



Dave Yost • Auditor of State

CITY OF CANTON
STARK COUNTY

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Dave Yost • Auditor of State

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, (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 20, 2011. We also noted the City adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Our report refers to 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*. Other auditors audited the financial statements of the Canton Community Improvement Corporation, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated September 9, 2011.

We intend this report solely for the information and use of management, City Council, audit committee and federal awarding agencies and pass-through entities, and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 20, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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 could directly and materially affect each of the City of Canton's major federal programs for the year ended December 31, 2010. 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 operations of the Canton Community Improvement Corporation, which expended \$755,600 in federal awards which is not included in the City's Federal Awards Receipts and Expenditure Schedule for the year ended December 31, 2010. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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 of Canton complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings and questioned costs lists these instances as Findings 2010-001 and 2010-002.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the 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 opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies, described in the accompanying schedule of findings and questioned costs as items 2010-001 and 2010-002. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's responses to the findings we identified are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report that we reported to the City's management in a separate letter dated September 9, 2011.

Federal Awards Receipts and Expenditures Schedule

We have also audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely-presented component units, each major fund and the aggregate remaining fund information of the City of Canton, Stark County, Ohio as of and for the year ended December 31, 2010, and have issued our report thereon dated June 20, 2011, wherein we noted the City's component unit was audited by other auditors. We also noted the City adopted Government Standards Accounting Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. 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 required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to 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 management, City Council, others within the entity, audit committee, 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 "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

September 9, 2011, except for the Federal Awards Receipts and Expenditures Schedule which is dated June 20, 2011

CITY OF CANTON
STARK COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Receipts | Expenditures |
|---------------------------------------------------------------------------------------|----------------------------------|---------------------------|------------------|------------------|
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | | |
| <i>(Direct)</i> | | | | |
| <i>Community Development Block Grants Cluster:</i> | | | | |
| Community Development Block Grants/Entitlement Grants | | 14.218 | \$ 811,377 | \$ 800,075 |
| | | | 2,046,988 | 2,046,216 |
| Community Development Block Grants/Program Income | | | 344,629 | 248,089 |
| | | | <u>3,202,994</u> | <u>3,094,380</u> |
| Neighborhood Stabilization Program - NSP 1 | | 14.218 | 1,970,570 | 1,894,081 |
| ARRA - Community Development Block Grants/Entitlement Grants | | 14.253 | <u>430,974</u> | <u>441,395</u> |
| <i>Total Community Development Block Grants Cluster</i> | | | <i>5,604,538</i> | <i>5,429,856</i> |
| Emergency Shelter Grants Program | | 14.231 | 55,896 | 55,659 |
| | | | 39,074 | 39,074 |
| | | | <u>94,970</u> | <u>94,733</u> |
| HOME Investment Partnerships Program | | 14.239 | 255,135 | 147,118 |
| | | | 315,123 | 313,993 |
| | | | 34,627 | 34,627 |
| | | | 46,268 | 46,268 |
| | | | 97,028 | 92,775 |
| | | | 20,013 | 20,014 |
| HOME Investment Partnerships Program/Program Income | | | - | 120,986 |
| | | | <u>768,194</u> | <u>775,781</u> |
| Fair Housing Assistance Program State and Local | | 14.401 | - | 90,952 |
| | | | 44,348 | - |
| | | | <u>44,348</u> | <u>90,952</u> |
| ARRA - Homeless Prevention Grant | | 14.257 | 682,648 | 773,480 |
| EDI Special Projects Grant | | 14.251 | 182,228 | 165 |
| | | | <u>7,376,926</u> | <u>7,164,967</u> |
| Total U.S. Department of Housing and Urban Development | | | | |
| <u>U.S. Department of Commerce</u> | | | | |
| <i>(Passed through the State of Ohio Environmental Protection Agency)</i> | | | | |
| ARRA - Investments for Public Works and Economic Development Facilities | | 11.300 | 62,045 | 62,045 |
| <u>U.S. DEPARTMENT OF ENERGY</u> | | | | |
| <i>(Direct)</i> | | | | |
| ARRA - Energy Efficiency and Conservation Block Grant | | 81.128 | - | 280,153 |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | | |
| <i>(Direct)</i> | | | | |
| ARRA -Stop Violence Against Women Formula Grant Program | | 16.588 | 34,894 | 34,894 |
| ARRA - Public Safety Partnership and Community Policing Grant | | 16.710 | 659,785 | 659,731 |
| <i>Bryne Memorial Justice Assistance Grant Cluster:</i> | | | | |
| Edward Bryne Memorial Justice Assistance Grant | | 16.738 | - | 12,983 |
| (Passed Through the State of Ohio Office of Criminal Justice Services) | | | - | 13,125 |
| | | | 64,946 | - |
| | | | <u>64,946</u> | <u>26,108</u> |
| ARRA - Edward Byrne Memorial Justice Assistance Grant to States and Territories | | 16.803 | 57,941 | 57,941 |
| ARRA - Edward Bryne Memorial Justice Assistance Grant to Units of Local Government | 2009SBB91338 | 16.804 | - | 181,744 |
| (Direct) | | | 120,834 | 120,833 |
| | | | <u>120,834</u> | <u>302,577</u> |
| <i>Total Bryne Justice Assistance Grant Cluster</i> | | | <i>243,721</i> | <i>386,626</i> |

CITY OF CANTON
STARK COUNTY

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Receipts | Expenditures <i>(Continued)</i> |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------|-----------------------------------|-------------------------------------|
| Community Capacity Development Office | 2007-WS-27-0068 | 16.595 | 43,337 27,181 <u>70,519</u> | 43,337 27,181 <u>70,518</u> |
| Bulletproof Vest Partnership Program | BUBX-3153 | 16.607 | <u>1,075</u> <u>1,075</u> | <u>1,075</u> <u>1,075</u> |
| Total U.S. Department of Justice | | | 1,009,993 | 1,152,844 |
| <u>U.S. DEPARTMENT HOMELAND SECURITY</u> | | | | |
| <i>(Direct)</i> | | | | |
| Assistance to Firefighters Grant | | 97.044 | 231,251 | 109,581 |
| <u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u> | | | | |
| <i>(Passed through the State of Ohio Environmental Protection Agency)</i> | | | | |
| Air Pollution Control Program Support | AP-19-91-76-020007 | 66.001 | 182,413 | 264,388 |
| ARRA - Brownfield Job Training Cooperative Agreements | | 66.815 | 96,008 | 96,008 |
| ARRA - Capitalization Grants for Drinking Water State Revolving Funds | | 66.468 | <u>2,723,805</u> | <u>2,723,805</u> |
| Total U.S. Environmental Protection Agency | | | 3,002,226 | 3,084,201 |
| <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 Control Grant | 76-2-0012-ST0311 | 93.977 | 57,475 | 37,327 |
| HIV Prevention Activities Health Department Based | 76-2-0012-HP0310 | 93.940 | 266,231 | 226,454 |
| Public Health Emergency Preparedness | 76-2-001-2-PH0110 | 93.069 | 941,013 | 1,060,540 |
| Immunization Grants | 76-2-001-2-IM0310 | 93.268 | 172,324 | 167,994 |
| Maternal and Child Health Services Block Grant to States (Passed through Stark County Family Council) | 76-2-001-1-DS0310 | 93.994 | 27,019 | 57,078 |
| Temporary Assistance for Needy Families Summer Youth TANF Grant (Passed through Stark County Job and Family Services) | N/A | 93.558 | - 230,667 <u>230,667</u> | 22,497 230,677 <u>253,174</u> |
| Total U.S. Department of Health and Human Services | | | 1,694,729 | 1,802,567 |
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | | |
| <i>(Passed through State of Ohio Department of Health)</i> | | | | |
| ARRA - Special Supplemental Nutrition Program for Women, Infants and Children | 76-2-0011-WA0310 76-2-0011-WA0411 | 10.557 | 1,683,864 | 1,255,588 |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | | |
| <i>(Passed through State of Ohio Department of Transportation)</i> | | | | |
| ARRA - Highway Planning and Construction | FAN-E033386 | 20.205 | 2,551,283 | 2,551,283 |
| State and Community Highway Safety | 2009-SC-N/I | 20.600 | <u>31,503</u> | <u>31,503</u> |
| Total U.S. Department of Transportation | | | 2,582,786 | 2,582,786 |
| Total | | | \$ 17,643,820 | \$ 17,494,732 |

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
FISCAL YEAR ENDED DECEMBER 31, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The City passes certain federal awards received from the U.S. department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note A describes, the City reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

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

The City has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The Schedule reports loans made and administrative costs as expenditures on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property or the asset acquired.

Activity in the CDBG revolving loan fund during 2010 is as follows:

| | |
|-------------------------------------------------------------------------|-------------|
| Beginning loans receivable balance as of January 1, 2010 | \$1,759,059 |
| Loans made | 297,303 |
| Loan principal repaid | 203,030 |
| Ending loans receivable balance as of December 31, 2010 | \$1,853,333 |
| | |
| Cash balance on hand in the revolving loan fund as of December 31, 2010 | \$43,282 |
| | |

The table above reports gross loans receivable. The City is reporting \$471,000 as past due as of December 31, 2010.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**CITY OF CANTON
STARK COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
December 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (d)(1)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material internal control weaknesses reported for major federal programs? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | Yes |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(1)(vi) | Are there any reportable findings under § .510(a)? | Yes |
| (d)(1)(vii) | Major Programs (list): | Community Development Block Grants Cluster – CFDA #14.218 and #14.253; Highway Planning and Construction Grant – CFDA #20.205; Public Safety Partnership and Community Policy Grants – 16.710; Capitalization Grants for Drinking Water State Revolving Funds – CFDA #66.468; Homeless Prevention and Rapid Re-Housing Program Grant – CDFA #14.257; Edward Byrne Memorial Justice Assistance Grant Program – CFDA #16.738, #16.803, and #16.804. |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 524,842 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | Yes |

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. 24 Code of Federal Regulations 91.220(3)(d) and Auditor of State Bulletin 1997-003

| | |
|------------------------------------|------------------------------------------------------------------------|
| Finding Number | 2010-001 |
| CFDA Title and Number | Community Development Block Grants – Entitlement Grants – CFDA #14.218 |
| Federal Award Number / Year | 2010 |
| Federal Agency | U.S. Department of Housing and Urban Development |
| Pass-Through Agency | Direct |

QUESTIONED COST/ SIGNIFICANT DEFICIENCY – ACTIVITIES ALLOWED OR UNALLOWED/ALLOWABLE COSTS/COST PRINCIPALS

24 Code of Federal Regulations 91.220(3)(d) states the consolidated plan must contain a summary of the annual objectives the jurisdiction expects to achieve during the forthcoming program year. The action plan must provide a description of the activities the jurisdiction will undertake during the next year to address priority needs and objectives. This description of activities shall estimate the number and type of families that will benefit from the proposed activities, the specific local objectives and priority needs (identified in accordance with § 91.215) that will be addressed by the activities using formula grant funds and program income the jurisdiction expects to receive during the program year, proposed accomplishments, and a target date for completion of the activity. This information is to be presented in the form of a table prescribed by HUD. The plan must also describe the reasons for the allocation priorities and identify any obstacles to addressing underserved needs. **AOS Bulletin 97-003** establishes accounting treatment for interfund cash advances. Advances must be approved by a formal resolution of the taxing authority of the subdivision. This resolution must include:

- a. A specific statement that the transaction is an advance of cash, and
- b. An indication of the money (fund) from which it is expected that repayment will be made.

During testing of the Community Development Block Grant (CDBG) expenditures, it was noted the City made advances from the CDBG fund, through the City Treasurer to cover expenditures of other funds in the amounts of \$174,952 and \$55,000 to the Park and Youth Development Funds, respectively, which were not approved by City Council. Per review of the City Annual Action Plan, Table 2B Housing and Community Development Activities, the activity code of 03F Parks, Recreational Facilities 570.201(c) did not have planned activities assigned to the IDIS Project Code. By expending monies through this code, the City is in violation of the above mentioned Federal Regulation for the advance to the Park Fund, but would be an allowable expenditure of CDBG had it been included in the action plan. While payment of salaries of youth development workers is allowable in nature to the CDBG program, the advance to another special revenue fund is not. The advances were not made in accordance with Auditor of Bulletin 1997-003. In addition, the City improperly recorded the return of an advance in the amount of \$54,945 from the Youth Development Fund as Program Income to the CDBG program.

1. 24 Code Federal Regulations 91.220 (3)(d) and Auditor of State Bulletin 1997-003 (Continued)

The City should ensure that the expenditures being made from the Community Development Block Grant Fund are in accordance with Federal Regulations. The City should also ensure they use CDBG funds specifically for activities outlined in their Annual Action Plan submitted to HUD. The City should refrain from advancing monies from the CDBG Fund to other funds, as the purpose of other special revenue funds may not align correctly with the purpose of the CDBG Fund. The advance to the Youth Development fund was properly paid back during the fiscal year and the advance to the Park Fund was properly reported as an interfund receivable on the financial statements. However, the City should refrain as classifying advances as program income to the respective program.

Accordingly, total entitlement expenditures of \$174,952 made for advances not repaid are actual federal questioned costs.

