulated from the funds for distribution to other governmental units and private organizations.

Employee Buyout Incentive Fund To account for money being held and disbursed in conjunction with the City's 2002 Incentive Retirement Plan.

Auditor's Transfer Fund To account for and hold receipts from various entities until proper disbursement.

Municipal Court Fund To account for municipal court activities, including the civil division and trusteeship accounts, not currently reflected on the city's records.

Ticketmaster Fund To account for money received and reimbursed for event tickets sold through the Ticketmaster System.

Building Department State Assessment Fund To account for assessments that are collected by the city on building projects on behalf of the state.

Downtown Special Improvement District Fund To keep track of property taxes collect by the City for a Special Improvement District. Once the City receives the money it is immediately reimbursed to the board of the district.

Civic Center Event Expense Clearing Fund To account for money the City receives from event promoters that then must be paid to individuals or associations that performed work during the event.

City of Canton, Ohio
Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the Year Ended December 31, 2005

	Balance 01/01/05	Additions	Reductions	Balance 12/31/05
Building Escrow				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 112,987	\$ 138,816	\$ 111,424	\$ 140,379
Liabilities				
Deposits Held and Due to Others	\$ 112,987	\$ 138,816	\$ 111,424	\$ 140,379
Payroll Clearing				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,007,168	\$ 11,153,069	\$ 11,273,189	\$ 887,048
Liabilities				
Due to Other Governments	\$ 1,007,168	\$ 11,153,069	\$ 11,273,189	\$ 887,048
Employee Buyout Incentive				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 83,518	\$ 89,677	\$ 106,414	\$ 66,781
Liabilities				
Deposits Held and Due to Others	\$ 83,518	\$ 89,677	\$ 106,414	\$ 66,781
Auditors Transfer				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 97,657	\$ 282,927	\$ 216,732	\$ 163,852
Cash and Cash Equivalents in Segregated Accounts	460	18,745	18,655	550
Total Assets	\$ 98,117	\$ 301,672	\$ 235,387	\$ 164,402
Liabilities				
Deposits Held and Due to Others	\$ 98,117	\$ 301,672	\$ 235,387	\$ 164,402
Municipal Court				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$ 59,723	\$ 6,895,353	\$ 6,898,583	\$ 56,493
Liabilities				
Undistributed Assets	\$ 59,723	\$ 6,895,353	\$ 6,898,583	\$ 56,493

City of Canton, Ohio
Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds (continued)
For the Year Ended December 31, 2005

	Balance 01/01/05	Additions	Reductions	Balance 12/31/05
<i>Ticketmaster</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 43,070	\$ 1,340,844	\$ 1,273,747	\$ 110,167
Liabilities				
Undistributed Assets	\$ 43,070	\$ 1,340,844	\$ 1,273,747	\$ 110,167
<i>Building Department State Assessment</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 8,350	\$ 10,151	\$ 9,403	\$ 9,098
Liabilities				
Deposits Held and Due to Others	\$ 8,350	\$ 10,151	\$ 9,403	\$ 9,098
<i>Downtown Special Improvement District</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ -	\$ 140,291	\$ 87,901	\$ 52,390
Liabilities				
Deposits Held and Due to Others	\$ -	\$ 140,291	\$ 87,901	\$ 52,390
<i>Civic Center Event Expense Clearing</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ -	\$ 215,586	\$ 213,772	\$ 1,814
Liabilities				
Deposits Held and Due to Others	\$ -	\$ 215,586	\$ 213,772	\$ 1,814
<i>All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,352,750	\$ 13,371,361	\$ 13,292,582	\$ 1,431,529
Cash and Cash Equivalents in Segregated Accounts	60,183	6,914,098	6,917,238	57,043
Total Assets	\$ 1,412,933	\$ 20,285,459	\$ 20,209,820	\$ 1,488,572
Liabilities				
Due to Other Governments	\$ 1,007,168	\$ 11,153,069	\$ 11,273,189	\$ 887,048
Undistributed Assets	102,793	8,236,197	8,172,330	166,660
Deposits Held and Due to Others	302,972	896,193	764,301	434,864
Total Liabilities	\$ 1,412,933	\$ 20,285,459	\$ 20,209,820	\$ 1,488,572

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Individual Fund Schedules of Revenues, Expenditures/Expenses and
Changes in Fund Balance/Fund Equity – Budget (Non-GAAP Basis) and Actual

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Property and Other Taxes	\$ 3,291,000	\$ 3,277,108	\$ (13,892)
Municipal Income Tax	31,334,660	31,731,353	396,693
Charges for Services	8,782,581	8,717,246	(65,335)
Licenses, Permits and Fees	1,518,915	1,150,832	(368,083)
Fines and Forfeitures	290,000	250,854	(39,146)
Intergovernmental	6,980,850	7,057,242	76,392
Operating Grants	74,000	110,221	36,221
Interest	1,019,000	1,153,240	134,240
Rentals	283,500	342,974	59,474
Other	384,704	569,157	184,453
Total Revenue	53,959,210	54,360,227	401,017
Expenditures			
Current:			
General Governmental:			
<i>Service Director-Support Administration :</i>			
Personal Services	1,187,085	1,186,952	133
Materials and Supplies	2,734	2,038	696
Contractual Services	154,819	153,737	1,082
Other	81,290	80,790	500
<i>Total Service Director-Support Administration</i>	<u>1,425,928</u>	<u>1,423,517</u>	<u>2,411</u>
<i>Service Director-Service Director Administration:</i>			
Personal Services	70,526	66,600	3,926
Materials and Supplies	200	76	124
Contractual Services	15,133	14,148	985
Other	2,156	2,156	-
<i>Total Service Director-Service Director Admin</i>	<u>88,015</u>	<u>82,980</u>	<u>5,035</u>
<i>Service Director-Purchase Administration:</i>			
Personal Services	280,093	280,078	15
Materials and Supplies	219,943	211,821	8,122
Contractual Services	8,638	8,317	321
Other	900	900	-
<i>Total Service Director-Purchase Administration</i>	<u>509,574</u>	<u>501,116</u>	<u>8,458</u>
<i>Service Director-Annexation:</i>			
Personal Services	10,130	9,390	740
Materials and Supplies	2,300	1,240	1,060
Contractual Services	15,730	10,972	4,758
<i>Total Service Director-Annexation</i>	<u>28,160</u>	<u>21,602</u>	<u>6,558</u>
<i>Building and Maintenance-Other Building:</i>			
Personal Services	830,975	826,555	4,420
Materials and Supplies	60,177	56,374	3,803
Contractual Services	364,865	358,310	6,555
Capital Outlay	576	576	-
Other	3,623	3,533	90
<i>Total Building and Maintenance-Other Building</i>	<u>\$ 1,260,216</u>	<u>\$ 1,245,348</u>	<u>\$ 14,868</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
<i>Mayor - EEO Officer Admin</i>			
Contractual Services	\$ 1,600	\$ 1,490	\$ 110
Other	3,400	2,388	1,012
<i>Total Mayor-EEO Officer Admin</i>	<u>5,000</u>	<u>3,878</u>	<u>1,122</u>
<i>Total Income Tax-Income Tax Administration</i>			
Personal Services	949,081	918,098	30,983
Materials and Supplies	92,976	90,760	2,216
Contractual Services	79,745	64,690	15,055
Capital Outlay	2,000	1,485	515
Other	423,368	421,914	1,454
<i>Total Income Tax - Income Tax Administration</i>	<u>1,547,170</u>	<u>1,496,947</u>	<u>50,223</u>
<i>Mayor - Administration</i>			
Personal Services	384,666	361,100	23,566
Materials and Supplies	3,515	2,457	1,058
Contractual Services	44,324	27,469	16,855
Other	177,104	117,640	59,464
<i>Total Mayor-Mayor Administration</i>	<u>609,609</u>	<u>508,666</u>	<u>100,943</u>
<i>Mayor-Human Resources Administration:</i>			
Personal Services	114,098	112,342	1,756
Materials and Supplies	560	498	62
Contractual Services	23,518	16,828	6,690
Other	340	200	140
<i>Total Mayor-Human Resources Administration</i>	<u>138,516</u>	<u>129,868</u>	<u>8,648</u>
<i>Mayor-Word Processing Administration:</i>			
Personal Services	53,896	53,812	84
<i>Total Mayor-Word Processing Administration</i>	<u>53,896</u>	<u>53,812</u>	<u>84</u>
<i>Mayor-Youth Development Administration:</i>			
Personal Services	186,018	165,776	20,242
Materials and Supplies	672	465	207
Contractual Services	8,836	6,339	2,497
<i>Total Mayor-Youth Development Administration</i>	<u>195,526</u>	<u>172,580</u>	<u>22,946</u>
<i>Council-Council Administration:</i>			
Personal Services	535,301	535,300	1
Materials and Supplies	1,402	1,339	63
Contractual Services	46,710	42,597	4,113
Capital Outlay	-	-	-
Other	2,375	2,160	215
<i>Total Council-Council Administration</i>	<u>585,788</u>	<u>581,396</u>	<u>4,392</u>
<i>Courts/Judge-Judge Administration:</i>			
Personal Services	1,526,534	1,498,843	27,691
Materials and Supplies	28,440	28,272	168
Contractual Services	24,972	24,188	784
Other	2,937	2,030	907
<i>Total Courts/Judge-Judge Administration</i>	<u>\$ 1,582,883</u>	<u>\$ 1,553,333</u>	<u>\$ 29,550</u>

(continued)