2. 24 Code of Federal Regulations Part 570.207(b)(3)

| | |
|------------------------------------|------------------------------------------------------------------------|
| Finding Number | 2010-002 |
| CFDA Title and Number | Community Development Block Grants – Entitlement Grants – CFDA #14.218 |
| Federal Award Number / Year | 2010 |
| Federal Agency | U.S. Department of Housing and Urban Development |
| Pass-Through Agency | Direct |

QUESTIONED COST/SIGNIFICANT DEFICIENCY - ACTIVITIES ALLOWED OR UNALLOWED/ALLOWABLE COSTS/COST PRINCIPALS

24 Code of Federal Regulations Part 570.207(b)(3) states CDBG funds may not be used for the construction of new permanent residential structures or for any program to subsidize or assist new construction. In addition, CDBG expenditures must meet one or more of the following national objectives as required under § 570.200(a)(2): activities benefiting low and moderate-income persons, activities which aid in the prevention or elimination of slums or blight, or activities designed to meet community development needs having a particular urgency.

During 2010, the City awarded \$15,000 to Building Industry Association of Stark County and B-Lee Electric company in the support of a Canton Housing Project at the Quarry. The Quarry is a golf course community located within the City. The City did not award a subrecipient contract to this vendor to monitor the activities that were performed as a result of this award. Costs associated with new construction do not meet the definitions of eligible activities provided by 570.201. Additionally, this expense did not meet one of the national objectives as required under § 570.200(a)(2).

Accordingly, total entitlement expenditures of \$15,000 are actual federal questioned costs and expenditures of \$54,299 are projected questioned costs.

Official's Response/Corrective Action Plan:

The *staff* of the Department of Development was not aware that Council approval was needed to advance funds from one fund to another. Funds had been appropriated for both grants in anticipation of receipt of funds. We mistakenly understood that this action was sufficient for the advance.

The expenditure of funds from the New Horizon Park Grant was not anticipated at the time the Action Plan was written. Likewise, the expenditure of funds for a large summer job program was not anticipated. Funds were appropriated under Youth Development to hire approximately three summer workers. The opportunity to apply for the TANF summer job grant was not presented to Job and Family Services and the Department of Development until May of 2010. The grant provided for a small advance and thereafter reimbursed funds paid for salaries. The advance amount was not sufficient to cover the cost of payroll for one period, making it necessary to advance funds to pay these costs.

The project involving the Building Industry Association and B-Lee Electric was awarded to allow B-Lee Electric to purchase raw materials to participate in the Parade of Homes at the Quarry. The Parade of Homes give contractors an opportunity have their work seen by large numbers of potential customers. B-Lee Electric is a small company located in the City of Canton struggling with the difficulties of the present economy.

The Department of Development acknowledges that the file for B-Lee did not contain adequate documentation. The Department is benefiting from extensive technical assistance from consultants provided by HUD. As a result a number of checks and balances have been put into place to prevent future issues.

The department will issue requests for proposal for all CDBG grants from this point forward. The grant application is designed to make applicants aware of Federal regulations, as well as all reporting and monitoring requirements. Additionally, a form has been created by the Service Director that requires all contracts, agreements and other relevant documentation be executed before he will allow a purchase order to be opened.

Contact Person: Robert Torres, Director of Development
Anticipated Completion Date: August 2011

**CITY OF CANTON
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| 2009-001 | Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated. At December 31, 2009, fund level expenditures plus outstanding encumbrances exceeded appropriations within the General Fund by \$3,117,711. | Yes | Corrected |

City of Canton, Ohio

Comprehensive Annual

Financial Report

For the Year Ended December 31, 2010

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, 2010
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RICHARD A. MALLONN II

CANTON CITY AUDITOR

City Hall, Canton, Ohio 44702

Phone: (330) 489-3226

June 20, 2011

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, 2010 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 financial records, books of accounts and transactions of the City of Canton, Ohio, for the year ending December 31, 2010, have been audited by the Auditor of State Dave Yost'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.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found on page 3 of this report.

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 2010 population of 73,007 placed it as the largest city in the County and the eighth 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 and Public Safety, 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, Auditor, Treasurer and Law Director 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 all three departments was sufficient to meet all expenses in 2010.

Reporting Entity

The City has reviewed its reporting entity definition 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 2010.

Neither the Canton City School District, Plain Local School District, Osnaburg School District, or Canton Local School District has been included in the accompanying financial statements. These districts serve the citizens of Canton; however, the boards are not appointed by the City, nor are they 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.

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 alternative 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 account level split between salary and non-salary line items. Any budgetary modifications at this level or above may only be made by resolution of the City Council. Budgetary control at this level provides some flexibility in moving appropriations within their account groups 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. Request for purchase orders, which would result in an overrun of budget, are not honored 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 requisition 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 were 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 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 the cost of a control should not exceed the benefits likely to be derived from its implementation, and the evaluation of costs and benefits should require estimates and judgments by management. We believe the City's internal accounting controls adequately safeguard the City's assets and provide reasonable assurance of proper recording and reporting of financial transactions.

Local Economy

Nine 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. Time Warner Cable and AT&T provide 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 Sunoco Phoenix to name a few. The continued success of these companies and others is essential in order to create a climate for financial stability.

In 2008, the Canton City School District completed its Design for the Future Program. The \$176 million seven-year project included nine new elementary buildings, one new middle school, and major renovations to almost all of the Districts other buildings. Also in 2007, site work was completed on the \$35 million renovation project at the Timken High School Regional Campus. The Campus consists of six buildings and encompasses a ten-block area in the City's Downtown. It includes two outdoor amphitheaters, a student run restaurant, a satellite branch of the Stark State College of Technology, an Early College High School program, and a vocational high school program that offers a wide variety of career options. The City believes these major public works have dramatically improved the condition of the School District's facilities and will enhance the City's ability to attract families to the area.

Malone University, 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 (808 beds) and Mercy Medical Center (476 beds), and two additional acute care hospitals located in the County: Alliance Community Hospital (204 beds) and Affinity Medical Center (166 beds). Massillon Psychiatric

Center, a 157-bed public adult psychiatric hospital operated by the State, is also located in the County. In 2006, Aultman Hospital completed a three year \$80 million dollar expansion project, the largest in its history. The project included a new four-story 320,000 square foot addition that houses a new Aultman Heart Program, Emergency/Trauma Program, Women's Program (including Labor & Delivery) and the Neonatal Intensive Care Unit. In 2009, Mercy Medical Center unveiled its new state of the art 24-unit Mercy Intensive Care Unit. The \$20.5 million project was started in 2007 and also includes an expansion of the surgery center parking garage and relocation of the hospital's helipad to the roof of the new structure. Both Aultman Hospital and Mercy Medical Center continue to play a pivotal role in the financial stability of the City of Canton.

The Canton Park System maintains 61 parks and covers approximately 722 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's downtown is home to the National First Ladies Library housed in the former home of one time first lady Ida Saxton McKinley. The library presents a history of all the United States first ladies. In 2002, the Library added a \$5.5 million education and research center in the former National City Bank building located nearby the Saxton House. The renovations to the 110-year-old building were paid for through private donations and federal grants. The six story research center houses a 91-seat theater, meeting and exhibit rooms, research and reference materials and office space for the library personnel.

Also located in the City's downtown area is the main branch of the Stark County District Library. The library's main branch, 9 satellite branches, two bookmobiles and 2 kidmobiles serve 151,000 library cardholders from throughout the county. Holdings number more than 884,000 items and annual circulation for 2010 was 3.6 million items. The collection includes books, audio-visual materials and periodicals. In addition, the Library provides programs and classes for all ages, computer and Internet access, inter-library loans, reference and genealogy services, traveling collections and outreach services to shut-ins, nursing homes and housing units. It is one of the nine largest library systems in Ohio and serves 12 local school districts.

The City is the home of the National Professional Football Hall of Fame, which attracts more than 200,000 visitors annually. In December 2010, the Hall of Fame's Board of Trustees announced plans for a major expansion and renovation to the museum. The project, called *Future 50 Project*, will be the largest in the Hall of Fame's history, costing \$27 million and taking almost two years to complete. The museum building itself will expand from 83,000 square feet to 115,000 square feet. The largest piece of the expansion will be used for a Pro Football Research and Preservation Center. Also 38,000 square feet of existing gallery will be renovated, which will include a new lobby and visitor orientation theater. A new museum-quality environmental control system will be installed to better ensure the safety of the museum's artifacts. The grounds surrounding the Hall of Fame will be improved to provide space for special events, rental opportunities and additional parking. The Hall of Fame hopes to open the completed facility in time to celebrate the museum's 50th anniversary.

In 2006, the Pro Football Hall of Fame and the Canton City School District began a joint campaign to raise money to renovate the District owned Fawcett Stadium. The stadium is the home for two high schools, two colleges, the annual Hall of Fame game, the Hall of Fame Enshrinement Ceremonies, Ohio High School State Football Championship Games and numerous other events throughout the year. Money raised will be used for a multi-year project that will include structural repairs, a new west end scoreboard and video board, restroom renovations, north stands concourse expansion, a new press box and an outdoor plaza designed to connect the museum and stadium. Sufficient funds were raised in 2006 to install the new scoreboard and to begin structural repairs, which were completed in 2007. In 2008, the north stands restroom renovation was completed and ground was broken on a new \$3.2 million dollar press box. The press box was completed in June of 2009. The events held at the stadium each year dramatically increase tourism to the area. Fundraising efforts are ongoing to raise the resources needed to complete the stadium's structural repairs. The renovation work is being done to ensure the future viability and sustainability of these events in the region.

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, 2006 and 2011, 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 fares.

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 (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 2,900 acres, most of which is located in Summit County, directly north of and adjacent to Stark County, on Interstate 77. The Airport has five airlines offering nonstop service and had 1,563,031 customers in 2010, which was an 8% increase and set a new all time high. In late 2006, the Airport completed its 5-year \$60 million STAR Expansion Project which included extending runways, a new baggage claim area, a new food court, a new security screening area, enlarged gathering space, additional parking, and a terminal gate renovation that will allow the Airport to handle up to 1.6 million passengers annually. In 2007, the Airport invested \$10 million in a new deicing facility. In 2008, the Airport announced its new 10-year \$110 million capital improvement plan called CAK 2018. The plan includes a runway extension and border patrol facility to allow for international flights, expanded aircraft parking, expanded auto parking, a wider entrance road, expanded ticket wing, expanded security screening area, a new aircraft rescue and fire fighting maintenance facility, expand the concourse to allow for three more gates, and partner with the nearby City of Green for a new Industrial Park. The runway extension portion of the project was completed in 2010. The new aircraft rescue, border patrol facility, expanded parking lot, expanded security screening area, and the new industrial park were all under way in 2010.

Long-Term Financial Planning

The City has experienced a decrease in overall revenue, excluding other financing sources, for the General Fund of \$829,873. This represents the third net decrease in as many years. However, as of August 2010, income tax revenue was down \$1,710,601, but yet income tax revenue grew by \$620,465 in the final four months of the year. The City's income tax growth in the final four months of 2010 coupled with the slight national economic stabilization has led to a more optimistic financial outlook for 2011 income tax collections. The effects of federal reserves interest rate reductions in the fourth quarter of 2007, 2008 and throughout 2009 and 2010 led to net decreases in General Fund interest revenue of \$1,243,235 in 2008, \$595,900 in 2009 and an additional \$444,900 in 2010. The slow incremental recovery in late 2010 leaves little potential for a rebound in interest revenue in the immediate future. As a result the City anticipates losing an additional \$100,000 in interest revenue in 2011. The immediate economic future is slightly stable at best, the City's cash reserves have been exhausted as a means to soften the effects of continued lost interest and lost income tax revenue. The City's unemployment rate changed from 11.4% at the end of 2009 to 11.2% at the end of 2010. This decrease is consistent with the City's marginal increase in income tax collections in the final four months of 2010. Despite some successes in attracting a few employers in 2010 the local economy has yet to feel the potentially devastating effects on governmental payrolls that are assuredly coming before the local economy fully recovers. All levels of local government (City of Canton included) have minimized employee reductions thus far by utilizing cash reserves, freezing salaries, workforce reduction through attrition and negotiated health care cost sharing increases just to name a few. To overcome anticipated government employment reductions at all levels, the City must continue to commit substantial resources to attract permanent industrial, retail, and service businesses to replace the potential lost revenue from these government employees.

The City had \$8,291,350 cash, of which \$5,269,614 remained uncommitted of the \$15,580,000 in general revenue bonds issued in 2006 for the building of a new fire station, a new sewer collection facility, a new waste park, renovation of city buildings and reconstruction of existing recreational facilities. As of the release of this report the fire station is approximately 75% complete. A major expansion to Canton City Hall to expand operations for the Canton Municipal Court and City Council began in November of 2010. Expected completion is August 2011 and as of the release of this report the project is 40% complete. However, further evidence of the very difficult economic conditions of the City, is the decision at this point to scale back the size and scope of the projects outlined in the City's 2006 Recreational Bond Issuance. City Council in January of 2011 elected for the second consecutive year to utilize a portion of the uncommitted and unspent proceeds to retire its own debt. The decision was based not only the short term benefit of retiring bond principal with unused proceeds, but also assures that the operational expenses associated with the building of a waste park do not further increase the City's deficit spending during these very difficult economic times.

Relevant Financial Policies

During 2010, the City issued manuscript debt twice in the General Fund. The first issuance was done in January for \$2 million and was needed to create enough short-term liquidity in the General Fund to fund the City's daily operations. The debt issued by the General Fund was purchased by the pooled equity of the City. The General Fund repaid the debt with interest in July of 2010. The repayment was made possible by the second issuance of \$2 million in July, which was necessary to again provide short-term liquidity in the General Fund for the second half of 2010. The second issuance was again repaid with interest in December 2010.