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
<i>Courts/Clerk-Clerk of Courts Administration:</i>			
Personal Services	\$ 1,194,407	\$ 1,190,860	\$ 3,547
Materials and Supplies	58,895	52,883	6,012
Contractual Services	42,449	34,415	8,034
Other	2,890	1,878	1,012
<i>Total Courts/Clerk-Clerk of Courts Admin</i>	<u>1,298,641</u>	<u>1,280,036</u>	<u>18,605</u>
<i>Law Director-Law Administration:</i>			
Personal Services	1,184,812	1,151,994	32,818
Materials and Supplies	8,996	7,322	1,674
Contractual Services	164,237	146,373	17,864
Other	196,545	136,941	59,604
<i>Total Law Director-Law Administration</i>	<u>1,554,590</u>	<u>1,442,630</u>	<u>111,960</u>
<i>Law Director-Police Settlement</i>			
Legal Claims	27,600	27,600	-
<i>Total Law Director-Police Settlement</i>	<u>27,600</u>	<u>27,600</u>	<u>-</u>
<i>Auditor-Auditor Administration:</i>			
Personal Services	909,975	909,711	264
Materials and Supplies	39,810	38,614	1,196
Contractual Services	684,918	677,872	7,046
Other	120,631	53,514	67,117
<i>Total Auditor-Auditor Administration</i>	<u>1,755,334</u>	<u>1,679,711</u>	<u>75,623</u>
<i>Treasurer- Administration & Operations:</i>			
Personal Services	213,797	204,817	8,980
Materials and Supplies	1,370	1,200	170
Contractual Services	7,140	2,761	4,379
Capital Outlay	225	-	225
Other	250	250	-
<i>Total Treasurer-Operations</i>	<u>222,782</u>	<u>209,028</u>	<u>13,754</u>
<i>Board of Commission-Civil Service:</i>			
Personal Services	213,743	208,558	5,185
Materials and Supplies	2,154	1,995	159
Contractual Services	35,667	17,236	18,431
<i>Total Board of Commission-Civil Service</i>	<u>251,564</u>	<u>227,789</u>	<u>23,775</u>
<i>Board of Commission-Zoning Board:</i>			
Planning and Zoning:			
Personal Services	8,547	8,524	23
<i>Total Board of Commission-Zoning Board</i>	<u>8,547</u>	<u>8,524</u>	<u>23</u>
<i>Motor Vehicle-Administration:</i>			
Personal Services	175,217	171,203	4,014
Materials and Supplies	1,810	1,086	724
Contractual Services	123,964	114,669	9,295
Other	150	72	78
<i>Total Motor Vehicle-Administration</i>	<u>\$ 301,141</u>	<u>\$ 287,030</u>	<u>\$ 14,111</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
<i>Motor Vehicle-Service and Repair:</i>			
Personal Services	\$ 849,398	\$ 849,196	\$ 202
Materials and Supplies	1,273,278	1,267,583	5,695
Contractual Services	76,183	71,225	4,958
Capital Outlay	960	960	-
Other	9,772	9,527	245
<i>Total Motor Vehicle-Service and Repair</i>	<u>2,209,591</u>	<u>2,198,491</u>	<u>11,100</u>
<i>Management Information Systems:</i>			
Personal Services	930,205	830,911	99,294
Materials and Supplies	30,824	24,183	6,641
Contractual Services	152,050	137,919	14,131
Capital Outlay	7,400	5,685	1,715
Other	1,324	414	910
<i>Total Management Information Systems</i>	<u>1,121,803</u>	<u>999,112</u>	<u>122,691</u>
Total General Government	<u>16,781,874</u>	<u>16,134,994</u>	<u>646,880</u>
Security of Persons and Property:			
<i>Safety Director-Safety Director Administration:</i>			
Personal Services	130,266	127,808	2,458
Materials and Supplies	59	59	-
Contractual Services	4,535	3,222	1,313
Other	2,000	1,528	472
<i>Total Safety Director-Safety Director Admin</i>	<u>136,860</u>	<u>132,617</u>	<u>4,243</u>
<i>Safety Director-Code Enforcement Admin:</i>			
Personal Services	743,964	742,759	1,205
Materials and Supplies	16,637	13,137	3,500
Contractual Services	183,483	123,514	59,969
Other	5,959	4,531	1,428
<i>Total Safety Director-Code Enforcement Admin</i>	<u>950,043</u>	<u>883,941</u>	<u>66,102</u>
<i>Safety Director-Code Enforcement Demolition:</i>			
Personal Services	6,500	1,030	5,470
Contractual Services	218,500	93,464	125,036
<i>Total Safety Director-Code Enforcement Demo</i>	<u>225,000</u>	<u>94,494</u>	<u>130,506</u>
<i>Safety Director-School Police Administration:</i>			
Personal Services	232,928	209,328	23,600
Materials and Supplies	1,351	-	1,351
<i>Total Safety Director-School Police Admin</i>	<u>234,279</u>	<u>209,328</u>	<u>24,951</u>
<i>Safety Director-Central Communication Admin:</i>			
Salaries and Wages	874,090	862,382	11,708
Materials and Supplies	1,465	1,394	71
Contractual Services	53,515	47,360	6,155
Capital Outlay	838	670	168
<i>Total Safety Director-Central Communication Admin</i>	<u>\$ 929,908</u>	<u>\$ 911,806</u>	<u>\$ 18,102</u>

(continued)

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
<i>Police Administration:</i>			
Personal Services	\$ 14,280,162	\$ 14,219,339	\$ 60,823
Materials and Supplies	44,088	38,851	5,237
Contractual Services	405,869	384,830	21,039
Other	5,146	4,205	941
<i>Total Police Administration</i>	<u>14,735,265</u>	<u>14,647,225</u>	<u>88,040</u>
<i>Fire Administration:</i>			
Personal Services	12,517,344	12,490,630	26,714
Materials and Supplies	187,151	181,563	5,588
Contractual Services	431,052	415,049	16,003
Other	16,287	14,798	1,489
<i>Total Fire Administration</i>	<u>13,151,834</u>	<u>13,102,040</u>	<u>49,794</u>
<i>Traffic Divisions-Traffic Engineer/Parking Meter:</i>			
Personal Services	143,173	142,493	680
Materials and Supplies	9,234	8,508	726
Contractual Services	1,670	1,661	9
Other	1,201	1,128	73
<i>Total Traffic Divisions-Traffic Engineer/Parking Meter</i>	<u>155,278</u>	<u>153,790</u>	<u>1,488</u>
Total Security of Persons and Property	<u>30,518,467</u>	<u>30,135,241</u>	<u>383,226</u>
Public Health:			
<i>Health Administration:</i>			
Personal Services	441,736	433,547	8,189
Materials and Supplies	12,355	9,995	2,360
Contractual Services	126,892	120,387	6,505
Capital Outlay	1,240	509	731
Other	228,328	227,640	688
<i>Total Health Administration</i>	<u>810,551</u>	<u>792,078</u>	<u>18,473</u>
<i>Health-Nurses:</i>			
Personal Services	669,256	666,055	3,201
Materials and Supplies	9,762	9,168	594
Contractual Services	3,954	2,687	1,267
Other	2,386	1,383	1,003
<i>Total Health-Nurses</i>	<u>685,358</u>	<u>679,293</u>	<u>6,065</u>
<i>Health-Lab:</i>			
Personal Services	193,491	192,559	932
Materials and Supplies	23,930	23,105	825
Contractual Services	9,266	7,358	1,908
Other	1,500	553	947
<i>Total Health-Lab</i>	<u>228,187</u>	<u>223,575</u>	<u>4,612</u>
<i>Health-Environmental Health Administration:</i>			
Personal Services	618,172	616,276	1,896
Materials and Supplies	3,137	919	2,218
Contractual Services	9,661	1,058	8,603
Other	2,176	1,745	431
<i>Total Health-Environmental Health Administration</i>	<u>633,146</u>	<u>619,998</u>	<u>13,148</u>
Total Public Health	<u>\$ 2,357,242</u>	<u>\$ 2,314,944</u>	<u>\$ 42,298</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Transportation:			
<i>Engineering-Daily Operations:</i>			
Personal Services	\$ 98,542	\$ 85,000	\$ 13,542
Contractual and Services	3,072	3,056	16
<i>Total Engineering-Daily Operations</i>	<u>101,614</u>	<u>88,056</u>	<u>13,558</u>
<i>Street-Maintenance:</i>			
Personal Services	482,652	471,586	11,066
Materials and Supplies	46,825	36,620	10,205
Contractual Services	765,701	758,345	7,356
Other	3,240	3,052	188
<i>Total Street-Maintenance</i>	<u>1,298,418</u>	<u>1,269,603</u>	<u>28,815</u>
Total Transportation	<u>1,400,032</u>	<u>1,357,659</u>	<u>42,373</u>
Leisure Time Activities:			
<i>Park Division-Park Administration:</i>			
Personal Services	1,020,415	978,028	42,387
Materials and Supplies	33,253	28,075	5,178
Contractual Services	47,529	41,101	6,428
Other	7,512	5,150	2,362
<i>Total Park Division-Park Administration</i>	<u>1,108,709</u>	<u>1,052,354</u>	<u>56,355</u>
<i>Mayor-Baseball:</i>			
Personal Services	322	322	-
Materials and Supplies	17,289	9,527	7,762
Contractual Services	43,798	26,070	17,728
<i>Total Mayor-Baseball</i>	<u>61,409</u>	<u>35,919</u>	<u>25,490</u>
<i>Civic Center-Civic Center Administration:</i>			
Personal Services	534,369	525,674	8,695
Materials and Supplies	231,875	208,518	23,357
Contractual Services	538,824	532,721	6,103
Other	59,694	59,352	342
<i>Total Civic Center-Civic Center Administration</i>	<u>1,364,762</u>	<u>1,326,265</u>	<u>38,497</u>
Total Leisure Time Activities	<u>2,534,880</u>	<u>2,414,538</u>	<u>120,342</u>
Debt Service:			
<i>Principal Retirement:</i>			
General Obligation Various Improvement Bonds	285,000	285,000	-
<i>Total Principal Retirement</i>	<u>285,000</u>	<u>285,000</u>	<u>-</u>
<i>Interest and Fiscal Charges</i>			
General Obligation Various Improvement Bonds	173,955	135,652	38,303
<i>Total Interest and Fiscal Charges</i>	<u>173,955</u>	<u>135,652</u>	<u>38,303</u>
Total Debt Service	<u>458,955</u>	<u>420,652</u>	<u>38,303</u>
Total Expenditures	54,051,450	52,778,028	1,273,422
Excess of Revenues Over (Under) Expenditures	\$ (92,240)	\$ 1,582,199	\$ 1,674,439

(continued)

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 General Fund (continued)
 For the Year Ended December 31, 2005*

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
<i>Other Financing Sources (Uses)</i>			
Sale of Capital Assets	\$ -	\$ 458	\$ 458
Advances In	-	187,027	187,027
Advances Out	(219,027)	(187,027)	32,000
Operating Transfers Out	(100,783)	(100,783)	-
<i>Total Other Financing Sources</i>	<u>(319,810)</u>	<u>(100,325)</u>	<u>219,485</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(412,050)	1,481,874	1,893,924
<i>Fund Balances Beginning of Year</i>	3,213,188	3,213,188	-
Unexpended Prior Year Encumbrances	222,931	222,931	-
<i>Fund Balances End of Year</i>	<u>\$ 3,024,069</u>	<u>\$ 4,917,993</u>	<u>\$ 1,893,924</u>

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Community and Economic Development Fund
For the Year Ended December 31, 2005*

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Charges for Services	\$ 100,000	\$ 131,521	\$ 31,521
Operating Grants	11,922,554	5,518,790	(6,403,764)
Interest	-	2,635	2,635
Other	490,000	678,117	188,117
<i>Total Revenues</i>	<u>12,512,554</u>	<u>6,331,063</u>	<u>(6,181,491)</u>
Expenditures			
Current:			
Community Environment:			
<i>Community Development Administration:</i>			
Personnel Costs	1,526,179	1,221,702	304,477
Materials and Supplies	47,869	27,846	20,023
Contractual Services	3,699,724	2,529,158	1,170,566
Capital Outlay	2,175,917	787,294	1,388,623
Other	7,400,460	3,128,021	4,272,439
<i>Total Community Development Administration</i>	<u>14,850,149</u>	<u>7,694,021</u>	<u>7,156,128</u>
<i>Community Development Planning:</i>			
Contractual Services	12,000	-	12,000
<i>Total Community Environment</i>	<u>14,862,149</u>	<u>7,694,021</u>	<u>7,168,128</u>
Debt Service:			
Principal Retirement	335,000	335,000	-
Interest and Fiscal Charges	62,000	61,918	82
<i>Total Debt Service</i>	<u>397,000</u>	<u>396,918</u>	<u>82</u>
<i>Total Expenditures</i>	<u>15,259,149</u>	<u>8,090,939</u>	<u>7,168,210</u>
Excess of Revenues (Under) Expenditures	(2,746,595)	(1,759,876)	986,719
Other Financing Sources (Uses)			
Sale of Capital Assets	-	11	11
Advances Out	(2,300,000)	-	2,300,000
Transfers In	5,710,000	-	(5,710,000)
<i>Total Other Financing Sources</i>	<u>3,410,000</u>	<u>11</u>	<u>(3,409,989)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	663,405	(1,759,865)	(2,423,270)
<i>Fund Balance (Deficit) Beginning of Year</i>	(1,213,362)	(1,213,362)	-
Unexpended Prior Year Encumbrances	1,748,351	1,748,351	-
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 1,198,394</u>	<u>\$ (1,224,876)</u>	<u>\$ (2,423,270)</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Capital Projects Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Municipal Income Tax	\$ 7,857,030	\$ 8,006,895	\$ 149,865
Capital Grants	-	13,228	13,228
Other	266,657	282,961	16,304
Proceeds of Loans	96,138	-	(96,138)
<i>Total Revenues</i>	<u>8,219,825</u>	<u>8,303,084</u>	<u>83,259</u>
Expenditures			
Capital Outlay:			
Safety Director:			
Safety Director Administration	5,000	4,827	173
Code Enforcement Administration	19,253	18,805	448
Police Department-Police Administration	51,746	49,407	2,339
Fire Department-Fire Administration	166,691	165,228	1,463
Traffic Divisions:			
Traffic Divisions-Engineer Administration	383,675	238,809	144,866
Traffic Signal	31,150	15,575	15,575
Fulton Drive Signal Improvement	23,600	-	23,600
Service Director:			
General Government-Support Administration	95,240	51,399	43,841
Service Director Administration	436,363	347,336	89,027
Park Trail Construction	30,000	-	30,000
Purchasing Administration	10,000	4,899	5,101
Engineering Administration	2,324,425	1,092,814	1,231,611
Engineering - 12th St./13th St. NW Connector	1,273	-	1,273
Engineering - 1051 35th St. Reconstruction	3,200	3,200	-
Engineering - Steese Area Drainage Project	25,899	25,899	-
Engineering - 49th St. & Gardendale	32,550	32,550	-
Engineering - 30th St. NE Trunk Sewer & Improvement	73,736	73,736	-
Engineering - 25th St. NE Storm Sewer	149,900	149,900	-
Engineering - Guilford Ave NW Bridge Improvement	8,550	8,550	-
Engineering - Tuscarawas St. Improvment	105,185	105,185	-
Street Administration	25,000	21,305	3,695
Street Paving	2,007,456	1,929,025	78,431
Civic Center Administration	58,799	58,799	-
Building Maintenance Administration	90,396	84,599	5,797
Health:			
Health Administration	20,000	19,348	652
Park Division:			
Park Administration	201,041	163,874	37,167
Mayor:			
Mayor Administration	1,114,500	1,105,155	9,345
Youth Development Administration	25,061	18,106	6,955
Management Information Systems:			
Systems	\$ 284,230	\$ 264,103	\$ 20,127

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Capital Projects Fund (continued)
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Judges:			
Judge Administration	\$ 25,091	\$ 22,244	\$ 2,847
Law Director:			
Law Administration	5,500	5,009	491
Auditor:			
Auditor Administration	159,932	156,359	3,573
Income Tax:			
Income Tax Administration	1,959	-	1,959
Treasurer:			
Treasurer Administration	10,000	7,833	2,167
<i>Total Capital Outlay</i>	<u>8,006,401</u>	<u>6,243,878</u>	<u>1,762,523</u>
Debt Service:			
Principal Retirement	1,828,916	1,828,916	-
Interest and Fiscal Charges	487,450	475,450	12,000
<i>Total Debt Service</i>	<u>2,316,366</u>	<u>2,304,366</u>	<u>12,000</u>
<i>Total Expenditures</i>	<u>10,322,767</u>	<u>8,548,244</u>	<u>1,774,523</u>
Excess of Revenues (Under) Expenditures	(2,102,942)	(245,160)	1,857,782
Other Financing Sources (Uses)			
Advances In	1,066,000	-	(1,066,000)
Advances Out	(116,337)	(116,337)	-
<i>Total Other Financing Sources (Uses)</i>	<u>949,663</u>	<u>(116,337)</u>	<u>(1,066,000)</u>
Excess of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(1,153,279)	(361,497)	791,782
<i>Fund Balance Beginning of Year</i>	747,874	747,874	-
Unexpended Prior Year Encumbrances	438,763	438,763	-
<i>Fund Balance End of Year</i>	<u>\$ 33,358</u>	<u>\$ 825,140</u>	<u>\$ 791,782</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Motor Vehicle Purchase Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Municipal Income Tax	\$ 2,065,000	\$ 2,054,295	\$ (10,705)
Rentals	15,000	7,548	(7,452)
<i>Total Revenues</i>	<u>2,080,000</u>	<u>2,061,843</u>	<u>(18,157)</u>
Expenditures			
Capital Outlay:			
Safety Director:			
Code Enforcement Administration	32,187	32,187	-
Central Communication Administration	172,618	167,591	5,027
Police Department-Police Administration	373,928	350,218	23,710
Fire Department-Fire Administration	410,706	399,279	11,427
Traffic Divisions-Traffic Sign & Paint	22,954	22,756	198
Service Director:			
Street Administration	49,084	23,771	25,313
Maintenance	419,656	389,576	30,080
Health:			
Health Administration	72,000	61,944	10,056
Park Division:			
Park Administration	35,000	31,285	3,715
Mayor:			
Youth Development Administration	4,315	4,315	-
Management Information Systems:			
MIS Administration	7,589	7,589	-
Judges:			
Judge Administration	47,504	45,707	1,797
<i>Total Capital Outlay</i>	<u>1,647,541</u>	<u>1,536,218</u>	<u>111,323</u>
Debt Service:			
Principal Retirement	530,000	530,000	-
Interest and Fiscal Charges	148,393	148,393	-
<i>Total Debt Service</i>	<u>678,393</u>	<u>678,393</u>	<u>-</u>
<i>Total Expenditures</i>	<u>2,325,934</u>	<u>2,214,611</u>	<u>111,323</u>
Excess of Revenues (Under) Expenditures	(245,934)	(152,768)	93,166
Other Financing Sources			
Sale of Capital Assets	30,000	32,380	2,380
Excess of Revenues and Other Financing Sources (Under) Expenditures	<u>(215,934)</u>	<u>(120,388)</u>	<u>95,546</u>
<i>Fund Balance Beginning of Year</i>	376,090	376,090	-
Unexpended Prior Year Encumbrances	173,924	173,924	-
<i>Fund Balance End of Year</i>	<u><u>\$ 334,080</u></u>	<u><u>\$ 429,626</u></u>	<u><u>\$ 95,546</u></u>

City of Canton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity-Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Charges for Services	\$ 10,990,000	\$ 11,488,201	\$ 498,201
Capital Grants	236,000	233,907	(2,093)
Interest	-	7,363	7,363
Intergovernmental	16,500	49,750	33,250
Rentals	-	43,028	43,028
Other	70,000	56,162	(13,838)
<i>Total Revenues</i>	<u>11,312,500</u>	<u>11,878,411</u>	<u>565,911</u>
Expenses			
Personnel Costs	5,710,551	5,526,866	183,685
Material and Supplies	1,320,350	1,104,061	216,289
Contractual Services	2,196,143	1,955,984	240,159
Capital Outlay	210,740	172,966	37,774
Claims	94,000	64,155	29,845
Other	171,901	116,873	55,028
Debt Service:			
Principal Retirement	1,532,340	1,524,200	8,140
Interest and Fiscal Charges	870,193	870,104	89
<i>Total Expenses</i>	<u>12,106,218</u>	<u>11,335,209</u>	<u>771,009</u>
Excess of Revenues Over (Under) Expenses	(793,718)	543,202	1,336,920
Other Financing Sources (Uses)			
Sale of Capital Assets	-	1,436	1,436
Transfers Out	(128,867)	-	128,867
<i>Total Other Financing Sources (Uses)</i>	<u>(128,867)</u>	<u>1,436</u>	<u>130,303</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Financing (Uses)	(922,585)	544,638	1,467,223
<i>Fund Equity Beginning of Year</i>	6,419,969	6,419,969	-
Unexpended Prior Year Encumbrances	203,003	203,003	-
<i>Fund Equity End of Year</i>	<u>\$ 5,700,387</u>	<u>\$ 7,167,610</u>	<u>\$ 1,467,223</u>

City of Canton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity-Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Charges for Services	\$ 9,310,825	\$ 9,774,339	\$ 463,514
Rentals	14,175	14,675	500
Other	765,355	942,502	177,147
<i>Total Revenues</i>	<u>10,090,355</u>	<u>10,731,516</u>	<u>641,161</u>
Expenses			
Personnel Costs	5,032,735	4,582,660	450,075
Material and Supplies	1,022,797	632,712	390,085
Contractual Services	3,364,820	2,373,130	991,690
Capital Outlay	2,056,231	973,918	1,082,313
Claims	36,000	8,808	27,192
Other	174,112	56,673	117,439
Debt Service:			
Principal Retirement	2,511,988	2,459,651	52,337
Interest and Fiscal Charges	550,708	546,649	4,059
<i>Total Expenses</i>	<u>14,749,391</u>	<u>11,634,201</u>	<u>3,115,190</u>
Excess of Revenues (Under) Expenses	(4,659,036)	(902,685)	3,756,351
Other Financing Sources (Uses)			
Transfers Out	(269,000)	-	269,000
<i>Total Other Financing Sources (Uses)</i>	<u>(269,000)</u>	<u>-</u>	<u>269,000</u>
Excess of Revenues (Under) Expenses and Other Financing (Uses)	(4,928,036)	(902,685)	4,025,351
<i>Fund Equity Beginning of Year</i>	7,557,875	7,557,875	-
Unexpended Prior Year Encumbrances	262,013	262,013	-
<i>Fund Equity End of Year</i>	<u>\$ 2,891,852</u>	<u>\$ 6,917,203</u>	<u>\$ 4,025,351</u>

City of Canton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity-Budget (Non-GAAP Basis) and Actual
Refuse Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Charges for Services	\$ 4,225,000	\$ 4,148,949	\$ (76,051)
Operating Grants	-	38,115	38,115
Other	-	875	875
<i>Total Revenues</i>	<u>4,225,000</u>	<u>4,187,939</u>	<u>(37,061)</u>
Expenses			
Personnel Costs	2,919,425	2,824,776	94,649
Material and Supplies	87,175	68,540	18,635
Contractual Services	1,387,361	1,357,582	29,779
Capital Outlay	335,875	308,083	27,792
Claims	19,600	14,817	4,783
Other	18,436	16,249	2,187
<i>Total Expenses</i>	<u>4,767,872</u>	<u>4,590,047</u>	<u>177,825</u>
Excess of Revenues (Under) Expenses	(542,872)	(402,108)	140,764
Other Financing Sources			
Sale of Capital Assets	-	1,225	1,225
Excess of Revenues and Other Financing Sources (Under) Expenses	(542,872)	(400,883)	141,989
<i>Fund Equity Beginning of Year</i>	793,659	793,659	-
Unexpended Prior Year Encumbrances	14,491	14,491	-
<i>Fund Equity End of Year</i>	<u>\$ 265,278</u>	<u>\$ 407,267</u>	<u>\$ 141,989</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Police and Fire Pension Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues	\$ -	\$ -	\$ -
Expenditures			
Debt Service:			
Interest and Fiscal Charges	102,129	102,129	-
Excess of Revenues (Under) Expenditures	(102,129)	(102,129)	-
<i>Fund Balance Beginning of Year</i>	102,129	102,129	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance, and Repair Fund
For the Year Ended December 31, 2005*