The outstanding manuscript debt issuance from 2009 was repaid in the second half of 2010 upon the City issuing traditional bond anticipation notes. The 2011 budget includes \$100,000 to pay a portion of the \$1.8 million note and anticipates a new issuance of \$1.7 million.

During 2010, the City continued to make biweekly sick expense premium deposits into its Compensated Absences Claim Fund to help offset the cost of current and previous unfunded compensated absences. The City was not in a financial position to make additional lump sum contributions to the fund as had been done in some previous years. In addition, the City changed the premium calculation from 125% of the total cost of the sick leave accrued on biweekly payrolls to 105% for 2010. However, the premium returned to 125% January 1, 2011

Major Initiatives

In 2010, the City annexed approximately 0.19 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 entered into an enterprise zone agreement with Medline Inc in March 2010 for real property tax abatement of \$11 million and personal property of \$2.7 million to help facilitate the construction of a warehouse in the Mill Industrial Park. The estimated job creation as a result of this project is 25 fulltime employees. This agreement will not expire until December of 2020. The construction was completed in 2010 and the total number of permanent employees employed as of December 31, 2010 was 61.

In 2009, the City also received \$3,678,562.00 in Neighborhood Stabilization funds. The City is going to use the funding in a comprehensive plan being developed to coordinate demolitions, housing rehabilitation and new construction of housing to prevent further deterioration in some neighborhoods and revitalize others. In 2010, the City purchased 25 properties and committed \$2,265,659 of the grant for these projects. Renovations have begun on 12 of the 25 properties and range in stages of completion from 15% to 90%. All 25 properties are expected to be completed by the end of 2011.

The City and the Canton Community Improvement Corporation (CCIC), received an EPA grant in 2009 that provides Brownfield Job Training for unemployed or underemployed persons to receive training. The grant will allow 105 people to receive training in environmental assessment and remediation. The first 27 of the initial 35 students completed training in December 2010. That is a completion rate of 77%. Of these 27, 7 have found full time employment and 5 have found part time employment. The second

group of 35 students began training in June 2010 and expects to complete training in May 2011. The final group of 35 students will finish training in May 2012.

The City awarded a grant to assist with the installation of a catch basin to convert exiting farmland to Gervasi Winery, Canton's first vineyard and bistro. The developer invested \$2.5 million into the project and expects to employ 20-25 persons. The project includes restoring historic buildings located on the site. The final project consists of a fully restored barn built in 1823 to serve as a wine tasting bistro and wine making facility; a fully restored outbuilding that will serve as the grape crush pad, wine warehouse and retail market place; a new pavilion, a 6.5 acre vineyard, walking trails and an outdoor patio with fire pits. The vineyard opened for business in March 2010. The business has seen considerable success in its opening year. The business has done so well, that the owners have under taken the creation of the Gervasi Village. The village expansion will include 25 luxurious villa suites and The Villa Grande, a conference and event facility will include a multi gathering area for up to 180 guests and culinary and wine education. The entire new complex will overlook the property's lake and vineyards. Estimated completion date for the project is fall 2011.

The City has been fortunate to secure several Clean Ohio Assessment Fund (COAF) Grants and Clean Ohio Revitalization Fund (CORF) Grants for the cleanup of former industrial sites throughout the City. In all of the cases, the City is acting solely as a pass through for the grants and has no ownership interest in the properties.

The City received a \$372,000 COAF grant in 2004 to make an evaluation of the nature of environmental contamination at the former Bison Property. The goal is for it to again be used as an industrial site. Two companies, Abbott Electric and a sign company, are already located on the site. In 2007, the City was awarded a \$3 million CORF grant for site clean up. In 2008, the City entered into contract with a Certified Environmental professional to prepare the specifications and work plans for the clean up phase with actual environmental cleanup work starting in 2009 and continued through 2010 and is estimated to be complete in July 2011.

In 2005, a \$298,480 COAF grant was received for the study of the brownfield site at the former Stein Property to determine a suitable cleanup methodology. In 2006, a \$698,709 CORF grant was received for site remediation to develop the site as an industrial park. The site remediation was completed in 2009 and a new tenant, Pull-A-Part Used Auto Parts, promptly relocated to the property. Also in 2009 the City received a CORF grant of \$749,590 for remediation work at the former Canton Lead Smelter building located on the new Stein Industrial Park. Estimated completion is June 2011

In 2006, a \$284,733 COAF grant was awarded for the assessment of the former Hercules Engine Property to determine the scope of its environmental impact and to develop a methodology for site cleanup. In late 2007, the City was awarded a \$3 million CORF grant for remediation work on the site. The long-term goal for the Hercules Property is for it to become a multi use facility with a convention center, market rate housing, business space and retail space. Remediation work began in 2008 and continued in 2009. The City also supported a state tax credit application submitted by the property owner, which resulted in a \$34 million dollar credit. The weak economy has held this project up, but the tax credit has been extended and the project is still expected to move forward.

The City Engineering Department oversees all stages of street and sewer improvement projects. During 2010, the City completed the \$2.3 million 25th Street NE Storm Sewer Improvement project and the \$670,211 West Side Park Trail Bridge Project. Engineering projects in various stages of planning, development, and construction include: Guilford Ave. NW Bridge Replacement, Cleveland Ave. Resurfacing Project, Mahoning Rd. Corridor, Fulton Road/Stadium Park Intersection, 12th St. Corridor

project, Mill St. Bridge Replacement, 30th St. NE Storm Sewer Project, 49th St. & Gardendale Ave NE, Storm Sewer Project, the East Side Park Trail Project, 11th Street SE Realignment Project, and the Sherrick Road Improvement Project.

During 2010, the City's Sewer Department began work on a Navarre Road Sanitary Sewer Extension and a Westside Interceptor Project. The City's Water Department completed various waterline extensions and improvements throughout the year adding an additional \$112,956 of value to the overall system. The Water Department also continued infrastructure work at its Northwest Water Plant and Northeast Water Plant.

Debt Administration

The gross indebtedness of the City at the end of 2009 was \$51,803,873. At the end of 2010, the gross indebtedness of the City was \$49,649,904. In 2010, the City continued drawing down from two pre-existing OWDA Loans and entered into two new OWDA Loans. The first of the two new loans was for \$54,641 and was used to finance a sanitary sewer project. The second new loan was for a long-term renovation project the City is undertaking at its Water Reclamation Facility. Proceeds from that loan totaled \$158,096. The project will take almost eight years to complete and is estimated to cost \$72.1 million to complete. The two outstanding loans the City continued to draw from were for infrastructure work still on going at two of the City's water plant facilities. The proceeds from the two loans totaled \$3,372,884. As of December 31, 2010, the City had \$941,949 and \$23,619,468 in outstanding OPWC and OWDA loans, respectively. The City also had \$6,029,677 outstanding in the enterprise funds and \$16,714,810 for bonds payable in the governmental funds. The City had a legal claim and judgment outstanding of \$66,700. The City had \$1,392,717 in long-term SIB and Urban Redevelopment Loans outstanding as of December 31, 2010.

In 2010, Moody's Investor Services downgraded the City's rating to A1 from Aa3 and gave the City a negative outlook on general obligation bond issue. Fitch Rating service also downgraded the City from AA- to A+ but said its outlook is stable. 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 \$73,360,170 and an unvoted debt margin of \$29,584,873 as of December 31, 2010.

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, 2009. The Certificate of Achievement is the highest form of recognition for excellence in state and local government.

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.

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, John Slebodnik and Gary Young for their continued dedication and commitment to sound financial reporting in the preparation of this report. A grateful acknowledgement is given to James Carman a key former member of my administrative staff for his continued commitment, professionalism, and dedication in the preparation of this report.

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard A. Mallonn II". The signature is fluid and cursive, with a large initial "R" and "M".

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, 2009

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.



President

Executive Director

CITY OF CANTON

CITY OFFICIALS

Mayor

William J. Healy II

Council Members

Allen Schulman, President

Patrick Barton
Mark Butterworth
Mary Cirelli
Joe Cole
David Dougherty
James E. Griffin

Gregory Hawk
Brian Horner
Terry Prater
Chris Smith
Bill Smuckler
Thomas West

City Auditor

Richard A. Mallonn II

City Treasurer

Robert C. Schirack

Law Director

Joseph Martuccio

Director of Income Tax

Cynthia Allensworth

Chief of Staff-Director of Public Service

Warren Price

Director of Public Safety

Thomas Ream

Fire Chief

Stephen J. Rich

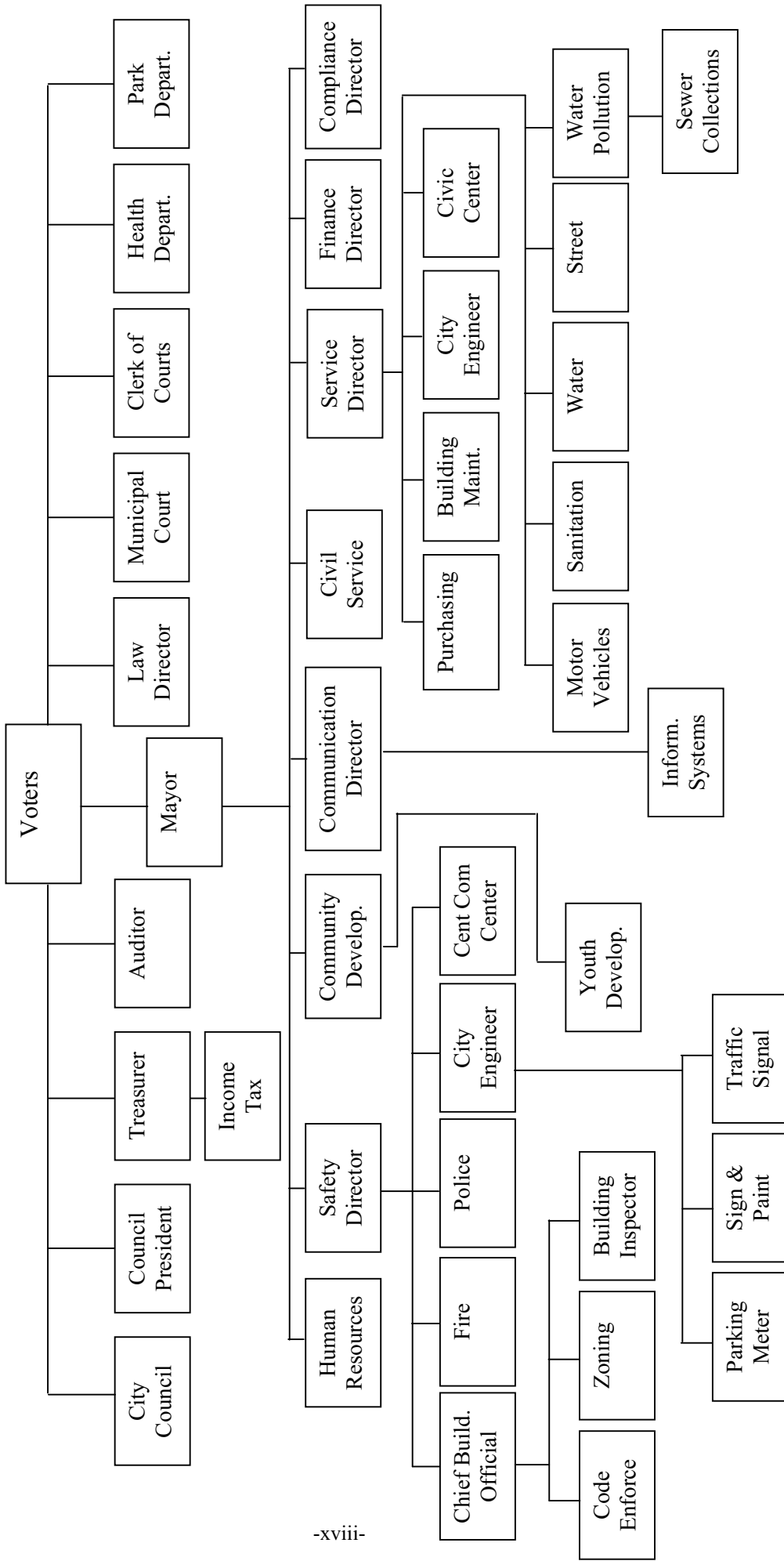
Police Chief

Dean McKimm

City Engineer

Dan Moeglin

City of Canton Organizational Chart





Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the 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, 2010, 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 4 percent, 10 percent, and 3 percent, respectively, of the assets, net assets, and revenues for the aggregate discretely presented 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit 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 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, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and the Community and Economic Development Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2010 the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provides additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We and the other auditors also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. 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 section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

June 20, 2011

City of Canton
Stark County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010

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, 2010. 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 \$5.5 million as a result of this year's operations. Net assets of our business-type activities increased by \$7.9 million, or 8.8 percent, and net assets of governmental activities decreased by \$2.4 million, or 1.9 percent.
- The City saw its Bond Ratings downgraded to Aa3 per Moody's and to A+ status from Fitch in 2010.
- For the third consecutive year, the City was unable to reduce its unfunded compensated absence debt. The unfunded compensated absence debt went from \$7,161,616 at the end of 2009 to \$7,289,166 at the end of 2010.

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.