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Intergovernmental	\$ 2,897,000	\$ 2,717,190	\$ (179,810)
Interest	3,000	11,690	8,690
Other	-	9,378	9,378
<i>Total Revenues</i>	<u>2,900,000</u>	<u>2,738,258</u>	<u>(161,742)</u>
Expenditures			
Current:			
Security of Persons and Property:			
<i>Traffic Divisions-Traffic Engineer Administration:</i>			
Personnel Costs	274,140	221,225	52,915
Materials and Supplies	12,524	12,430	94
Contractual Services	42,686	40,078	2,608
Capital Outlay	30,210	26,094	4,116
<i>Total Traffic Divisions-Traffic Engineer Administration</i>	<u>359,560</u>	<u>299,827</u>	<u>59,733</u>
<i>Traffic Divisions-Traffic Sign and Paint:</i>			
Personnel Costs	275,996	241,531	34,465
Materials and Supplies	83,894	82,776	1,118
Contractual Services	53,915	49,363	4,552
Capital Outlay	520	516	4
Other	1,121	900	221
<i>Total Traffic Divisions-Traffic Sign and Paint</i>	<u>415,446</u>	<u>375,086</u>	<u>40,360</u>
<i>Traffic Divisions-Traffic Signal:</i>			
Personnel Costs	365,801	295,987	69,814
Materials and Supplies	39,745	30,632	9,113
Contractual Services	291,424	226,885	64,539
Capital Outlay	3,156	3,155	1
Other	640	500	140
<i>Total Traffic Divisions-Traffic Signal</i>	<u>700,766</u>	<u>557,159</u>	<u>143,607</u>
<i>Total Security Persons and Property</i>	<u>1,475,772</u>	<u>1,232,072</u>	<u>243,700</u>
Transportation:			
<i>Street Maintenance:</i>			
Personnel Costs	952,641	935,711	16,930
Materials and Supplies	462,526	459,898	2,628
Contractual Services	432,308	430,323	1,985
Other	10,425	8,511	1,914
<i>Total Transportation</i>	<u>1,857,900</u>	<u>1,834,443</u>	<u>23,457</u>
<i>Total Expenditures</i>	<u>3,333,672</u>	<u>3,066,515</u>	<u>267,157</u>
Excess of Revenues (Under) Expenditures	(433,672)	(328,257)	105,415
<i>Fund Balance Beginning of Year</i>	411,003	411,003	-
Unexpended Prior Year Encumbrances	39,432	39,432	-
<i>Fund Balance End of Year</i>	<u>\$ 16,763</u>	<u>\$ 122,178</u>	<u>\$ 105,415</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Intergovernmental	\$ 203,000	\$ 201,031	\$ (1,969)
Interest	500	1,984	1,484
<i>Total Revenues</i>	<u>203,500</u>	<u>203,015</u>	<u>(485)</u>
Expenditures			
Current:			
Security of Persons and Property:			
<i>Traffic Divisions-Traffic Signal:</i>			
Contractual Services	<u>44,773</u>	<u>40,000</u>	<u>4,773</u>
Transportation:			
<i>Street Maintenance:</i>			
Personnel Costs	100,755	90,007	10,748
Materials and Supplies	45,770	45,467	303
Contractual Services	32,802	31,632	1,170
Other	500	500	-
<i>Total Transportation</i>	<u>179,827</u>	<u>167,606</u>	<u>12,221</u>
<i>Total Expenditures</i>	<u>224,600</u>	<u>207,606</u>	<u>16,994</u>
Excess of Revenues (Under) Expenditures	(21,100)	(4,591)	16,509
<i>Fund Balance Beginning of Year</i>	45,397	45,397	-
Unexpended Prior Year Encumbrances	5,898	5,898	-
<i>Fund Balance End of Year</i>	<u>\$ 30,195</u>	<u>\$ 46,704</u>	<u>\$ 16,509</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Municipal Road Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Intergovernmental	\$ 510,000	\$ 60,971	\$ (449,029)
Expenditures			
Current:			
Transportation:			
<i>Engineering-Engineering Administration:</i>			
Materials and Supplies	1,138,976	75,000	1,063,976
Excess of Revenues (Under) Expenditures	(628,976)	(14,029)	614,947
<i>Fund Balance Beginning of Year</i>	439,728	439,728	-
Unexpended Prior Year Encumbrances	193,466	193,466	-
<i>Fund Balance End of Year</i>	\$ 4,218	\$ 619,165	\$ 614,947

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Cornerstone Parking Deck Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Charges for Services	\$ 216,300	\$ 247,456	\$ 31,156
Rentals	-	1,500	1,500
<i>Total Revenues</i>	<u>216,300</u>	<u>248,956</u>	<u>32,656</u>
Expenditures			
Current:			
General Government:			
<i>Service Director-Service Director Administration:</i>			
Contractual Services	451,063	430,552	20,511
Other	146,593	124,985	21,608
<i>Total Expenditures</i>	<u>597,656</u>	<u>555,537</u>	<u>42,119</u>
Excess of Revenues (Under) Expenditures	(381,356)	(306,581)	74,775
<i>Fund Balance Beginning of Year</i>	604,005	604,005	-
Unexpended Prior Year Encumbrances	7,006	7,006	-
<i>Fund Balance End of Year</i>	<u>\$ 229,655</u>	<u>\$ 304,430</u>	<u>\$ 74,775</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Health Services Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Licenses, Permits and Fees	\$ 307,972	\$ 248,907	\$ (59,065)
Operating Grants	3,058,127	2,719,931	(338,196)
Other	21,000	41,278	20,278
<i>Total Revenues</i>	<u>3,387,099</u>	<u>3,010,116</u>	<u>(376,983)</u>
Expenditures			
Current:			
Public Health:			
<i>Health Administration:</i>			
Personnel Costs	2,313,568	1,600,473	713,095
Materials and Supplies	482,149	103,908	378,241
Contractual Services	249,952	106,555	143,397
Capital Outlay	370,852	135,416	235,436
Other	1,617,973	1,008,639	609,334
<i>Total Expenditures</i>	<u>5,034,494</u>	<u>2,954,991</u>	<u>2,079,503</u>
Excess of Revenues Over (Under) Expenditures	(1,647,395)	55,125	1,702,520
Other Financing Sources (Uses)			
Advances In	-	14,000	14,000
Advances Out	(14,000)	(14,000)	-
Transfers In	40,000	40,000	-
<i>Total Other Financing Sources</i>	<u>26,000</u>	<u>40,000</u>	<u>14,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(1,621,395)	95,125	1,716,520
<i>Fund Balance Beginning of Year</i>	1,645,284	1,645,284	-
Unexpended Prior Year Encumbrances	58,058	58,058	-
<i>Fund Balance End of Year</i>	<u>\$ 81,947</u>	<u>\$ 1,798,467</u>	<u>\$ 1,716,520</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
City Hall Plaza Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues	\$ -	\$ -	\$ -
Expenditures	-	-	-
Excess of Revenues (Under) Expenditures	-	-	-
<i>Fund Balance Beginning of Year</i>	173	173	-
<i>Fund Balance End of Year</i>	<u>\$ 173</u>	<u>\$ 173</u>	<u>\$ -</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Court's Computer Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Charges for Services	\$ 265,975	\$ 240,822	\$ (25,153)
Expenditures			
Current:			
General Government:			
<i>Courts/Judge-Judge Administration:</i>			
Personnel Costs	141,624	141,107	517
Materials and Supplies	30,157	17,726	12,431
Contractual Services	110,725	54,752	55,973
Capital Outlay	5,800	3,152	2,648
Other	1,200	788	412
<i>Total Expenditures</i>	289,506	217,525	71,981
Excess of Revenues Over (Under) Expenditures	(23,531)	23,297	46,828
Other Financing Sources (Uses)			
Advances In	-	1,028	1,028
Advances Out	(1,028)	(1,028)	-
<i>Total Other Financing (Uses)</i>	(1,028)	-	1,028
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	(24,559)	23,297	47,856
<i>Fund Balance Beginning of Year</i>	(29,765)	(29,765)	-
Unexpended Prior Year Encumbrances	54,324	54,324	-
<i>Fund Balance (Deficit) End of Year</i>	\$ -	\$ 47,856	\$ 47,856

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Recycle Ohio Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Operating Grants	\$ 60,498	\$ 46,387	\$ (14,111)
Expenditures			
Current:			
Community Environment:			
<i>Community Development Planning:</i>			
Materials and Supplies	12,000	4,711	7,289
Contractual Services	54,949	43,917	11,032
<i>Total Expenditures</i>	66,949	48,628	18,321
Excess of Revenues (Under) Expenditures	(6,451)	(2,241)	4,210
<i>Fund Balance Beginning of Year</i>	(3,898)	(3,898)	-
Unexpended Prior Year Encumbrances	10,349	10,349	-
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ -</u>	<u>\$ 4,210</u>	<u>\$ 4,210</u>

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances -Budget (Non-GAAP Basis) and Actual
 Guardrail/Attenuator Replacement Fund
 For the Year Ended December 31, 2005*

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Other	\$ 50	\$ 50	\$ -
Expenditures	-	-	-
Excess of Revenues Over Expenditures	50	50	-
<i>Fund Balance Beginning of Year</i>	1,335	1,335	-
<i>Fund Balance End of Year</i>	<u>\$ 1,385</u>	<u>\$ 1,385</u>	<u>\$ -</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Southeast Community Center Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues	\$ -	\$ -	\$ -
Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-
<i>Fund Balance Beginning of Year</i>	863	863	-
<i>Fund Balance End of Year</i>	<u>\$ 863</u>	<u>\$ 863</u>	<u>\$ -</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Canton Rail Station Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Capital Grants	\$ 12,655	\$ 72,740	\$ 60,085
Expenditures			
Current:			
Community Environment:			
<i>Community Development Planning:</i>			
Capital Outlay	14,115	14,115	-
<i>Total Expenditures</i>	14,115	14,115	-
Excess of Revenues Over (Under) Expenditures	(1,460)	58,625	60,085
<i>Fund Balance (Deficit) Beginning of Year</i>	(12,655)	(12,655)	-
Unexpended Prior Year Encumbrances	14,115	14,115	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ 60,085</u>	<u>\$ 60,085</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Court Capital Improvement Special Project Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Charges for Services	\$ 240,134	\$ 204,082	\$ (36,052)
Other	-	6	6
<i>Total Revenues</i>	240,134	204,088	(36,046)
Expenditures			
Current:			
General Government:			
<i>Courts/Judge-Judge Administration:</i>			
Personnel Costs	150,943	137,771	13,172
Materials and Supplies	52,511	15,292	37,219
Contractual Services	27,786	24,525	3,261
Capital Outlay	18,866	12,642	6,224
Other	38,608	11,253	27,355
<i>Total Expenditures</i>	288,714	201,483	87,231
Excess of Revenues Over (Under) Expenditures	(48,580)	2,605	51,185
<i>Fund Balance Beginning of Year</i>	44,865	44,865	-
Unexpended Prior Year Encumbrances	3,715	3,715	-
<i>Fund Balance End of Year</i>	\$ -	\$ 51,185	\$ 51,185

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Legal Research Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Charges for Services	\$ 8,000	\$ 1,427	\$ (6,573)
Expenditures			
Current:			
General Government:			
<i>Courts/Judge-Judge Administration:</i>			
Materials and Supplies	1,298	1,103	195
Capital Outlay	1,336	1,336	-
<i>Total Expenditures</i>	2,634	2,439	195
Excess of Revenues Over (Under) Expenditures	5,366	(1,012)	(6,378)
<i>Fund Balance Beginning of Year</i>	2,516	2,516	-
<i>Fund Balance End of Year</i>	\$ 7,882	\$ 1,504	\$ (6,378)

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Law Department Dispute Resolution Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Charges for Services	\$ 2,000	\$ 1,570	\$ (430)
Expenditures			
Current:			
General Government:			
<i>Courts/Judge-Judge Administration:</i>			
Materials and Supplies	500	431	69
Contractual Services	360	360	-
Capital Outlay	3,140	-	3,140
<i>Total Expenditures</i>	4,000	791	3,209
Excess of Revenues Over (Under) Expenditures	(2,000)	779	2,779
<i>Fund Balance Beginning of Year</i>	2,112	2,112	-
<i>Fund Balance End of Year</i>	\$ 112	\$ 2,891	\$ 2,779

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Byrne Memorial Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Operating Grants	\$ 49,460	\$ 29,622	\$ (19,838)
Expenditures			
Current:			
General Government:			
<i>Mayor Administration:</i>			
Contractual Services	49,460	29,622	19,838
Excess of Revenues Over (Under) Expenditures	-	-	-
<i>Fund Balance Beginning of Year</i>	-	-	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ -

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Park Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenue			
Contributions and Donations	\$ -	\$ 12,074	\$ 12,074
Rentals	18,380	19,120	740
Other	1,000	1,600	600
<i>Total Revenues</i>	<u>19,380</u>	<u>32,794</u>	<u>13,414</u>
Expenditures			
Current:			
Leisure Time Activities:			
<i>Park Division - Special Parks Funds:</i>			
Materials and Supplies	6,709	2,849	3,860
Contractual Services	45,000	2,550	42,450
Capital Outlay	5,721	-	5,721
<i>Total Expenditures</i>	<u>57,430</u>	<u>5,399</u>	<u>52,031</u>
Excess of Revenues Over (Under) Expenditures	(38,050)	27,395	65,445
<i>Fund Balance Beginning of Year</i>	50,593	50,593	-
Unexpended Prior Year Encumbrances	1,262	1,262	-
<i>Fund Balance End of Year</i>	<u>\$ 13,805</u>	<u>\$ 79,250</u>	<u>\$ 65,445</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Youth Development Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Operating Grants	\$ 48,000	\$ 34,146	\$ (13,854)
Contributions and Donations	3,240	4,090	850
Other	1,000	-	(1,000)
<i>Total Revenues</i>	<u>52,240</u>	<u>38,236</u>	<u>(14,004)</u>
Expenditures			
Current:			
General Government:			
<i>Youth Development Administration:</i>			
Personnel Costs	26,641	24,418	2,223
Materials and Supplies	23,148	21,996	1,152
Contractual Services	3,957	2,640	1,317
Other	400	400	-
<i>Total Expenditures</i>	<u>54,146</u>	<u>49,454</u>	<u>4,692</u>
Excess of Revenues (Under) Expenditures	(1,906)	(11,218)	(9,312)
Other Financing Sources (Uses)			
Advances In	23,000	1,000	(22,000)
Advances Out	(34,000)	(1,000)	33,000
<i>Total Other Financing Sources (Uses)</i>	<u>(11,000)</u>	<u>-</u>	<u>11,000</u>
Excess of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(12,906)	(11,218)	1,688
<i>Fund Balance Beginning of Year</i>	15,334	15,334	-
Unexpended Prior Year Encumbrances	709	709	-
<i>Fund Balance End of Year</i>	<u>\$ 3,137</u>	<u>\$ 4,825</u>	<u>\$ 1,688</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Federal Forfeiture Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Fines and Forfeitures	\$ 92,175	\$ 92,175	\$ -
Interest	11,143	14,592	3,449
<i>Total Revenues</i>	<u>103,318</u>	<u>106,767</u>	<u>3,449</u>
Expenditures			
Current:			
Security of Persons and Property:			
<i>Police Administration:</i>			
Materials and Supplies	27,000	18,405	8,595
Contractual Services	2,000	1,537	463
Capital Outlay	451,554	9,199	442,355
Other	22,740	14,291	8,449
<i>Total Expenditures</i>	<u>503,294</u>	<u>43,432</u>	<u>459,862</u>
Excess of Revenues Over (Under) Expenditures	(399,976)	63,335	463,311
<i>Fund Balance Beginning of Year</i>	484,681	484,681	-
Unexpended Prior Year Encumbrances	1,054	1,054	-
<i>Fund Balance End of Year</i>	<u>\$ 85,759</u>	<u>\$ 549,070</u>	<u>\$ 463,311</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Fines and Forfeitures	\$ 3,400	\$ 5,535	\$ 2,135
Expenditures			
Current:			
Security of Persons and Property:			
<i>Police Administration:</i>			
Personnel Costs	44	-	44
Materials and Supplies	1,556	-	1,556
<i>Total Expenditures</i>	1,600	-	1,600
Excess of Revenues Over Expenditures	1,800	5,535	3,735
<i>Fund Balance Beginning of Year</i>	1,431	1,431	-
<i>Fund Balance End of Year</i>	<u>\$ 3,231</u>	<u>\$ 6,966</u>	<u>\$ 3,735</u>

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances -Budget (Non-GAAP Basis) and Actual
 Indigent Driver Alcohol Treatment Fund
 For the Year Ended December 31, 2005*

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Fines and Forfeitures	\$ 42,000	\$ 41,245	\$ (755)
Expenditures			
Current:			
General Government:			
<i>Courts/Judge-Judge Administration:</i>			
Contractual Services	195,000	75,000	120,000
Excess of Revenues (Under) Expenditures	(153,000)	(33,755)	119,245
<i>Fund Balance Beginning of Year</i>	153,074	153,074	-
<i>Fund Balance End of Year</i>	\$ 74	\$ 119,319	\$ 119,245

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Fines and Forfeitures	\$ 65,098	\$ 87,388	\$ 22,290
Operating Grants	7,611	7,611	-
Other	1,831	1,831	-
<i>Total Revenues</i>	<u>74,540</u>	<u>96,830</u>	<u>22,290</u>
Expenditures			
Current:			
Security of Persons and Property:			
<i>Police Administration:</i>			
Personnel Costs	3,515	-	3,515
Materials and Supplies	26,440	8,625	17,815
Contractual Services	17,800	4,744	13,056
Capital Outlay	36,225	1,125	35,100
Other	38,916	17,726	21,190
<i>Total Expenditures</i>	<u>122,896</u>	<u>32,220</u>	<u>90,676</u>
Excess of Revenues Over (Under) Expenditures	(48,356)	64,610	112,966
<i>Fund Balance Beginning of Year</i>	104,612	104,612	-
Unexpended Prior Year Encumbrances	2,931	2,931	-
<i>Fund Balance End of Year</i>	<u>\$ 59,187</u>	<u>\$ 172,153</u>	<u>\$ 112,966</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
D.A.R.E. Program Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues	\$ -	\$ -	\$ -
Expenditures			
Current:			
Security of Persons and Property:			
<i>Police Administration:</i>			
Personnel Costs		-	-
Materials and Supplies	9,879	-	9,879
Contractual Services	9,000	-	9,000
Other	2,500	-	2,500
	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	21,379	-	21,379
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(21,379)	-	21,379
<i>Fund Balance Beginning of Year</i>	21,379	21,379	-
	<hr/>	<hr/>	<hr/>
<i>Fund Balance End of Year</i>	\$ -	\$ 21,379	\$ 21,379
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Drug Law Enforcement Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Fines and Forfeitures	\$ 18,000	\$ 3,629	\$ (14,371)
Expenditures			
Current:			
Security of Persons and Property:			
<i>Police Administration:</i>			
Materials and Supplies	8,211	398	7,813
Contractual Services	13,000	7,500	5,500
Other	3,800	-	3,800
<i>Total Expenditures</i>	25,011	7,898	17,113
Excess of Revenues (Under) Expenditures	(7,011)	(4,269)	2,742
<i>Fund Balance Beginning of Year</i>	19,080	19,080	-
Unexpended Prior Year Encumbrances	11	11	-
<i>Fund Balance End of Year</i>	\$ 12,080	\$ 14,822	\$ 2,742

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Municipal Probation Services Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Charges for Services	\$ 218,000	\$ 170,973	\$ (47,027)
Other	-	1,095	1,095
<i>Total Revenues</i>	<u>218,000</u>	<u>172,068</u>	<u>(45,932)</u>
Expenditures			
Current:			
General Government:			
<i>Courts/Judge-Judge Administration:</i>			
Personnel Costs	250,586	227,304	23,282
Materials and Supplies	11,698	9,587	2,111
Contractual Services	78,692	3,724	74,968
Capital Outlay	1,896	852	1,044
Other	8,038	5,860	2,178
<i>Total Expenditures</i>	<u>350,910</u>	<u>247,327</u>	<u>103,583</u>
Excess of Revenues (Under) Expenditures	(132,910)	(75,259)	57,651
<i>Fund Balance Beginning of Year</i>	133,245	133,245	-
Unexpended Prior Year Encumbrances	125	125	-
<i>Fund Balance End of Year</i>	<u>\$ 460</u>	<u>\$ 58,111</u>	<u>\$ 57,651</u>

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Misdemeanor Community Sanction Grant Fund
For the Year Ended December 31, 2005*

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Operating Grants	\$ 76,663	\$ 74,261	\$ (2,402)
Other	-	81	81
<i>Total Revenues</i>	<u>76,663</u>	<u>74,342</u>	<u>(2,321)</u>
Expenditures			
Current:			
General Government:			
<i>Courts/Judge-Judge Administration:</i>			
Personnel Costs	11,741	11,141	600
Materials and Supplies	470	404	66
Other	23,112	14,917	8,195
<i>Total Courts/Judge-Judge Administration</i>	<u>35,323</u>	<u>26,462</u>	<u>8,861</u>
<i>Courts/Judge-Judge Administration 6th year grant:</i>			
Personnel Costs	61,615	61,482	133
Materials and Supplies	1,837	1,618	219
Capital Outlay	1,313	1,313	-
<i>Total Courts/Judge-Judge Administration 6th year grant</i>	<u>64,765</u>	<u>64,413</u>	<u>352</u>
<i>Total Expenditures</i>	<u>100,088</u>	<u>90,875</u>	<u>9,213</u>
Excess of Revenues (Under) Expenditures	(23,425)	(16,533)	6,892
Other Financing Sources			
Transfer In	-	2,298	2,298
Excess of Revenues and Other Financing Sources (Under) Expenditures	(23,425)	(14,235)	9,190
<i>Fund Balance Beginning of Year</i>	23,530	23,530	-
<i>Fund Balance End of Year</i>	<u>\$ 105</u>	<u>\$ 9,295</u>	<u>\$ 9,190</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Prisoner Housing Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Fines and Forfeitures	\$ 12,000	\$ 10,301	\$ (1,699)
Expenditures			
Current:			
General Government:			
<i>Courts/Judge-Judge Administration:</i>			
Contractual Services	32,442	30,743	1,699
Excess of Revenues (Under) Expenditures	(20,442)	(20,442)	-
<i>Fund Balance Beginning of Year</i>	20,402	20,402	-
Unexpended Prior Year Encumbrances	40	40	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Local Law Enforcement Block Grant Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Capital Grants	\$ 103,532	\$ 275	\$ (103,257)
Expenditures			
Current:			
Security of Persons and Property:			
<i>Police Administration:</i>			
Materials and Supplies	34,493	31,216	3,277
Contractual Services	19,000	-	19,000
Capital Outlay	154,916	25,201	129,715
Other	18,405	14,461	3,944
<i>Total Expenditures</i>	226,814	70,878	155,936
Excess of Revenues (Under) Expenditures	(123,282)	(70,603)	52,679
<i>Fund Balance Beginning of Year</i>	120,840	120,840	-
Unexpended Prior Year Encumbrances	1,548	1,548	-
<i>Fund Balance End of Year</i>	\$ (894)	\$ 51,785	\$ 52,679

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Safe Neighborhood Hero's Grant
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Operating Grants	\$ 1,000	\$ 1,000	\$ -
Expenditures			
Current:			
Security of Persons and Property:			
<i>Police Administration:</i>			
Materials and Supplies	1,000	-	1,000
Excess of Revenues Over (Under) Expenditures	-	1,000	1,000
<i>Fund Balance Beginning of Year</i>	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Canton Police Youth Corp Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Other	\$ 2,000	\$ -	\$ (2,000)
Expenditures			
Current:			
Security of Persons and Property:			
<i>Police Administration:</i>			
Contractual Services	2,000	-	2,000
Excess of Revenues Over (Under) Expenditures	-	-	-
<i>Fund Balance Beginning of Year</i>	7	7	-
<i>Fund Balance End of Year</i>	\$ 7	\$ 7	\$ -

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Canton Police Auxiliary Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Other	\$ 1,000	\$ 729	\$ (271)
Expenditures			
Current:			
Security of Persons and Property:			
<i>Police Administration:</i>			
Contractual Services	4,500	1,114	3,386
Excess of Revenues Over (Under) Expenditures	(3,500)	(385)	3,115
<i>Fund Balance Beginning of Year</i>	4,489	4,489	-
<i>Fund Balance End of Year</i>	\$ 989	\$ 4,104	\$ 3,115

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Thermal Imaging System Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues	\$ -	\$ -	\$ -
Expenditures			
Current:			
Security of Persons and Property:			
<i>Fire Administration:</i>			
Materials and Supplies	1,200	516	684
Capital Outlay	8,044	-	8,044
<i>Total Expenditures</i>	<u>9,244</u>	<u>516</u>	<u>8,728</u>
Excess of Revenues (Under) Expenditures	(9,244)	(516)	8,728
<i>Fund Balance Beginning of Year</i>	9,244	9,244	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ 8,728</u>	<u>\$ 8,728</u>

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances -Budget (Non-GAAP Basis) and Actual
 Fire Donation Fund
 For the Year Ended December 31, 2005*

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Contributions and Donations	\$ -	\$ 600	\$ 600
Expenditures			
Current:			
Security of Persons and Property:			
<i>Fire Administration:</i>			
Materials and Supplies	1,455	1,000	455
Excess of Revenues (Under) Expenditures	(1,455)	(400)	1,055
<i>Fund Balance Beginning of Year</i>	1,455	1,455	-
<i>Fund Balance End of Year</i>	\$ -	\$ 1,055	\$ 1,055

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Clerk of Courts Administration Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues	\$ -	\$ -	\$ -
Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-
<i>Fund Balance Beginning of Year</i>	1,229	1,229	-
<i>Fund Balance End of Year</i>	<u>\$ 1,229</u>	<u>\$ 1,229</u>	<u>\$ -</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Court Security Funding Fund
For the Year Ended December 31, 2005

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over/(Under)</u>
Revenues	\$ -	\$ -	\$ -
Expenditures			
Current:			
General Government:			
Courts/Judge-Judge Administration:			
Capital Outlay	<u>748</u>	<u>748</u>	<u>-</u>
Excess of Revenues (Under) Expenditures	(748)	(748)	-
<i>Fund Balance Beginning of Year</i>	748	748	-
<i>Fund Balance End of Year</i>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
EMS Training and Equipment Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Operating Grants	\$ 24,674	\$ 14,920	\$ (9,754)
Expenditures			
Current:			
Security of Persons and Property:			
<i>Fire Administration:</i>			
Materials and Supplies	3,930	3,680	250
Capital Outlay	15,088	13,920	1,168
Other	750	342	408
<i>Total Expenditures</i>	19,768	17,942	1,826
Excess of Revenues Over (Under) Expenditures	4,906	(3,022)	(7,928)
Other Financing Sources (Uses)			
Advances In	-	9,725	9,725
Advances Out	(9,725)	(9,725)	-
<i>Total Other Financing Sources (Uses)</i>	(9,725)	-	9,725
Excess of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(4,819)	(3,022)	1,797
<i>Fund Balance Beginning of Year</i>	4,819	4,819	-
<i>Fund Balance End of Year</i>	\$ -	\$ 1,797	\$ 1,797

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Firefighters Assistance Grant Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Operating Grants	\$ 186,742	\$ 140,206	\$ (46,536)
Contributions and Donations	-	1,000	1,000
<i>Total Revenues</i>	<u>186,742</u>	<u>141,206</u>	<u>(45,536)</u>
Expenditures			
Current:			
Security of Persons and Property:			
<i>Fire Administration:</i>			
Materials and Supplies	55,048	50,990	4,058
Capital Outlay	<u>156,569</u>	<u>145,551</u>	<u>11,018</u>
<i>Total Expenditures</i>	<u>211,617</u>	<u>196,541</u>	<u>15,076</u>
Excess of Revenues (Under) Expenditures	(24,875)	(55,335)	(30,460)
Other Financing Sources (Uses)			
Advances In	-	11,275	11,275
Advances Out	(11,275)	(11,275)	-
Transfers In	<u>40,000</u>	<u>58,485</u>	<u>18,485</u>
<i>Total Other Financing Sources</i>	<u>28,725</u>	<u>58,485</u>	<u>29,760</u>
Excess of Revenues and Other Financing Sources Over Expenditures	3,850	3,150	(700)
<i>Fund Balance Beginning of Year</i>	(750)	(750)	-
Unexpended Prior Year Encumbrances	200	200	-
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 3,300</u>	<u>\$ 2,600</u>	<u>\$ (700)</u>

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances -Budget (Non-GAAP Basis) and Actual
 Clean Ohio Revitalization Fund
 For the Year Ended December 31, 2005*

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Capital Grants	\$ 2,391,641	\$ 409,409	\$ (1,982,232)
Other	-	14	14
<i>Total Revenues</i>	<u>2,391,641</u>	<u>409,423</u>	<u>(1,982,218)</u>
Expenditures			
Current:			
Community Environment:			
<i>Community Development Administration:</i>			
Capital Outlay	<u>1,904,432</u>	<u>296,785</u>	<u>1,607,647</u>
Excess of Revenues Over Expenditures	487,209	112,638	(374,571)
<i>Fund Balance Beginning of Year</i>	(302,420)	(302,420)	-
Unexpended Prior Year Encumbrances	8,405	8,405	-
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 193,194</u>	<u>\$ (181,377)</u>	<u>\$ (374,571)</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Radio Communication Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues	\$ -	\$ -	\$ -
Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-
<i>Fund Balance Beginning of Year</i>	6,843	6,843	-
<i>Fund Balance End of Year</i>	<u>\$ 6,843</u>	<u>\$ 6,843</u>	<u>\$ -</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Harmont Sidewalk Improvement Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Interest	\$ -	\$ 347	\$ 347
Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	-	347	347
<i>Fund Balance Beginning of Year</i>	12,304	12,304	-
<i>Fund Balance End of Year</i>	<u>\$ 12,304</u>	<u>\$ 12,651</u>	<u>\$ 347</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Traffic Signalization Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Interest	\$ 700	\$ -	\$ (700)
Expenditures			
Capital Outlay:			
Safety Director:			
Traffic Divisions:			
Traffic Divisions-Engineering Administration	469	-	469
Excess of Revenues Over (Under) Expenditures	231	-	(231)
<i>Fund Balance Beginning of Year</i>	927	927	-
Unexpended Prior Year Encumbrances	469	469	-
<i>Fund Balance End of Year</i>	\$ 1,627	\$ 1,396	\$ (231)

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
OPWC Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues	\$ -	\$ -	\$ -
Expenditures	-	-	-
Capital Outlay:			
Service Director:			
OPWC:			
Engineering Administration	69,585	69,585	-
Excess of Revenues (Under) Expenditures	(69,585)	(69,585)	-
<i>Fund Balance Beginning of Year</i>	69,585	69,585	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ -

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances -Budget (Non-GAAP Basis) and Actual
 Street & Storm Sewer Project Fund
 For the Year Ended December 31, 2005*

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Capital Grants	\$ 1,370,557	\$ 963,430	\$ (407,127)
Other	95,658	-	(95,658)
<i>Total Revenues</i>	<u>1,466,215</u>	<u>963,430</u>	<u>(502,785)</u>
Expenditures			
Capital Outlay:			
Engineering Administration	<u>984,889</u>	<u>456,988</u>	<u>527,901</u>
Excess of Revenues Over Expenditures	481,326	506,442	25,116
<i>Fund Balance Beginning of Year</i>	(758,295)	(758,295)	-
Unexpended Prior Year Encumbrance	276,969	276,969	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ 25,116</u>	<u>\$ 25,116</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Market Avenue Sanitary Sewer Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Proceeds of Loan	\$ 300,000	\$ 300,000	\$ -
Expenditures			
Capital Outlay:			
Engineering Administration	151,188	1,188	150,000
Excess of Revenues Over Expenditures	148,812	298,812	150,000
Other Financing Sources			
Transfer In	150,000	-	(150,000)
Excess of Revenues and Other Financing Sources Over Expenditures	298,812	298,812	-
<i>Fund Balance Beginning of Year</i>	(260,000)	(260,000)	-
Unexpended Prior Year Encumbrances	104,513	104,513	-
<i>Fund Balance End of Year</i>	\$ 143,325	\$ 143,325	\$ -

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances -Budget (Non-GAAP Basis) and Actual
 Civic Center Improvement Fund
 For the Year Ended December 31, 2005*

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Capital Grants	\$ 200,000	\$ 200,000	\$ -
Interest	3,000	16,804	13,804
<i>Total Revenues</i>	<u>203,000</u>	<u>216,804</u>	<u>13,804</u>
Expenditures			
Capital Outlay:			
Service Director:			
Civic Center Administration	767,343	650,521	116,822
Excess of Revenues (Under) Expenditures	(564,343)	(433,717)	130,626
<i>Fund Balance Beginning of Year</i>	706,868	706,868	-
Unexpended Prior Year Encumbrance	7,475	7,475	-
<i>Fund Balance End of Year</i>	<u>\$ 150,000</u>	<u>\$ 280,626</u>	<u>\$ 130,626</u>

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Shorb & 4th Street Roadway Improvement Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Capital Grants	\$ 353,146	\$ 175,313	\$ (177,833)
Expenditures			
Capital Outlay:			
Engineering Administration	157,281	94,840	62,441
Excess of Revenues Over Expenditures	195,865	80,473	(115,392)
Other Financing Sources (Uses)			
Advances In	116,337	116,337	-
Advances Out	(116,337)	-	(116,337)
<i>Total Other Financing Sources (Uses)</i>	-	116,337	116,337
Excess of Revenues and Other Financing Sources Over Expenditures	195,865	196,810	945
<i>Fund Balance Beginning of Year</i>	(240,704)	(240,704)	-
Unexpended Prior Year Encumbrances	44,839	44,839	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ 945</u>	<u>\$ 945</u>

City of Canton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity-Budget (Non-GAAP Basis) and Actual
Workers' Compensation Retrospective Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Charges for Services	\$ 900,000	\$ 1,164,716	\$ 264,716
Other	-	19,276	19,276
<i>Total Revenues</i>	<u>900,000</u>	<u>1,183,992</u>	<u>283,992</u>
Expenses			
Personnel Costs	56,512	56,206	306
Contractual Services	96,053	82,774	13,279
Claims	1,143,000	916,961	226,039
Other	200	143	57
<i>Total Expenses</i>	<u>1,295,765</u>	<u>1,056,084</u>	<u>239,681</u>
Excess of Revenues Over (Under) Expenses	(395,765)	127,908	523,673
Other Financing Sources (Uses)			
Advances Out	(1,066,000)	-	1,066,000
Excess of Revenues Over (Under) Expenses and Other Financing (Uses)	(1,461,765)	127,908	1,589,673
<i>Fund Equity Beginning of Year</i>	2,664,385	2,664,385	-
Unexpended Prior Year Encumbrances	<u>1,330</u>	<u>1,330</u>	<u>-</u>
<i>Fund Equity End of Year</i>	<u>\$ 1,203,950</u>	<u>\$ 2,793,623</u>	<u>\$ 1,589,673</u>