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

City of Canton
Stark County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010

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. Parking Deck 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.

City of Canton
Stark County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010

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 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 \$218.3 million to \$223.8 million. The City experienced a decrease in its governmental net assets and an increase in business-type activities separately. 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 | |
|-------------------------------|----------------------------|-----------------|-----------------------------|-----------------|-----------------|-----------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Assets | | | | | | |
| Current and Other Assets | \$ 57.2 | \$ 62.6 | \$ 34.0 | \$ 26.5 | \$ 91.2 | \$ 89.1 |
| Capital Assets, Net | 109.4 | 107.8 | 95.1 | 93.9 | 204.5 | 201.7 |
| Total Assets | \$ 166.6 | \$ 170.4 | \$ 129.1 | \$ 120.4 | \$ 295.7 | \$ 290.8 |
| Liabilities | | | | | | |
| Current and Other | | | | | | |
| Liabilities | \$ 12.4 | \$ 10.3 | \$ 2.0 | \$ 2.2 | \$ 14.4 | \$ 12.5 |
| Due Within One Year | 4.6 | 4.3 | 2.2 | 2.2 | 6.8 | 6.5 |
| Long-Term Liabilities: | | | | | | |
| Due Within More Than One Year | 23.3 | 27.1 | 27.4 | 26.5 | 50.7 | 53.6 |
| Total Liabilities | 40.3 | 41.7 | 31.6 | 30.9 | 71.9 | 72.6 |
| Net Assets | | | | | | |
| Invested in Capital | | | | | | |
| Assets Net of Debt | 96.7 | 94.0 | 65.5 | 65.2 | 162.2 | 159.2 |
| Restricted | 34.5 | 38.1 | - | - | 34.5 | 38.1 |
| Unrestricted | (4.9) | (3.4) | 32.0 | 24.4 | 27.1 | 21.0 |
| Total Net Assets | \$ 126.3 | \$ 128.7 | \$ 97.5 | \$ 89.6 | \$ 223.8 | \$ 218.3 |

City of Canton
Stark County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010

Net assets in the City's governmental activities decreased by 1.9 percent (\$128.7 million compared to \$126.3 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 \$(3.4) million at December 31, 2009 to (\$4.9) million at the end of 2010. Restricted net assets, those restricted mainly for capital projects and special purposes such as street cleaning or maintenance decreased from \$38.1 million at the end of 2009 to \$34.5 million at the end of 2010. The investments in capital assets, net of debt category increased by \$2.7 million.

Net assets in the City's business-type activities increased by 8.8 percent (\$89.6 million compared to \$97.5 million) in 2010. 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, 2010. The City's Governmental Activities revenue decreased in 2010 from \$90.4 million to \$85.9 million and expenses decreased by \$3.1 million or 3.4% resulting in a decrease in governmental net assets of \$2.4 million. The City's Business-Type Activities revenue increased by \$3.1 million and expenses decreased by \$1.8 million resulting in a net asset increase of \$7.9 million.

Table 2
Change in Net Assets
(In Millions)

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|----------------------------|----------------|-----------------------------|----------------|-----------------|-----------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 14.2 | \$ 12.8 | \$ 34.3 | \$ 27.7 | \$ 48.5 | \$ 40.5 |
| Operating Grants and Contributions | 11.3 | 15.2 | - | 0.1 | 11.3 | 15.3 |
| Capital Grants and Contributions | 6.7 | 4.3 | 0.2 | 2.9 | 6.9 | 7.2 |
| Total Program Revenues | <u>32.2</u> | <u>32.3</u> | <u>34.5</u> | <u>30.7</u> | <u>66.7</u> | <u>63.0</u> |
| General Revenues: | | | | | | |
| City Income Taxes | 38.6 | 40.9 | - | - | 38.6 | 40.9 |
| Property Taxes | 3.7 | 3.6 | - | - | 3.7 | 3.6 |
| Intergovernmental | 8.8 | 8.9 | - | - | 8.8 | 8.9 |
| Interest and Investment Earnings | 0.2 | 0.7 | - | - | 0.2 | 0.7 |
| Other | 2.4 | 3.9 | 0.3 | 1.0 | 2.7 | 4.9 |
| Gain on Sale of Assets | - | 0.1 | - | - | - | 0.1 |
| Total General Revenues | <u>53.7</u> | <u>58.1</u> | <u>0.3</u> | <u>1.0</u> | <u>54.0</u> | <u>59.1</u> |
| Total Revenues | <u>\$ 85.9</u> | <u>\$ 90.4</u> | <u>\$ 34.8</u> | <u>\$ 31.7</u> | <u>\$ 120.7</u> | <u>\$ 122.1</u> |

City of Canton
Stark County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010

Table 2
Change in Net Assets (continued)
(In Millions)

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|----------------------------|-----------------|-----------------------------|----------------|-----------------|-----------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Expenses | | | | | | |
| Program Expenses: | | | | | | |
| General Government | \$ 17.9 | \$ 21.4 | \$ - | \$ - | \$ 17.9 | \$ 21.4 |
| Security of Persons and Property | 38.0 | 39.7 | - | - | 38.0 | 39.7 |
| Public Health | 6.8 | 6.5 | - | - | 6.8 | 6.5 |
| Transportation | 12.6 | 14.6 | - | - | 12.6 | 14.6 |
| Community Development | 9.3 | 5.4 | - | - | 9.3 | 5.4 |
| Leisure Time Activities | 2.9 | 2.9 | - | - | 2.9 | 2.9 |
| Interest on Long-Term Debt | 0.8 | 0.9 | - | - | 0.8 | 0.9 |
| Water | - | - | 10.9 | 11.8 | 10.9 | 11.8 |
| Sewer | - | - | 11.1 | 11.6 | 11.1 | 11.6 |
| Refuse | - | - | 4.9 | 5.3 | 4.9 | 5.3 |
| Total Program Expenses | <u>88.3</u> | <u>91.4</u> | <u>26.9</u> | <u>28.7</u> | <u>115.2</u> | <u>120.1</u> |
| Increase (Decrease) in Net Assets | (2.4) | (1.0) | 7.9 | 3.0 | 5.5 | 2.0 |
| Net Assets 1/1/2010 | <u>128.7</u> | <u>129.7</u> | <u>89.6</u> | <u>86.6</u> | <u>218.3</u> | <u>216.3</u> |
| Net Assets 12/31/2010 | <u>\$ 126.3</u> | <u>\$ 128.7</u> | <u>\$ 97.5</u> | <u>\$ 89.6</u> | <u>\$ 223.8</u> | <u>\$ 218.3</u> |

Governmental Activities

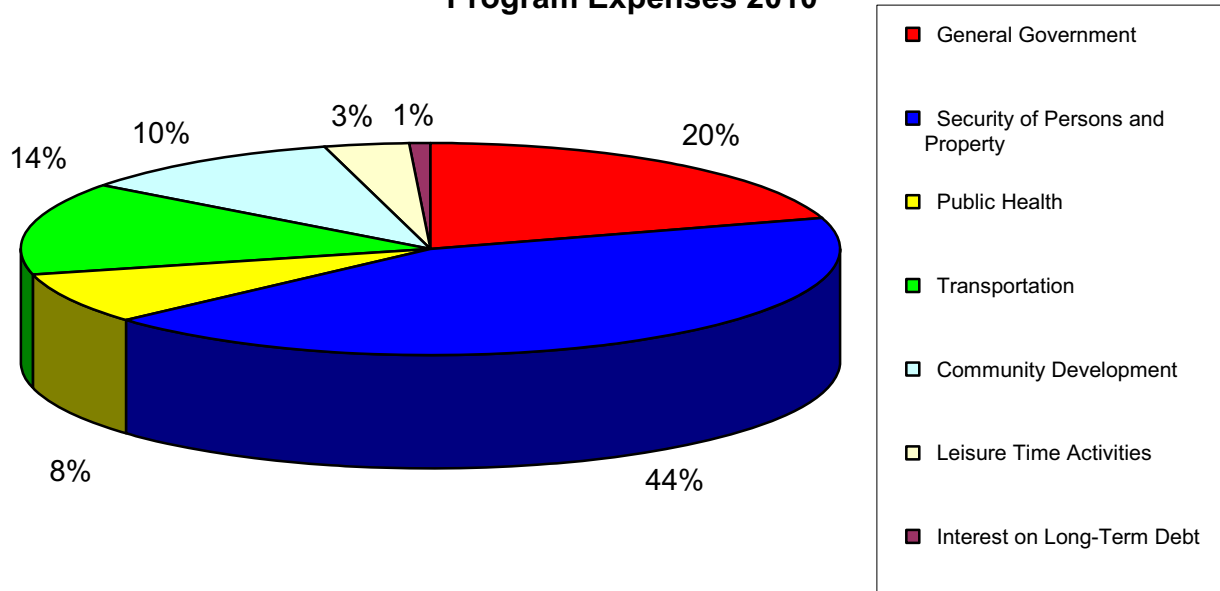
The 2.0 percent income tax is the largest revenue source for the City. Designated by ordinance, the Capital Acquisition and Improvement Fund receives 20 percent of net income tax received. In addition, the Motor Vehicle Fund receives 5 percent of net income tax received. The remaining 75 percent is allocated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

When looking at sources of income to support governmental activities, it should be noted that charges for services are only 16.5 percent of revenue. Revenues provided by sources other than city residents in the form of operating and capital grants comprise another 20.9 percent. The remaining revenues are primarily generated locally through property (4.3 percent) and income taxes (44.9 percent).

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.

City of Canton
 Stark County, Ohio
 Management's Discussion and Analysis
 For The Year Ended December 31, 2010

**Chart 3
 Program Expenses 2010**



Business-Type Activities

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 the 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 located on page 11.

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 \$88.6 million and expenditures of \$91.9 million including other financing sources and uses. The General Fund balance increased \$58,122. Included in the General Fund Expenditures is the annual premium based contributions into the City's Compensated Absence Claim Fund of \$1,836,597. In 2004, as part of cost cutting measures, the City established the Compensated Absences Claim Fund. This 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 fund is obvious. The City has been successful in reducing its potential unfunded compensated absence obligation from \$11,500,997 at the end of 2003 to \$7,289,166 at the end of 2010. Unfortunately, 2010 saw the third consecutive year in which the

City of Canton
Stark County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010

unfunded compensated absence obligation increased. This can be attributed to two factors. One is the effect of increased retirements due to the forced retirement of safety forces that enrolled in the Police and Fire Pension DROP program in its initial year of eligibility. The second was due to reducing the premium percentage to 105% of the total cost of the sick leave accrued on a biweekly payroll. This was done in an attempt to maintain an adequate workforce in light of large revenue declines in 2009 and 2010.

The Community and Economic Development Fund balance decreased by \$786,355, which can be attributed to a large increase in expenditures from funds previously received from the federal government's stimulus program. The Capital Projects Fund balance saw a decrease of \$654,786 caused by a drop of over \$200,000 in income tax and an increase in debt expenditures. The Motor Vehicle Purchase Fund balance increased by \$633,952. The increase was caused by fewer vehicle purchases in 2010 and having a debt payment previously attributed to the Motor Vehicle Fund moved to the Capital Fund. There was one transfer in the governmental funds last year. The transfer was from the General Fund to Nonmajor Special Revenue Funds. The \$40,000 transfer was done as a grant match. The Water, Sewer and Refuse funds had net asset increases of \$3,954,793, \$2,179,970 and \$1,663,199 respectively. All three funds saw large increases in operating revenue, Water 22.6%, Sewer 13.7%, and Refuse 19%, coupled with reduced operating expenses. The large revenue increases are due to feeling the full effect of previously enacted rate increases and expansion projects. Expense savings are the result of attempts to cut costs and operate more efficiently throughout the City.

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 Alternative 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 account level split between salary and non-salary line items. Any budgetary modifications above account group 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.