City of Canton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity-Budget (Non-GAAP Basis) and Actual
Health Insurance Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Charges for Services	\$ 7,740,000	\$ 7,775,728	\$ 35,728
Interest	-	41,594	41,594
Other	-	134,939	134,939
<i>Total Revenues</i>	<u>7,740,000</u>	<u>7,952,261</u>	<u>212,261</u>
Expenses			
Personnel Costs	83,452	82,482	970
Materials and Supplies	350	310	40
Contractual Services	418,940	400,165	18,775
Claims	8,946,750	8,900,352	46,398
Other	229	229	-
<i>Total Expenses</i>	<u>9,449,721</u>	<u>9,383,538</u>	<u>66,183</u>
Excess of Revenues (Under) Expenses	(1,709,721)	(1,431,277)	278,444
<i>Fund Equity Beginning of Year</i>	1,636,646	1,636,646	-
Unexpended Prior Year Encumbrances	299,330	299,330	-
<i>Fund Equity End of Year</i>	<u>\$ 226,255</u>	<u>\$ 504,699</u>	<u>\$ 278,444</u>

City of Canton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity-Budget (Non-GAAP Basis) and Actual
Compensated Absences Claim Fund
For the Year Ended December 31, 2005

	Revised Budget	Actual	Variance with Final Budget Over/(Under)
Revenues			
Charges for Services	\$ 2,800,000	\$ 4,270,158	\$ 1,470,158
Expenses			
Contractual Services	4,081	4,081	-
Benefit Claims Expense	3,432,808	3,432,808	-
<i>Total Expenses</i>	<u>3,436,889</u>	<u>3,436,889</u>	<u>-</u>
Excess of Revenues Over (Under) Expenses	(636,889)	833,269	1,470,158
<i>Fund Equity Beginning of Year</i>	885,989	885,989	-
<i>Fund Equity End of Year</i>	<u>\$ 249,100</u>	<u>\$ 1,719,258</u>	<u>\$ 1,470,158</u>

Statistical Section

STATISTICAL SECTION

**THE FOLLOWING UNAUDITED STATISTICAL TABLES
REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND
FISCAL CAPACITY OF THE CITY**

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City of Canton, Ohio
General Governmental Expenditures by Function (1)
Last Ten Years

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
General Government	\$ 17,522,987	\$ 15,863,178	\$ 15,087,910	\$ 16,786,625	\$ 18,123,377	\$ 15,094,284	\$ 15,400,997	\$ 15,046,758	\$ 12,810,369	\$ 12,105,889
Security of Persons and Property	31,771,722	31,834,597	31,208,197	32,844,347	32,859,014	31,022,880	30,466,841	28,345,165	28,242,747	26,161,421
Public Health	5,233,094	4,834,353	4,705,880	4,406,174	4,110,072	3,865,933	3,771,963	2,853,878	3,590,596	3,337,908
Transportation	3,388,270	3,190,067	3,073,759	3,672,284	3,851,048	3,903,035	3,846,145	4,156,173	7,115,278	7,802,927
Community Environment	7,858,937	6,537,550	4,988,427	6,597,736	7,652,400	5,723,281	5,852,892	4,847,217	4,781,204	3,437,072
Leisure Time Activities	2,414,290	1,945,545	1,909,681	2,306,005	2,355,592	2,155,148	2,527,589	2,496,990	2,370,522	2,192,988
Capital Outlay	9,765,750	7,546,563	7,708,011	13,646,316	8,252,011	8,608,103	19,415,297	6,377,863	5,581,370	6,830,120
Debt Service	3,902,458	3,987,215	3,931,655	4,052,930	4,359,832	8,156,624	7,576,904	2,726,289	2,553,271	2,336,541
Total	\$ 81,857,508	\$ 75,739,068	\$ 72,613,520	\$ 84,312,417	\$ 81,563,346	\$ 78,529,288	\$ 88,858,628	\$ 66,850,333	\$ 67,045,357	\$ 64,204,866

Source: City financial records

(1) Includes All Governmental Funds

(2) Presented on Modified Accrual - Consistent With 2002 and Prior

City of Canton, Ohio
General Governmental Revenues by Source (1)
Last Ten Years

	2005 (4)	2004 (4)	2003 (4)	2002 (4)	2001 (4)	2000	1999	1998	1997	1996
Taxes (2)	\$ 44,879,481	\$ 42,777,759	\$ 41,471,747	\$ 39,793,658	\$ 44,253,914	\$ 39,038,014	\$ 38,978,833	\$ 37,322,730	\$ 36,964,729	\$ 35,706,346
Charges for Services (3)	9,575,642	8,912,605	8,543,008	8,056,371	7,136,779	7,424,259	7,209,402	9,639,932	7,115,907	3,544,150
Licenses, Permits and Fees	1,390,410	1,763,050	1,304,683	1,075,767	1,094,256	1,119,591	869,806	1,032,032	1,621,127	1,555,503
Fines and Forfeitures (3)	447,482	684,146	865,628	640,344	563,440	583,792	674,756	689,129	653,787	-
Intergovernmental	10,276,283	9,917,733	16,601,175	20,276,115	21,404,677	21,083,678	21,224,994	18,889,000	19,683,391	15,673,361
Interest	1,242,630	527,075	475,363	912,257	2,453,323	2,209,972	3,210,336	2,653,904	1,925,902	1,774,212
Contributions and Donations (3)	10,878,287	9,550,492	-	-	34,300	168,162	57,133	6,450	15,412	-
Rental (3)	395,741	240,364	197,605	172,880	310,190	157,555	147,685	253,281	144,067	-
Others (3)	1,575,116	1,308,413	1,468,410	1,891,633	2,046,065	768,959	246,703	141,770	116,069	5,763,889
Totals	\$ 80,661,072	\$ 75,681,637	\$ 70,927,619	\$ 72,819,025	\$ 79,296,944	\$ 72,553,982	\$ 72,619,648	\$ 70,628,228	\$ 68,240,391	\$ 64,037,461

Source: City financial records

(1) Includes All Governmental Funds

(2) Includes property, municipal income.

(3) Prior to 1997, charges for services, fines and forfeitures, contributions and donations, and rentals were included in other revenue.

(4) Presented on Modified Accrual - Including GASB 33 Revenue Provisions

City of Canton, Ohio
Real Property Tax Levies and Collections
Last Ten Years

Year	Total Tax Levy (1)	Current Collections	Percent of Levy Collected	Delinquent Collections	Total Collections	Percent of Total Collections To Tax Levy	Outstanding Delinquent Taxes (2)	Percent of Delinquent Taxes to Tax Levy
2005	\$ 2,137,441	\$ 2,020,971	94.55 %	\$ 106,647	2,127,618	99.54 %	\$ 210,157	9.83 %
2004	2,110,284	2,009,171	95.21	91,990	2,101,161	99.57	226,257	10.72
2003	1,858,533	1,768,255	95.14	126,845	1,895,100	101.96	232,934	12.53
2002	1,863,997	1,767,653	94.83	132,723	1,900,376	101.95	199,574	10.71
2001	1,916,541	1,778,346	92.79	180,704	1,959,050	102.22	252,444	13.17
2000	1,654,177	1,536,174	92.87	80,081	1,616,255	97.71	218,892	13.23
1999	1,663,658	1,584,484	95.24	71,513	1,655,997	99.54	256,114	15.39
1998	1,649,857	1,577,732	95.63	59,108	1,636,840	99.21	229,362	13.90
1997	1,407,827	1,359,684	96.58	42,748	1,402,432	99.62	253,427	18.00
1996	1,337,859	1,302,239	97.34	44,702	1,346,941	100.68	187,824	14.04

Source: Stark County, Ohio; County Auditor

(1) Includes homestead/rollback taxes assessed locally but distributed through the State and reported as intergovernmental revenue.

(2) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

City of Canton, Ohio
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Year (1)	Real Property		Public Utility Property		Tangible Personal Property		Total	Estimated Actual Value	Ratio
	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (2)			
2005 (2)	\$ 817,479,800	\$ 2,335,656,571	\$ 47,159,010	\$ 53,589,784	\$ 174,900,143	\$ 699,600,572	\$ 1,039,538,953	\$ 3,088,846,928	33.65 %
2004 (2)	\$ 807,690,020	\$ 2,307,685,771	\$ 45,543,340	\$ 51,763,795	\$ 165,200,766	\$ 660,803,024	\$ 1,018,434,116	\$ 3,020,242,591	33.72 %
2003 (2)	706,429,510	2,018,370,029	45,127,590	51,281,352	175,473,189	701,892,756	927,030,289	2,771,544,137	33.45
2002 (2)	707,432,310	2,021,235,171	44,134,790	50,153,170	221,577,347	886,309,388	973,144,447	2,957,697,729	32.90
2001	714,619,710	2,041,770,600	53,812,050	61,150,057	230,809,736	923,238,944	999,241,496	3,026,159,601	33.00
2000	605,861,890	1,731,033,971	54,053,030	61,423,898	205,350,805	821,403,220	865,265,725	2,613,861,089	33.10
1999	601,832,800	1,719,522,286	60,215,620	68,426,841	201,937,796	807,751,184	863,986,216	2,595,700,311	33.29
1998	595,945,810	1,702,702,314	59,870,420	68,034,568	192,411,515	769,646,060	848,227,745	2,540,382,942	33.39
1997	502,570,920	1,435,916,914	61,295,220	69,653,659	182,525,868	730,103,472	746,392,008	2,235,674,045	33.39
1996	475,395,010	1,358,271,457	62,667,400	71,212,955	177,769,158	711,076,632	715,831,568	2,140,561,044	33.44

Source: Stark County, Ohio ; County Auditor

(1) The year represents collection year.

(2) This amount is calculated based on the following percentages for 2002 and every year there after:

Real property is assessed at 35 percent of actual value.

Public utility is assessed at 25 percent of actual value.

Tangible personal is assessed at 25 percent of actual value.

City of Canton, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

Year	City of Canton District 2	City of Canton District 3	City of Canton District 4	Stark County	Canton City School District	Plain Local School District	Canton Local School District	Stark County Joint Recreational district	Stark County District Library	RTA	County Parks
2005	3.40	2.00	2.60	11.50	66.10	57.60	46.20	1.00	1.00	0.00	0.50
2004	3.40	2.00	2.60	11.50	58.20	57.70	46.20	1.00	0.00	0.00	0.50
2003	3.40	2.00	2.60	9.60	58.20	57.70	46.20	1.00	0.00	0.00	0.50
2002	3.40	2.00	2.60	9.60	58.20	52.60	46.20	1.00	0.00	0.00	0.50
2001	3.40	2.00	2.60	9.60	59.20	52.60	46.80	1.00	0.70	0.00	0.50
2000	3.40	2.00	2.60	9.60	59.20	52.60	47.40	1.00	0.75	0.00	0.50
1999	3.40	2.00	2.60	9.60	59.20	52.60	47.40	1.00	0.75	0.00	0.50
1998	3.40	2.00	2.60	9.60	54.70	52.60	49.10	1.00	0.75	0.00	0.50
1997	3.40	2.00	2.60	9.60	54.70	52.60	49.10	1.00	0.00	3.90	0.20
1996	3.40	2.00	2.60	10.10	54.70	45.70	39.30	0.75	0.00	3.90	0.20

Source: Stark County, Ohio; County Auditor

City of Canton, Ohio
Tangible Personal Property Tax Collections
Last Ten Years

<u>Year</u>	<u>Amount</u>
2005	\$ 490,680
2004	491,807
2003	458,122
2002	538,574
2001	563,581
2000	539,274
1999	528,807
1998	524,638
1997	487,448
1996	468,647

Source: Stark County, Ohio; County Auditor

City of Canton, Ohio
Special Assessment Collections

From 1998 through 2005 the City did not have any outstanding special assessment debt; therefore, the City did not have special assessment collections related to debt. Information prior to 1998 is not available.