City of Canton
 Stark County, Ohio
 Management's Discussion and Analysis
 For The Year Ended December 31, 2010

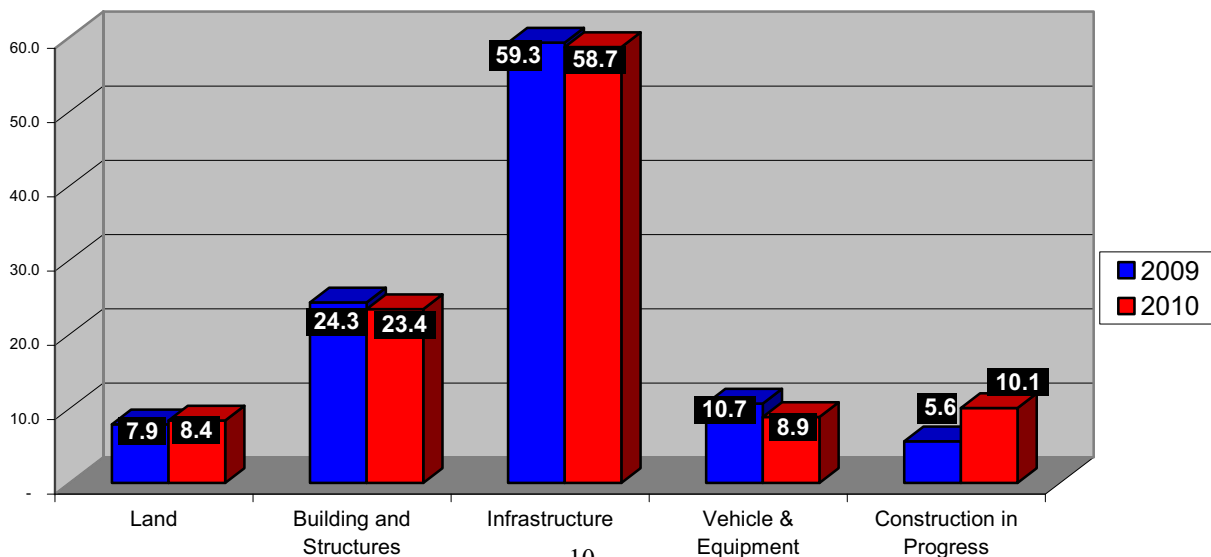
The City Auditor continually monitors the encumbrances and expenditures against the budgeted appropriations and against the County Auditor's Certificate of Estimated Resources. Using the budget prepared by the City the preceding July and including the carry over balances less carry over encumbrances at year-end, the County Auditor arrives at and issues the 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's General Fund variance from original estimated revenues increased by \$3,912,321 increasing the overall General Fund estimated revenues to \$60,301,173 as indicated on page 20. This change represents 6.5% of total revenue and is due to debt issued and advances. The General Fund variance from original appropriations to final appropriations was \$4,602,564; this increased the overall General Fund appropriations to \$61,183,333. This increase in appropriations was primarily due to the City issuing a second \$2,000,000 manuscript debt note in 2010 and repaying a due to/due from other funds of \$1,800,000. The actual expenditures were less than the final budget by \$741,798. The small variance, 1.2% of total expenditures, was due to the careful monitoring of expenditures by all elected officials and department heads. The actual expenditures were greater than the original budget by \$3,860,766. The actual variance was again due to the unexpected need to issue a second manuscript debt and the final repayment on an interfund borrowing.

CAPITAL ASSET AND DEBT ADMINISTRATION

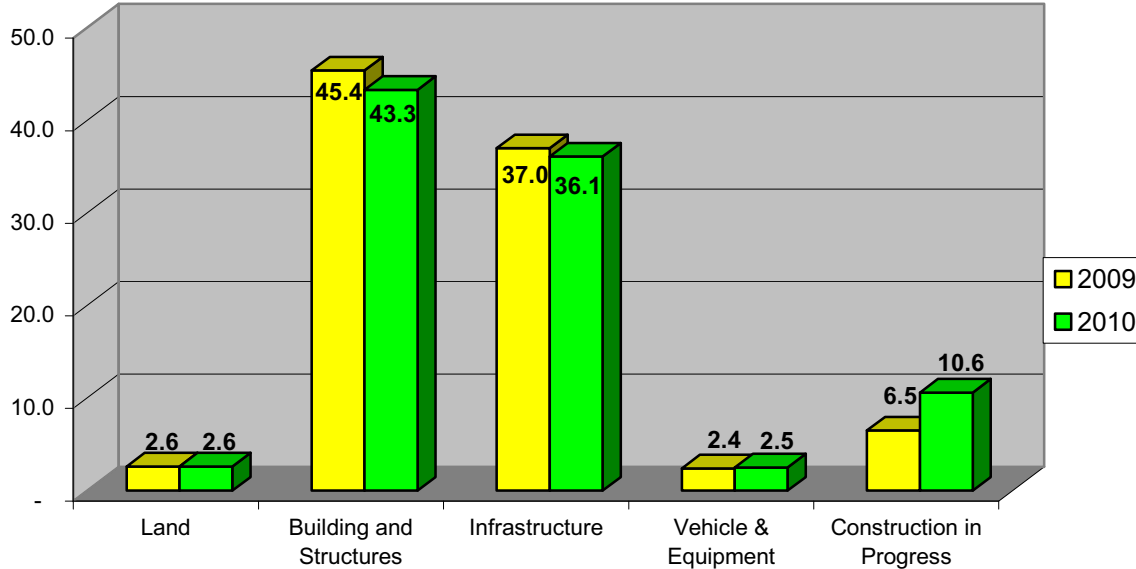
At the end of 2010, the City had \$204.5 million invested in a variety of capital assets, including police and fire equipment, land, buildings, park facilities, roads, bridges, and water and sewer lines (see following graphs). This amount represents a net increase over last year. Major additions for the Governmental Activities included the start of several major road and storm sewer projects, park equipment additions and renovations, and a major street lighting upgrade.

Graph 4
Governmental Capital Assets-Net of Depreciation
 (Dollar Value in Millions)



City of Canton
Stark County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010

Graph 5
Business-Type Capital Assets - Net of Depreciation
(Dollar Value in Millions)



Additions to Business-Type Activities included additional water and sewer line construction, the start of a major renovation project at the City's Water Reclamation Plant, and ongoing restoration work at two of the City's water plants.

The City's 2011 capital budget anticipates a spending level of \$8.3 million for capital projects. The City will also continue to use the \$15,850,000 generated from the sale of general obligation bonds during 2006 to construct a new fire station, renovate City Hall and improve infrastructure. More detailed information about the City's capital assets is presented in Note 8 to the basic financial statements.

Debt

At December 31, 2010, the City had \$16.7 million in Governmental Activities General Obligation Bonds.

Table 6
General Obligation Bond Debt Outstanding at Year End

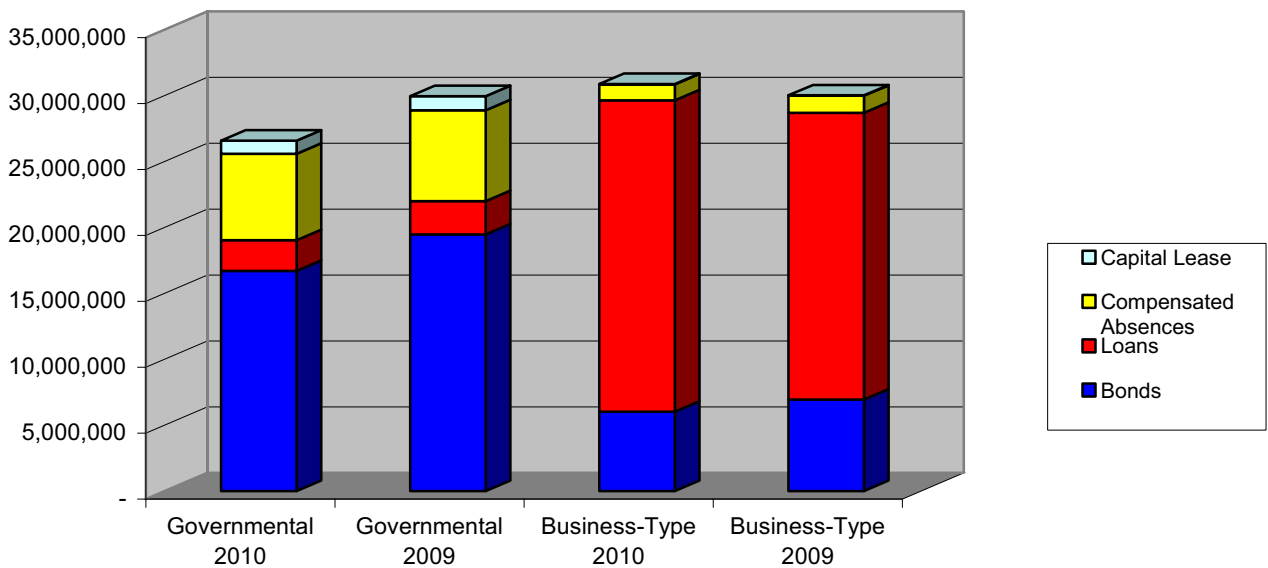
| | Governmental Activities | |
|-----------------------------------------|-------------------------|----------------------|
| | 2010 | 2009 |
| Unvoted General Obligation Bonds: | | |
| 2009 Refunding Bonds | \$ 7,460,000 | \$ 8,265,000 |
| 2001 Radio Communication | 655,000 | 1,290,000 |
| 2006 Various Purpose | 8,599,810 | 9,928,363 |
| Total Unvoted General Obligation Bonds: | <u>\$ 16,714,810</u> | <u>\$ 19,483,363</u> |

City of Canton
 Stark County, Ohio
 Management's Discussion and Analysis
 For The Year Ended December 31, 2010

The City's overall legal debt margin was \$73,360,170 as of December 31, 2010. The City's unvoted legal debt margin was \$29,584,873 as of December 31, 2010.

At December 31, 2010, the City had outstanding long-term debt obligations in the amount of \$26.6 million down from \$30.1 million in 2009 for the governmental activities this represents a 13.2 percent decrease. The City's business-type activities debt obligation as of December 31, 2010 was \$30.9 million up from \$30.0 million in 2009 this represents an increase of 2.9 percent. The breakout on debt is presented in the graph below.

**Graph 7
 Total Debt Outstanding by Type**



In 2010, Moody's Investor Services downgraded the City's rating to A1 from Aa3 and gave the City a negative outlook on general obligation bond issue. Fitch Rating service also downgraded the City from AA- to A+ but said its outlook is stable. Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 10 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, 2010

| | Primary Government | | | Component Unit |
|-----------------------------------------------------|------------------------------|------------------------------|------------------------------|----------------------------|
| | Governmental Activities | Business-type Activities | Total | CCIC |
| Assets | | | | |
| <i>Current Assets</i> | | | | |
| Cash and Cash Equivalents | \$ 24,561,430 | \$ 22,432,473 | \$ 46,993,903 | \$ 189,576 |
| Cash and Cash Equivalents with Fiscal Agents | 3,019 | - | 3,019 | - |
| Accounts Receivable | 2,341,445 | 8,512,141 | 10,853,586 | 233 |
| Taxes Receivable | 10,070,814 | - | 10,070,814 | - |
| Loans Receivable | 1,838,054 | - | 1,838,054 | - |
| Due From Other Governments | 18,075,234 | 836,814 | 18,912,048 | 13,322 |
| Inventories | 288,379 | 2,176,864 | 2,465,243 | - |
| Internal Balances | 14,566 | (14,566) | - | - |
| <i>Total Current Assets</i> | <u>57,192,941</u> | <u>33,943,726</u> | <u>91,136,667</u> | <u>203,131</u> |
| <i>Noncurrent Assets</i> | | | | |
| Capital Assets: | | | | |
| Land and Construction in Progress | 18,508,910 | 13,253,064 | 31,761,974 | 681,187 |
| Other Capital Assets, Net of Depreciation | 90,877,735 | 81,887,113 | 172,764,848 | 160,295 |
| <i>Total Noncurrent Assets</i> | <u>109,386,645</u> | <u>95,140,177</u> | <u>204,526,822</u> | <u>841,482</u> |
| Total Assets | <u><u>\$ 166,579,586</u></u> | <u><u>\$ 129,083,903</u></u> | <u><u>\$ 295,663,489</u></u> | <u><u>\$ 1,044,613</u></u> |
| Liabilities | | | | |
| <i>Current Liabilities</i> | | | | |
| Accounts Payable | \$ 3,759,762 | \$ 1,352,788 | \$ 5,112,550 | \$ 3,043 |
| Accrued Wages and Benefits | 1,470,279 | 371,899 | 1,842,178 | 4,110 |
| Due to Other Governments | 733,379 | 140,349 | 873,728 | - |
| Retainage Payable | 65,905 | 89,109 | 155,014 | - |
| Note Payable | 1,800,000 | - | 1,800,000 | - |
| Claims Payable | 2,662,071 | - | 2,662,071 | - |
| Unearned Revenue | 1,933,811 | - | 1,933,811 | 67,854 |
| Long Term Liabilities Due Within One Year | 4,200,659 | 2,233,268 | 6,433,927 | - |
| Capital Lease Due Within One Year | 330,118 | 13,124 | 343,242 | - |
| Legal Claims Payable Due Within One Year | 27,600 | - | 27,600 | - |
| <i>Total Current Liabilities</i> | <u>16,983,584</u> | <u>4,200,537</u> | <u>21,184,121</u> | <u>75,007</u> |
| <i>Noncurrent Liabilities</i> | | | | |
| Long Term Liabilities Due Within More Than One Year | 22,608,205 | 27,427,054 | 50,035,259 | - |
| Capital Lease Due Within More Than One Year | 608,041 | - | 608,041 | - |
| Legal Claims Payable Due Within More Than One Year | 39,100 | - | 39,100 | - |
| <i>Total Noncurrent Liabilities</i> | <u>23,255,346</u> | <u>27,427,054</u> | <u>50,682,400</u> | <u>-</u> |
| Total Liabilities | <u>40,238,930</u> | <u>31,627,591</u> | <u>71,866,521</u> | <u>75,007</u> |
| Net Assets | | | | |
| Invested in Capital Assets, Net of Related Debt | 96,658,405 | 65,466,731 | 162,125,136 | 841,482 |
| Restricted for: | | | | |
| Community Development Programs | 13,310,283 | - | 13,310,283 | - |
| Street Construction, Maintenance & Repair | 2,065,539 | - | 2,065,539 | - |
| Public Health Service Programs | 3,949,412 | - | 3,949,412 | - |
| Safety & Security Programs and Supplies | 1,509,249 | - | 1,509,249 | - |
| Court Programs | 1,333,579 | - | 1,333,579 | - |
| City Owned Parking Decks | 28,396 | - | 28,396 | - |
| Other Purposes | 633,032 | - | 633,032 | - |
| Debt Service | 22,586 | - | 22,586 | - |
| Capital Projects | 11,731,332 | - | 11,731,332 | - |
| Unrestricted | (4,901,157) | 31,989,581 | 27,088,424 | 128,124 |
| Total Net Assets | <u>126,340,656</u> | <u>97,456,312</u> | <u>223,796,968</u> | <u>969,606</u> |
| Total Liabilities and Net Assets | <u><u>\$ 166,579,586</u></u> | <u><u>\$ 129,083,903</u></u> | <u><u>\$ 295,663,489</u></u> | <u><u>\$ 1,044,613</u></u> |