Source: City financial records

City of Canton, Ohio
*Ratio of Net General Bonded Debt to Assessed
Value and Net Bonded Debt Per Capita
Last Ten Years*

Year	Population(1)	Net General Obligation Bonded Debt (2,3)	Assessed Value	Ratio of Net Bonded Debt to Assessed Value	Net General Obligation Bonded Debt Per Capita
2005	79,255	\$ 15,710,000	\$ 1,039,538,953	1.51%	\$198.22
2004	79,255	\$ 18,120,000	\$ 1,018,434,116	1.78%	\$228.63
2003	80,806	20,420,000	927,030,289	2.20	252.70
2002	80,806	22,561,477	973,144,447	2.32	279.21
2001	80,806	24,681,477	999,241,496	2.40	305.44
2000	80,806	20,763,460	865,265,725	2.40	256.95
1999	89,159	22,140,286	863,986,216	2.56	248.32
1998	83,159	16,104,329	848,227,745	1.90	193.66
1997	82,935	10,321,977	746,392,008	1.38	124.46
1996	81,079	10,942,195	715,831,568	1.53	134.96

Source: Stark County, Ohio: County Auditor

(1) Population figures 1996 and 2000 through 2005 from census bureau. City of Canton estimates for 1997, 1998, 1999. At the time of printing, a 2005 estimate was not available from the census bureau.

(2) Excludes general obligation debt payable from enterprise funds.

(3) Includes Pension Liability Bonds not factored into voted and unvoted legal debt margin

City of Canton, Ohio
General Obligation Revenue Bond Coverage
Last Eight Years *

Fund	Year	Net Revenue			Debt Service Requirement ****			Coverage
		Operating Revenue	Operating Expenses	Available for Debt Service	Principal	Interest	Total	
Water	2005	\$ 11,638,498	\$ 8,507,891	\$ 3,130,607	\$ 1,142,500	\$ 580,480	\$ 1,722,980	1.82
	2004	11,590,939	7,986,147	3,604,792	1,090,000	660,801	1,750,801	2.06
	2003	11,473,063	8,125,557	3,347,506	1,369,557	1,000,293	2,369,850	1.41
	2002	11,663,776	10,090,009	1,573,767	995,000	856,814	1,851,814	0.85
	2001	11,994,325	9,469,478	2,524,847	947,500	896,354	1,843,854	1.37
	2000	11,108,218	6,294,935	4,813,283	905,000	848,914	1,753,914	2.74
	1999	8,504,751	7,110,331	1,394,420	865,000	767,689	1,632,689	0.85
	1998	8,627,332	6,654,822	1,972,510	405,000	818,772	1,223,772	1.61
Sewer	2005	10,913,729	9,387,481	1,526,248	1,002,500	173,915	1,176,415	1.30
	2004	11,164,680	9,114,731	2,049,949	985,000	222,090	1,207,090	1.70
	2003	11,081,552	9,241,508	1,840,044	2,348,083	736,574	3,084,657	0.60
	2002	11,245,738	9,446,599	1,799,139	865,000	748,284	1,613,284	1.12
	2001	10,086,502	8,452,600	1,633,902	712,500	541,461	1,253,961	1.30
	2000	9,267,633	5,324,968	3,942,665	695,000	364,995	1,059,995	3.72
	1999	7,927,167	4,329,244	3,597,923	675,000	278,788	953,788	3.77
	1998	8,347,781	7,633,167	714,614	235,000	319,842	554,842	1.29

Source: City financial records

* 1998 is the oldest year information is available for
 **** Includes principal and interest of bonds.

The refuse enterprise fund does not have any outstanding general obligation bonds.

City of Canton, Ohio
Computation of Legal Debt Margin
December 31, 2005

Total Assessed Property Value	<u><u>\$1,039,538,953</u></u>
Overall Debt Limitation (10 1/2 % of Assessed Valuation)	<u>\$ 109,151,590</u>
Gross Indebtedness	49,905,455
Less: Enterprise Funds' Bonds	(12,335,000)
Pension Refunding Bonds	(5,000,000)
OWDA Loans	(17,408,680)
OPWC Loan	(865,131)
HUD Loan	(1,315,000)
SIB Loan	(1,020,727)
Millennium Parking Deck	(1,250,917)
Debt. Service Fund Balance	-
Net Debt Within 10 1/2 % Limitations	<u>10,710,000</u>
Legal Debt Margin Within 10 1/2 % Limitations	<u><u>\$ 98,441,590</u></u>
Unvoted Debt Limitation (5 1/2 % of Assessed Valuation)	\$ 57,174,642
Gross Indebtedness	49,905,455
Less: Enterprise Funds' Bonds	(12,335,000)
Pension Refunding Bonds	(5,000,000)
OWDA Loans	(17,408,680)
OPWC Loan	(865,131)
HUD Loan	(1,315,000)
SIB Loan	(1,020,727)
Millennium Parking Deck	(1,250,917)
Debt. Service Fund Balance	-
Net Debt Within 5 1/2 % Limitations	<u>10,710,000</u>
Legal Debt Margin Within 5 1/2 % Limitations	<u><u>\$ 46,464,642</u></u>

Source: Stark County, Ohio: County Auditor

City of Canton, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2005

	General Obligation Debt Outstanding (1)	Percentage Applicable to City (2)	Amount Applicable to City of Canton
	<u> </u>	<u> </u>	<u> </u>
City of Canton	\$ 15,710,000	100.00%	\$ 15,710,000
Stark County	-	0.15	-
Plain Local Schools	62,202,667	0.22	136,846
Canton City Schools	46,371,000	0.93	<u>431,250</u>
			<u><u>\$16,278,096</u></u>

Source: Stark County, Ohio ; County Auditor

(1) Includes general obligation bonds except for those payable from enterprise funds

(2) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the assessed valuation of the political subdivision.

City of Canton, Ohio
*Ratio of Annual Debt Service Expenditures for
 General Bonded Debt to Total General Governmental Expenditures
 Last Ten Years*

Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service To Total General Governmental Expenditures
2005	\$ 2,978,916	\$ 923,542	\$ 3,902,458	\$ 81,857,508	4.77%
2004	2,846,457	1,140,758	3,987,215	75,739,068	5.26
2003	2,678,898	1,252,757	3,931,655	72,540,827	5.42
2002	2,636,815	1,416,115	4,052,930	84,312,417	4.81
2001	3,051,820	1,308,012	4,359,832	81,563,346	5.35
2000	1,610,000	1,056,541	2,666,541	78,529,288	3.40
1999	1,290,000	787,022	2,077,022	88,858,628	2.34
1998	1,005,000	489,771	1,494,771	66,850,333	2.24
1997	1,599,000	954,271	2,553,271	67,045,357	3.81
1996	1,479,000	857,541	2,336,541	64,204,866	3.64

Source: City financial records

City of Canton, Ohio
Demographic Statistics
Last Five Censuses

Year	Population	Occupied Households	Total Dwelling Units	Persons Per Household	Median Income
2000	80,806	32,489	35,502	2.28	N/A
1990	84,161	33,452	36,527	2.44	\$ 25,177
1980	93,077	36,394	39,254	2.54	\$ 17,359
1970	110,053	N/A	N/A	N/A	N/A
1960	113,631	N/A	N/A	N/A	N/A

N/A - Information not available

Source: U.S. Bureau of the Census

City of Canton, Ohio
Property Value, Construction and Bank Deposits
Last Ten Years

Year (2)	Property Value (3)	Residential		Commercial and Industrial		Domestic Bank Deposits in the County (in thousands)
		Number of Permits	Value	Number of Permits	Value	
2005	\$ 1,039,538,953	4,315	\$ 21,946,212	1,191	\$ 152,659,809	\$ 2,041,744
2004	1,018,434,116	5,207	41,370,225	208	80,634,391	2,081,380
2003	927,030,289	1,058	20,464,423	411	83,946,740	2,197,639
2002	973,144,447	1,420	43,443,476	30	45,512,136	2,153,245
2001	999,241,496	3,629	38,603,830	764	22,180,911	1,029,891
2000	865,265,725	1,390	17,959,967	428	50,398,559	1,021,596
1999	863,986,216	1,573	15,849,691	178	37,112,999	3,883,475
1998	848,227,745	1,661	13,980,742	193	38,410,161	3,883,475
1997	746,392,008	1,689	16,367,775	190	79,748,023	3,823,605
1996	715,831,568	1,546	9,250,235	205	31,848,676	3,851,016

Source: City building permits reports
Federal Reserve Bank of Cleveland
Stark County, Ohio; County Auditor

- (1) Number of permits include new construction an additions.
- (2) The year represents collection year for assessed value.
- (3) Represents total assessed value.

City of Canton, Ohio
Principal Taxpayers
December 31, 2005

Taxpayer	Type of Business	Real Estate	Public Utility		Tangible Personal	Total Assessed Valuation	Percent of Assessed Value
			Personal	Personal			
Timken Company	Manufacturing	\$ 6,076,730	-	-	\$ 40,235,970	\$ 46,312,700	4.46%
Ohio Power Company	Public Utility	1,956,460	29,810,830	-	-	31,767,290	3.06
Ohio Bell Telephone	Public Utility	-	10,914,740	-	-	10,914,740	1.05
Republic Engineered Products	Manufacturing	5,128,810	-	-	5,241,950	10,370,760	1.00
M K Morse Co.	Manufacturing	-	-	-	8,571,790	8,571,790	0.82
Fresh Mark Inc.	Manufacturing	-	-	-	7,941,450	7,941,450	0.76
Rubbermaid Incorporated	Manufacturing	-	-	-	7,061,190	7,061,190	0.68
Marathon Ashland Petroleum	Manufacturing	-	-	-	6,039,840	6,039,840	0.58
Republic Storage	Manufacturing	1,368,820	-	-	3,718,920	5,087,740	0.49
Ironrock Capital Inc.	Manufacturing	2,302,000	-	-	2,650,940	4,952,940	0.48
Totals		<u>\$ 16,832,820</u>	<u>\$ 40,725,570</u>	<u>\$ -</u>	<u>\$ 81,462,050</u>	<u>\$ 139,020,440</u>	<u>13.37%</u>
Total All Assessed Valuations						<u>1,039,538,953</u>	

Source: Stark County Auditor

City of Canton, Ohio
Miscellaneous Statistics
December 31, 2005

Date of Incorporation	1854
Form of Government	Mayor/Council
Area	23.94 Square Miles
Miles of Streets	412.19
Number of Intersections with Traffic Lights	197
Fire Protection:	
Number of Stations	8
Number of Fire Personnel and Officers	159
Number of Calls Answered	5,639
Number of Inspections Conducted	2,380
Police Protection:	
Number of Stations	5
Number of Police Personnel and Officers	166
Number of Law Violations:	
Physical Arrests	44,964
Traffic Violations	5,971
Parking Violations	14,949
Culture and Recreation:	
Community Centers	6
Number of Parks	60
Park Acreage	700
Swimming Pools	1
Tennis Courts	8
Water System:	
Miles of Water Mains	649.58
Number of Service Connections	43,777
Number of Fire Hydrants	3,141
Daily Average Consumption in Gallons	22.468 Million
Maximum Daily Capacity of Plant in Gallons	39 Million
Sewerage System:	
Miles of Sanitary Sewers	357.26
Miles of Storm Sewers	211.7
Number of Treatment Plants	1
Number of Service Connections	28,066
Daily Average Consumption in Gallons	30.76 Million
Maximum Daily Capacity of Plant in Gallons:	
Wet Weather	67 Million
Dry Weather	39 Million
Facilities and Services not Included in the Reporting Entity	
Education:	
Number of Elementary Schools	16
Number of Secondary Schools	6
Number of School Instructors	868
Hospitals	
Number of Hospitals	2
Number of Patient Beds	1,158

Source: City Records



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

CITY OF CANTON

STARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 11, 2006**