See accompanying notes to the basic financial statements

City of Canton, Ohio
Statement of Activities
For the year ended December 31, 2010

| Functions/Programs | Program Revenues | | | |
|---------------------------------------|-------------------------|-------------------------|------------------------------------------|----------------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| <i>Governmental Activities</i> | | | | |
| General Government | \$ 17,916,837 | \$ 8,586,671 | \$ 470,681 | \$ - |
| Security of Persons and Property | 38,021,732 | 4,013,007 | 1,601,327 | 293,100 |
| Public Health | 6,789,047 | 930,287 | 3,492,046 | - |
| Transportation | 12,594,651 | 41,744 | 1,210 | 4,908,325 |
| Community Development | 9,206,391 | - | 5,738,447 | 1,298,165 |
| Leisure Time Activities | 2,919,500 | 593,174 | 320 | 182,228 |
| Interest on Long-Term Debt | 815,188 | - | - | - |
| <i>Total Governmental Activities</i> | <u>88,263,346</u> | <u>14,164,883</u> | <u>11,304,031</u> | <u>6,681,818</u> |
| <i>Business-Type Activities</i> | | | | |
| Water | 10,975,361 | 14,679,276 | 21,735 | 204,947 |
| Sewer | 11,135,229 | 13,061,066 | - | 1,511 |
| Refuse | 4,948,513 | 6,511,534 | 65,771 | 1,511 |
| <i>Total Business-Type Activities</i> | <u>27,059,103</u> | <u>34,251,876</u> | <u>87,506</u> | <u>207,969</u> |
| Total Primary Government | <u>\$ 115,322,449</u> | <u>\$ 48,416,759</u> | <u>\$ 11,391,537</u> | <u>\$ 6,889,787</u> |
| Component Unit: | | | | |
| CCIC | \$ 753,319 | \$ 2,798 | \$ 777,854 | \$ - |

General revenues:
Taxes:
 City Income Taxes
 Property Taxes
Intergovernmental-Unrestricted
Interest and Investment Earnings
Other
Gains on Sale of Assets
Total General Revenues
Change in Net Assets
Net Assets -- Beginning (Restated, see Note 23)
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 |
| \$ (8,859,485) | \$ - | \$ (8,859,485) | \$ - |
| (32,114,298) | - | (32,114,298) | - |
| (2,366,714) | - | (2,366,714) | - |
| (7,643,372) | - | (7,643,372) | - |
| (2,169,779) | - | (2,169,779) | - |
| (2,143,778) | - | (2,143,778) | - |
| (815,188) | - | (815,188) | - |
| <u>(56,112,614)</u> | <u>-</u> | <u>(56,112,614)</u> | <u>-</u> |
| - | 3,930,597 | 3,930,597 | - |
| - | 1,927,348 | 1,927,348 | - |
| - | 1,630,303 | 1,630,303 | - |
| - | <u>7,488,248</u> | <u>7,488,248</u> | - |
| <u>(56,112,614)</u> | <u>7,488,248</u> | <u>(48,624,366)</u> | <u>-</u> |
| - | - | - | 27,333 |
| 38,633,612 | - | 38,633,612 | - |
| 3,711,729 | - | 3,711,729 | - |
| 8,796,360 | - | 8,796,360 | - |
| 235,190 | 55 | 235,245 | - |
| 2,384,563 | 306,861 | 2,691,424 | 47,772 |
| - | 2,798 | 2,798 | - |
| <u>53,761,454</u> | <u>309,714</u> | <u>54,071,168</u> | <u>47,772</u> |
| (2,351,160) | 7,797,962 | 5,446,802 | 75,105 |
| 128,691,816 | 89,658,350 | 218,350,166 | 894,501 |
| <u>\$ 126,340,656</u> | <u>\$ 97,456,312</u> | <u>\$ 223,796,968</u> | <u>\$ 969,606</u> |

City of Canton, Ohio

Balance Sheet
Governmental Funds
December 31, 2010

| | General | Community and Economic Development | Capital Projects | Motor Vehicle Purchase |
|-----------------------------------------------------|----------------------|------------------------------------------|---------------------|------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 2,148,940 | \$ 926,009 | \$ 2,405,893 | \$ 739,306 |
| Cash and Cash Equivalents in Segregated Accounts | - | - | - | - |
| Taxes Receivable | 8,203,429 | - | 1,478,589 | 369,648 |
| Accounts Receivable | 1,751,743 | 509,306 | - | - |
| Loans Receivable (net of uncollectibles) | - | 1,838,054 | - | - |
| Due From Other Funds | - | 174,953 | - | - |
| Due From Other Governments | 3,550,964 | 10,606,597 | - | - |
| Inventories | 262,064 | - | - | - |
| Total Assets | \$ 15,917,140 | \$ 14,054,919 | \$ 3,884,482 | \$ 1,108,954 |
| Liabilities | | | | |
| <i>Current</i> | | | | |
| Accounts Payable | \$ 955,217 | \$ 625,002 | \$ 977,361 | \$ 3,529 |
| Accrued Wages and Benefits | 1,194,141 | 36,806 | 44,320 | - |
| Due to Other Funds | 122,892 | 30,441 | 2,407 | - |
| Due to Other Governments | 430,881 | 57,354 | 15,478 | - |
| Retainage Payable | - | - | - | - |
| Note Payable | 1,800,000 | - | - | - |
| Deferred Revenue | 6,683,276 | 10,480,141 | 241,475 | 60,369 |
| Total Liabilities | 11,186,407 | 11,229,744 | 1,281,041 | 63,898 |
| Fund Balances | | | | |
| Nonspendable | 262,064 | 1,838,054 | - | - |
| Restricted | 50,320 | 987,121 | - | 1,045,056 |
| Committed | 620,913 | - | 2,603,441 | - |
| Unassigned | 3,797,436 | - | - | - |
| <i>Total Fund Balances</i> | 4,730,733 | 2,825,175 | 2,603,441 | 1,045,056 |
| Total Liabilities and Fund Balances | \$ 15,917,140 | \$ 14,054,919 | \$ 3,884,482 | \$ 1,108,954 |

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, 2010

| Other Governmental Funds | Total Governmental Funds | Total Governmental Fund Balances | \$ 25,987,763 |
|--------------------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| | | <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i> | |
| \$ 14,407,158 | \$ 20,627,306 | 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 | \$ 8,396,817 |
| 19,148 | 10,070,814 | Buildings and Structures (net of depreciation) | 23,364,006 |
| 29,999 | 2,291,048 | Vehicles & Equipment (net of depreciation) | 8,854,256 |
| - | 1,838,054 | Infrastructure (net of depreciation) | 58,659,473 |
| - | 174,953 | Construction in Progress | <u>10,112,093</u> |
| 3,917,673 | 18,075,234 | Total | 109,386,645 |
| 26,315 | 288,379 | | |
| <u>\$ 18,403,312</u> | <u>\$ 53,368,807</u> | | |
| | | Internal service funds are used by management to charge the costs of insurance, compensated absences and workers compensation to individual funds. All of the assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets. | (6,594,246) |
| \$ 954,126 | \$ 3,515,235 | | |
| 133,993 | 1,409,260 | Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds | |
| 178,401 | 334,141 | Grants | 11,310,265 |
| 215,327 | 719,040 | Property Taxes | 530,614 |
| 65,905 | 65,905 | Intergovernmental | 2,677,279 |
| - | 1,800,000 | Charges for Services | 1,034,275 |
| 2,072,202 | 19,537,463 | Income Tax | 1,207,374 |
| <u>3,619,954</u> | <u>27,381,044</u> | Special Assessments | 808,646 |
| | | Other | <u>35,199</u> |
| 26,315 | 2,126,433 | Total | 17,603,652 |
| 14,616,428 | 16,698,925 | | |
| 140,615 | 3,364,969 | | |
| - | 3,797,436 | | |
| <u>14,783,358</u> | <u>25,987,763</u> | | |
| <u>\$ 18,403,312</u> | <u>\$ 53,368,807</u> | | |
| | | Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | |
| | | General Obligation Bonds | (16,714,810) |
| | | Loans | (2,323,489) |
| | | Long-term Legal Claims | (66,700) |
| | | Capital Lease | <u>(938,159)</u> |
| | | Total | (20,043,158) |
| | | <i>Net Assets of Governmental Activities</i> | <u>\$ 126,340,656</u> |

City of Canton, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2010

| | General | Community and Economic Development | Capital Projects | Motor Vehicle Purchase |
|--------------------------------------------------|---------------------|------------------------------------------|---------------------|------------------------------|
| Revenues | | | | |
| Property and Other Taxes | \$ 3,692,536 | \$ - | \$ - | \$ - |
| Municipal Income Tax | 30,310,752 | - | 7,747,813 | 1,936,949 |
| Charges for Services | 10,834,094 | 88,756 | 2,115 | - |
| Licenses, Permits, and Fees | 1,290,592 | - | - | - |
| Fines and forfeitures | 387,372 | - | 337 | - |
| Intergovernmental | 6,110,500 | - | - | - |
| Interest | 213,996 | - | - | - |
| Operating Grants and Contributions | 151,964 | 6,542,632 | - | - |
| Capital Grants and Contributions | - | 20,283 | 531 | - |
| Rentals | 323,111 | 38,881 | - | 5,985 |
| Other | 1,393,819 | 358,452 | 206,885 | 13,356 |
| Total Revenues | 54,708,736 | 7,049,004 | 7,957,681 | 1,956,290 |
| Expenditures | | | | |
| Current | | | | |
| General Government | 15,779,004 | - | - | - |
| Security of Persons and Property | 32,845,383 | - | - | - |
| Public Health | 2,595,600 | - | - | - |
| Transportation | 1,286,884 | - | - | - |
| Community Environment | - | 7,838,685 | - | - |
| Leisure Time Activities | 2,035,593 | - | - | - |
| Capital Outlay | - | - | 5,022,905 | 1,334,656 |
| Debt Service | | | | |
| Principal | - | - | 2,921,578 | 14,353 |
| Interest and Fiscal Charges | 68,150 | - | 674,205 | 3,883 |
| Total Expenditures | 54,610,614 | 7,838,685 | 8,618,688 | 1,352,892 |
| <i>Excess Revenues Over (Under) Expenditures</i> | <u>98,122</u> | <u>(789,681)</u> | <u>(661,007)</u> | <u>603,398</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from Sale of Capital Assets | - | 3,326 | 6,221 | 30,554 |
| Issuance of Debt | - | - | - | - |
| Transfers In | - | - | - | - |
| Transfers Out | (40,000) | - | - | - |
| Total Other Financing Sources and Uses | (40,000) | 3,326 | 6,221 | 30,554 |
| Net Change in Fund Balance | 58,122 | (786,355) | (654,786) | 633,952 |
| <i>Fund Balance at Beginning of Year</i> | <u>4,672,611</u> | <u>3,611,530</u> | <u>3,258,227</u> | <u>411,104</u> |
| <i>Fund Balance at End of Year</i> | <u>\$ 4,730,733</u> | <u>\$ 2,825,175</u> | <u>\$ 2,603,441</u> | <u>\$ 1,045,056</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, 2010

| Other Governmental Funds | Total Governmental Funds | | \$ (3,377,338) |
|--------------------------------|--------------------------------|--------------------------------------------------------------------------------------------------------------|-----------------------|
| | | Net change in fund balances-Total Government Funds | |
| | | <i>Amounts reported for governmental activities in the Statement of Activities are different because</i> | |
| \$ - | \$ 3,692,536 | | |
| - | 39,995,514 | Governmental funds report capital outlays as expenditures. | |
| 1,352,856 | 12,277,821 | However, in the Statement of Activities, the cost of those | |
| 250,286 | 1,540,878 | assets is allocated over their estimated useful lives as | |
| 160,462 | 548,171 | depreciation expense. This is the amount by which capital outlay | |
| 3,136,104 | 9,246,604 | exceeds depreciation in the current period. | |
| 21,194 | 235,190 | Capital Asset Additions | \$ 9,360,282 |
| 4,940,691 | 11,635,287 | Depreciation Expense | <u>(7,756,693)</u> |
| 6,619,083 | 6,639,897 | | 1,603,589 |
| 46,212 | 414,189 | | |
| 228,264 | 2,200,776 | The net effect of various miscellaneous transactions involving | |
| <u>16,755,152</u> | <u>88,426,863</u> | capital assets (i.e., sales and donations) is to decrease net assets. | |
| | | Loss on disposal of capital asset | (66,501) |
| | | | |
| 1,182,736 | 16,961,740 | Repayment of long-term debt is reported as an expenditure in | |
| 3,047,464 | 35,892,847 | the governmental funds, but the repayment reduces long-term | |
| 4,036,376 | 6,631,976 | liabilities in the Statement of Net Assets. | |
| 2,443,849 | 3,730,733 | Bond Principal Payments | 2,768,553 |
| 1,337,700 | 9,176,385 | Loan Principal Payments | 258,856 |
| 207,747 | 2,243,340 | Capital Lease Payments | 132,381 |
| 6,929,383 | 13,286,944 | Legal Claims Payments | <u>27,600</u> |
| | | | 3,187,390 |
| 223,859 | 3,159,790 | | |
| 68,950 | 815,188 | Change in Long Term Debt Due to the issuance of a new | |
| <u>19,478,064</u> | <u>91,898,943</u> | loan. | (54,641) |
| <u>(2,722,912)</u> | <u>(3,472,080)</u> | | |
| | | Some revenues that will not be collected for several months | |
| | | after the City's year end are not considered "available" revenues | |
| - | 40,101 | and are deferred in the governmental funds. | (2,651,140) |
| 54,641 | 54,641 | | |
| 40,000 | 40,000 | Internal service funds are used by management to charge the | |
| - | (40,000) | costs of certain activities, such as insurance, to individual | |
| <u>94,641</u> | <u>94,742</u> | funds. The net revenue (expense) of the internal service funds | |
| | | is reported with governmental activities. | (992,519) |
| (2,628,271) | (3,377,338) | | |
| | | | |
| <u>17,411,629</u> | <u>29,365,101</u> | <i>Change in Net Assets of Governmental Activities</i> | <u>\$ (2,351,160)</u> |
| <u>\$ 14,783,358</u> | <u>\$ 25,987,763</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 (continued)
For the year ended December 31, 2010

| | General Fund | | | |
|-----------------------------------------------|----------------------|----------------------|----------------------|-----------------------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Over/(Under) |
| | Original | Final | | |
| Revenues | | | | |
| Property and Other Taxes | \$ 3,885,000 | \$ 3,692,536 | \$ 3,692,536 | \$ - |
| Municipal Income Tax | 29,843,967 | 30,074,765 | 29,987,663 | (87,102) |
| Intergovernmental | 6,065,700 | 6,192,391 | 6,191,468 | (923) |
| Charges for Services | 10,738,772 | 10,723,359 | 10,808,610 | 85,251 |
| Licenses, Permits and Fees | 1,306,383 | 1,317,042 | 1,280,289 | (36,753) |
| Fines and Forfeitures | 254,550 | 392,834 | 393,250 | 416 |
| Interest | 390,340 | 243,206 | 230,081 | (13,125) |
| Operating Grants | 332,009 | 150,024 | 152,719 | 2,695 |
| Rentals | 346,500 | 334,065 | 326,903 | (7,162) |
| Other | 1,223,631 | 1,355,766 | 1,386,294 | 30,528 |
| Total Revenues | <u>54,386,852</u> | <u>54,475,988</u> | <u>54,449,813</u> | <u>(26,175)</u> |
| Expenditures | | | | |
| <i>Current</i> | | | | |
| General Government | | | | |
| Service Director Support Administration | 375,898 | 316,898 | 312,784 | 4,114 |
| Service Director | 106,449 | 106,249 | 102,610 | 3,639 |
| Annexation | 12,171 | 13,871 | 10,171 | 3,700 |
| Purchasing Administration | 514,619 | 507,119 | 489,643 | 17,476 |
| Building Maintenance | 1,200,292 | 1,141,091 | 1,130,802 | 10,289 |
| Income Tax | 1,315,135 | 1,315,134 | 1,170,687 | 144,447 |
| Mayor Administration | 374,850 | 383,850 | 381,744 | 2,106 |
| Human Resources | 95,878 | 119,378 | 108,164 | 11,214 |
| Mayor-Compliance Administration | 22,031 | 22,531 | 21,675 | 856 |
| Council | 593,487 | 568,988 | 566,255 | 2,733 |
| Judges | 1,896,139 | 1,839,140 | 1,830,733 | 8,407 |
| Clerk of Courts | 1,474,503 | 1,367,502 | 1,351,636 | 15,866 |
| Law Department | 1,873,273 | 1,748,773 | 1,695,459 | 53,314 |
| Auditor's Office | 1,965,492 | 1,939,341 | 1,903,434 | 35,907 |
| Treasurer's Office | 614,721 | 478,721 | 415,817 | 62,904 |
| Civil Service | 298,552 | 305,552 | 298,453 | 7,099 |
| Zoning Board | 8,558 | 8,558 | 8,537 | 21 |
| Department of Motor Vehicles | 3,058,506 | 3,008,044 | 2,882,779 | 125,265 |
| Management Information Systems | 1,071,515 | 1,071,515 | 1,018,125 | 53,390 |
| Total General Government | <u>16,872,069</u> | <u>16,262,255</u> | <u>15,699,508</u> | <u>562,747</u> |
| Security of Persons and Property | | | | |
| Safety Director | 172,425 | 166,426 | 165,076 | 1,350 |
| Code Enforcement | 1,006,181 | 1,000,681 | 996,245 | 4,436 |
| Police | 14,631,115 | 15,413,544 | 15,381,672 | 31,872 |
| Fire | 13,553,454 | 14,868,034 | 14,846,353 | 21,681 |
| Central Communication | 1,292,662 | 1,279,162 | 1,267,090 | 12,072 |
| Traffic Engineer/Parking Meters | 111,159 | 119,159 | 115,908 | 3,251 |
| Total Security of Persons and Property | <u>\$ 30,766,996</u> | <u>\$ 32,847,006</u> | <u>\$ 32,772,344</u> | <u>\$ 74,662</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 (continued)
For the year ended December 31, 2010

| | General Fund | | | |
|-------------------------------------------------------------------------------------------------------------|---------------------|-------------------|---------------------|-----------------------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Over/(Under) |
| | Original | Final | | |
| Public Health | | | | |
| Administration | \$ 993,402 | \$ 937,955 | \$ 896,906 | \$ 41,049 |
| Nurses | 852,024 | 848,151 | 846,271 | 1,880 |
| Lab | 268,550 | 272,501 | 270,509 | 1,992 |
| Environmental Administration | 645,909 | 566,396 | 560,930 | 5,466 |
| Total Public Health | <u>2,759,885</u> | <u>2,625,003</u> | <u>2,574,616</u> | <u>50,387</u> |
| Transportation | | | | |
| Engineering - Daily Operations | 43,169 | 46,169 | 43,280 | 2,889 |
| Street Department | 1,205,496 | 1,324,696 | 1,321,907 | 2,789 |
| Total Transportation | <u>1,248,665</u> | <u>1,370,865</u> | <u>1,365,187</u> | <u>5,678</u> |
| Leisure Time Activities | | | | |
| Civic Center - Administration | 1,160,267 | 1,009,267 | 978,500 | 30,767 |
| Park | 1,126,055 | 1,100,055 | 1,085,398 | 14,657 |
| Baseball Stadium | 35,532 | 35,532 | 32,647 | 2,885 |
| Total Leisure Time Activities | <u>2,321,854</u> | <u>2,144,854</u> | <u>2,096,545</u> | <u>48,309</u> |
| Debt Service | | | | |
| Principal | 380,000 | - | - | - |
| Interest and Fiscal Charges | 136,300 | 68,150 | 68,150 | - |
| Total Debt Service | <u>516,300</u> | <u>68,150</u> | <u>68,150</u> | <u>-</u> |
| Total Expenditures | <u>54,485,769</u> | <u>55,318,133</u> | <u>54,576,350</u> | <u>741,783</u> |
| <i>Excess Revenues (Under) Expenditures</i> | <u>(98,917)</u> | <u>(842,145)</u> | <u>(126,537)</u> | <u>715,608</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from Debt Issues | - | 1,800,000 | 1,800,000 | - |
| Advances In | 2,002,000 | 4,025,185 | 4,025,185 | - |
| Advances Out | (2,055,000) | (5,825,200) | (5,825,185) | 15 |
| Transfers Out | (40,000) | (40,000) | (40,000) | - |
| Total Other Financing (Uses) | <u>(93,000)</u> | <u>(40,015)</u> | <u>(40,000)</u> | <u>15</u> |
| Excess of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses | <u>(191,917)</u> | <u>(882,160)</u> | <u>(166,537)</u> | <u>715,623</u> |
| <i>Fund Balance at Beginning of Year</i> | 1,069,005 | 1,069,005 | 1,069,005 | - |
| Unexpended Prior Year Encumbrances | 214,781 | 214,781 | 214,781 | - |
| Fund Balance at End of Year | <u>\$ 1,091,869</u> | <u>\$ 401,626</u> | <u>\$ 1,117,249</u> | <u>\$ 715,623</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, 2010

| Community and Economic Development | | | | |
|----------------------------------------------------------------------------------|---------------------|-------------------|-----------------------|-----------------------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Over/(Under) |
| | Original | Final | | |
| Revenues | | | | |
| Charges for Services | \$ - | \$ 95,228 | \$ 89,083 | \$ (6,145) |
| Operating Grant | 12,350,446 | 12,860,077 | 6,962,497 | (5,897,580) |
| Capital Grant | - | 515,283 | 20,283 | (495,000) |
| Contributions and Donations | - | 35 | 300 | 265 |
| Rentals | 65,000 | 65,000 | 38,831 | (26,169) |
| Other | 100,000 | 233,136 | 283,155 | 50,019 |
| Total Revenues | <u>12,515,446</u> | <u>13,768,759</u> | <u>7,394,149</u> | <u>(6,374,610)</u> |
| Expenditures | | | | |
| <i>Current</i> | | | | |
| Community Environment | | | | |
| Youth Development | 364,840 | 881,650 | 280,490 | 601,160 |
| Mayor-Compliance Administration | 227,469 | 235,705 | 184,038 | 51,667 |
| Community Development Administration | 3,695,045 | 4,715,825 | 4,033,420 | 682,405 |
| Federal Stimulus Funding | 4,663,904 | 5,110,362 | 4,775,092 | 335,270 |
| Energy Efficiency Grant | 803,000 | 803,000 | 362,259 | 440,741 |
| Community Development Demolition | 408,525 | 408,525 | 377,690 | 30,835 |
| Fair Housing Administration | 117,826 | 126,327 | 91,978 | 34,349 |
| Economic Development Grants/Loans | 194,453 | 644,453 | 644,453 | - |
| Total Expenditures | <u>10,475,062</u> | <u>12,925,847</u> | <u>10,749,420</u> | <u>2,176,427</u> |
| <i>Excess Revenues Over (Under) Expenditures</i> | <u>2,040,384</u> | <u>842,912</u> | <u>(3,355,271)</u> | <u>(4,198,183)</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Assets | - | 798 | 3,326 | 2,528 |
| Advances In | - | 174,953 | - | (174,953) |
| Advances Out | (174,953) | (174,953) | (174,953) | - |
| Total Other Financing (Uses) | <u>(174,953)</u> | <u>798</u> | <u>(171,627)</u> | <u>(172,425)</u> |
| Excess of Revenues Over (Under) Expenditures and Other Financing Uses | | | | |
| | 1,865,431 | 843,710 | (3,526,898) | (4,370,608) |
| <i>Fund Balance at Beginning of Year</i> | (1,385,219) | (1,385,219) | (1,385,219) | - |
| Unexpended Prior Year Encumbrances | 921,047 | 921,047 | 921,047 | - |
| Fund Balance at End of Year | <u>\$ 1,401,259</u> | <u>\$ 379,538</u> | <u>\$ (3,991,070)</u> | <u>\$ (4,370,608)</u> |

See the accompanying notes to the basic financial statements

City of Canton, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2010

| | 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 | \$ 10,044,268 | \$ 10,839,885 | \$ 1,548,320 | \$ 22,432,473 | \$ 3,934,124 |
| Accounts Receivable | 3,612,383 | 2,557,728 | 2,342,030 | 8,512,141 | 50,397 |
| Due From Other Funds | - | - | - | - | 173,754 |
| Due From Other Governments | 537,888 | 298,926 | - | 836,814 | - |
| Inventories | 1,508,035 | 668,829 | - | 2,176,864 | - |
| <i>Total Current Assets</i> | <u>15,702,574</u> | <u>14,365,368</u> | <u>3,890,350</u> | <u>33,958,292</u> | <u>4,158,275</u> |
| <i>Noncurrent Assets</i> | | | | | |
| Capital Assets: | | | | | |
| Land and Construction in Progress | 12,434,878 | 811,686 | 6,500 | 13,253,064 | - |
| Other Capital Assets, Net of Depreciation | 37,801,853 | 43,357,820 | 727,440 | 81,887,113 | - |
| <i>Total Noncurrent Assets</i> | <u>50,236,731</u> | <u>44,169,506</u> | <u>733,940</u> | <u>95,140,177</u> | <u>-</u> |
| Total Assets | <u><u>\$ 65,939,305</u></u> | <u><u>\$ 58,534,874</u></u> | <u><u>\$ 4,624,290</u></u> | <u><u>\$ 129,098,469</u></u> | <u><u>\$ 4,158,275</u></u> |
| Liabilities | | | | | |
| <i>Current</i> | | | | | |
| Accounts Payable | \$ 844,191 | \$ 470,085 | \$ 38,512 | \$ 1,352,788 | \$ 244,527 |
| Accrued Wages and Benefits | 158,546 | 125,990 | 87,363 | 371,899 | 61,019 |
| Due to Other Funds | 7,306 | 6,251 | 1,009 | 14,566 | - |
| Due to Other Governments | 50,480 | 69,338 | 20,531 | 140,349 | 14,339 |
| Retainage Payable | 89,109 | - | - | 89,109 | - |
| Due Within One Year | 1,229,754 | 1,003,514 | - | 2,233,268 | 1,056,288 |
| Capital Lease Due Within One Year | 5,342 | 7,782 | - | 13,124 | - |
| Claims Payable | - | - | - | - | 2,662,071 |
| <i>Total Current</i> | <u>2,384,728</u> | <u>1,682,960</u> | <u>147,415</u> | <u>4,215,103</u> | <u>4,038,244</u> |
| <i>Noncurrent</i> | | | | | |
| Due Within More Than One Year | 19,023,618 | 8,403,436 | - | 27,427,054 | 6,714,277 |
| Total Liabilities | <u>21,408,346</u> | <u>10,086,396</u> | <u>147,415</u> | <u>31,642,157</u> | <u>10,752,521</u> |
| <i>Net Assets</i> | | | | | |
| Invested in Capital Assets, Net of Related Debt | 29,978,017 | 34,754,774 | 733,940 | 65,466,731 | - |
| Unrestricted | 14,552,942 | 13,693,704 | 3,742,935 | 31,989,581 | (6,594,246) |
| <i>Total Net Assets</i> | <u>44,530,959</u> | <u>48,448,478</u> | <u>4,476,875</u> | <u>97,456,312</u> | <u>(6,594,246)</u> |
| Total Net Assets and Liabilities | <u><u>\$ 65,939,305</u></u> | <u><u>\$ 58,534,874</u></u> | <u><u>\$ 4,624,290</u></u> | <u><u>\$ 129,098,469</u></u> | <u><u>\$ 4,158,275</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, 2010

| | Business-Type Activities | | | Total | Governmental |
|---------------------------------------------------------|----------------------------|----------------------------|-----------------------------|----------------------|-----------------------------|
| | Water Operating Fund | Sewer Operating Fund | Refuse Operating Fund | | Internal Service Fund |
| Operating Revenues | | | | | |
| Charges for Services | \$ 14,604,044 | \$ 12,541,929 | \$ 6,511,534 | \$ 33,657,507 | \$ 13,135,153 |
| Operating Grants and Contributions | 21,735 | - | 65,771 | 87,506 | - |
| Rentals | 67,945 | 23,463 | - | 91,408 | - |
| Other | 28,863 | 749,143 | 31,816 | 809,822 | 136,463 |
| Total Operating Revenues | <u>14,722,587</u> | <u>13,314,535</u> | <u>6,609,121</u> | <u>34,646,243</u> | <u>13,271,616</u> |
| Operating Expenses | | | | | |
| Personal Services | 5,892,793 | 4,919,518 | 3,035,150 | 13,847,461 | 151,420 |
| Contractual Services | 1,551,648 | 2,715,512 | 1,662,267 | 5,929,427 | 968,974 |
| Materials and Supplies | 1,142,154 | 512,844 | 57,755 | 1,712,753 | 236 |
| Insurance Claims and Expenses | 5,171 | 44,638 | 5,711 | 55,520 | 10,102,229 |
| Benefit Claim Expenses | - | - | - | - | 3,040,956 |
| Depreciation | 1,437,114 | 2,606,723 | 170,822 | 4,214,659 | - |
| Other | 118,656 | 42,045 | 16,808 | 177,509 | 320 |
| Total Operating Expenses | <u>10,147,536</u> | <u>10,841,280</u> | <u>4,948,513</u> | <u>25,937,329</u> | <u>14,264,135</u> |
| <i>Operating Income (Loss)</i> | <u>4,575,051</u> | <u>2,473,255</u> | <u>1,660,608</u> | <u>8,708,914</u> | <u>(992,519)</u> |
| Nonoperating Revenues (Expenses) | | | | | |
| Gain or (Loss) on Disposal of Capital Assets | 2,565 | (847) | 1,080 | 2,798 | - |
| Interest | 55 | - | - | 55 | - |
| Interest Expense | (827,825) | (293,949) | - | (1,121,774) | - |
| Total Nonoperating Revenue (Expenses) | <u>(825,205)</u> | <u>(294,796)</u> | <u>1,080</u> | <u>(1,118,921)</u> | <u>-</u> |
| <i>Income (Loss) Before Contributions and Transfers</i> | 3,749,846 | 2,178,459 | 1,661,688 | 7,589,993 | (992,519) |
| Cash Capital Contributions | 204,947 | 1,511 | 1,511 | 207,969 | - |
| Change in Net Assets | 3,954,793 | 2,179,970 | 1,663,199 | 7,797,962 | (992,519) |
| <i>Total Net Assets at Beginning of Year (Restated)</i> | <u>40,576,166</u> | <u>46,268,508</u> | <u>2,813,676</u> | <u>89,658,350</u> | <u>(5,601,727)</u> |
| <i>Total Net Assets at End of Year</i> | <u>\$ 44,530,959</u> | <u>\$ 48,448,478</u> | <u>\$ 4,476,875</u> | <u>\$ 97,456,312</u> | <u>\$ (6,594,246)</u> |

See accompanying notes to the basic financial statements

City of Canton, Ohio
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2010

| | Business-Type Activities | | | Total | Governmental Activities |
|----------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|-----------------------------|----------------------|----------------------------|
| | Water Operating Fund | Sewer Operating Fund | Refuse Operating Fund | | Internal Service |
| Cash Flows From Operating Activities | | | | | |
| Receipts from Customers | \$ 13,975,782 | \$ 12,076,736 | \$ 5,991,563 | \$ 32,044,081 | \$ 13,127,643 |
| Other Cash Receipts | 121,090 | 831,899 | 100,318 | 1,053,307 | 158,984 |
| Payments to Suppliers | (2,986,426) | (3,134,138) | (1,782,318) | (7,902,882) | (1,082,551) |
| Payments to Employees | (5,871,693) | (4,913,976) | (3,024,868) | (13,810,537) | (150,712) |
| Claims Paid | (5,171) | (44,638) | (5,711) | (55,520) | (13,666,374) |
| Other Cash Payments | (120,296) | (42,188) | (13,095) | (175,579) | (320) |
| Internal Activity - Repayment from Other Funds | - | - | - | - | 1,800,000 |
| <i>Net Cash Provided by Operating Activities</i> | <u>5,113,286</u> | <u>4,773,695</u> | <u>1,265,889</u> | <u>11,152,870</u> | <u>186,670</u> |
| Cash Flows From Capital and Related Financing Activities | | | | | |
| Proceeds from Capital Grants | 317,758 | 1,511 | 1,511 | 320,780 | - |
| Proceeds from Capital Debt | 3,557,892 | 82,069 | - | 3,639,961 | - |
| Proceeds from Sale of Capital Assets | 2,565 | - | 1,080 | 3,645 | - |
| Purchases of Capital Assets | (4,487,169) | (851,594) | (22,826) | (5,361,589) | - |
| Principal Paid on Capital Debt | (1,599,490) | (980,310) | - | (2,579,800) | - |
| Interest Paid on Capital Debt | (768,999) | (293,949) | - | (1,062,948) | - |
| <i>Net Cash (Used) by Capital and Related Financing Activities</i> | <u>(2,977,443)</u> | <u>(2,042,273)</u> | <u>(20,235)</u> | <u>(5,039,951)</u> | <u>-</u> |
| Cash Flows From Investing Activities | | | | | |
| Interest and Dividends | 55 | - | - | 55 | - |
| <i>Net Cash Provided by Investing Activities</i> | <u>55</u> | <u>-</u> | <u>-</u> | <u>55</u> | <u>-</u> |
| <i>Net Increase in Cash and Cash Equivalents</i> | 2,135,898 | 2,731,422 | 1,245,654 | 6,112,974 | 186,670 |
| Balance - Beginning of the Year | 7,908,370 | 8,108,463 | 302,666 | 16,319,499 | 3,747,454 |
| Balance - End of the Year | <u>10,044,268</u> | <u>10,839,885</u> | <u>1,548,320</u> | <u>22,432,473</u> | <u>3,934,124</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | |
| Operating Income (Loss) | 4,575,051 | 2,473,255 | 1,660,608 | 8,708,914 | (992,519) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities | | | | | |
| Depreciation Expense | 1,437,114 | 2,606,723 | 170,822 | 4,214,659 | - |
| Change in Assets and Liabilities: | | | | | |
| Accounts Receivables, net | (625,715) | (106,974) | (540,740) | (1,273,429) | (20,007) |
| Intergovernmental Receivables, net | - | (298,926) | 23,500 | (275,426) | - |
| Inventories | 48,340 | (54,634) | - | (6,294) | - |
| Due From Other Funds | - | - | - | - | 1,835,018 |
| Accounts Payables | (431,177) | 109,894 | (60,309) | (381,592) | (113,341) |
| Accrued Wages Payable | 21,958 | 9,727 | 11,175 | 42,860 | 574 |
| Intergovernmental Payable | 4,637 | 42,016 | 2,627 | 49,280 | (4,196) |
| Retainage Payable | 89,109 | (4,400) | - | 84,709 | - |
| Due to Other Funds | (6,031) | (2,986) | (1,794) | (10,811) | - |
| Compensated Absences Payable | - | - | - | - | (428,269) |
| Claims Payable | - | - | - | - | (90,590) |
| <i>Net Cash Provided (Used) by Operating Activities</i> | <u>\$ 5,113,286</u> | <u>\$ 4,773,695</u> | <u>\$ 1,265,889</u> | <u>\$ 11,152,870</u> | <u>\$ 186,670</u> |

See accompanying notes to the basic financial statements

City of Canton, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2010

| | Private Purpose Trust | |
|-------------------------------------------------------|--------------------------|---------------------|
| | Hartford Houtz | Agency Funds |
| Assets | | |
| Equity in Pooled Cash and Cash Equivalents | \$ - | \$ 1,420,798 |
| Cash and Cash Equivalents in Segregated Accounts | - | 74,426 |
| Investments in Segregated Accounts | 134,149 | - |
| Total Assets | \$ 134,149 | \$ 1,495,224 |
| Liabilities | | |
| Due to Other Governments | \$ - | \$ 999,159 |
| Undistributed Assets | - | 161,619 |
| Deposits Held and Due to Others | - | 334,446 |
| Total Liabilities | - | \$ 1,495,224 |
| Net Assets - Held in Trust for Individuals | \$ 134,149 | |

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, 2010

| | Private Purpose Trust |
|-------------------------------------|--------------------------|
| | Hartford Houtz |
| Additions | |
| Investment Earnings: | |
| Interest | \$ 2,530 |
| Deductions | |
| Benefits | 4,269 |
| Total Deductions | 4,269 |
| Change in Net Assets | (1,739) |
| <i>Net Assets-Beginning of Year</i> | 135,888 |
| <i>Net Assets-End of Year</i> | \$ 134,149 |

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, 2010

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 organization. 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 has the voting majority on the Canton Community Improvement Corporation (CCIC) Board with no other subdivisions having any representation, and the CCIC is completely dependent on the City for financial support. The City will report the financial status of the CCIC as a discretely presented component unit in its basic financial statements based on these criteria. 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 Commission 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 13, 14 and 15.

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, 2010

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The only exception is for contributions from the City’s Water, Sewer and Refuse Departments to the City’s Motor Vehicle Department, Computer Department, and the City’s Vehicle Self Insurance Fund. Activities of these three divisions are included with the Governmental-Activities, thus any contributions and corresponding expenses from other governmental funds are eliminated. This activity remains in the Business-Type funds in order to not distort the direct costs and program revenues reported for all of the functions involved.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds 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

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund - The General Fund accounts for all financial resources except those required to be accounted for in another fund. 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 Fund - 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:

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.

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.

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, 2010

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 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 value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax), 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, 2010, but which were levied to finance year 2011 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 account level split between salary, non-salary and travel line items. The appropriation ordinance may be amended during the year by action of Council, as new information becomes available, provided that total

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among account groups and departments 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 Fiduciary 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 2010, investments were limited to certificates of deposit, money market investments, 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, 2010.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the General Fund during 2010 amounted to \$213,996, which includes \$2,049, 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, 2010

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, 2010, 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, streetlights, 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 enterprise 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:

| 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 |

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Balances

On fund financial statements, interfund loans are classified as “Due to/From Other Funds” on the Balance Sheet and are classified as nonspendable fund balance, 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 Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are 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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of receivable loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 absences 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.

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 2010.

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.

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 3 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| Fund Balances | General Fund | Community and Economic Development | Capital Projects | Motor Vehicle Purchase | Nonmajor Governmental Funds | Total |
|---------------------------------------------------|------------------|---------------------------------------------|---------------------|------------------------------|-----------------------------------|----------------------|
| <i><u>Nonspendable:</u></i> | | | | | | |
| Inventory | \$ 262,064 | \$ - | \$ - | \$ - | \$ 26,315 | \$ 288,379 |
| Long Term Loans | - | 1,838,054 | - | - | - | 1,838,054 |
| <i>Total Nonspendable</i> | <u>262,064</u> | <u>1,838,054</u> | <u>-</u> | <u>-</u> | <u>26,315</u> | <u>2,126,433</u> |
| <i><u>Restricted for:</u></i> | | | | | | |
| Unclaimed Monies | 50,320 | - | - | - | - | 50,320 |
| Road Improvements | - | - | - | - | 1,320,761 | 1,320,761 |
| Community Development Grants & Programs | - | 987,121 | - | - | 7,525 | 994,646 |
| Public Health Service Grants & Programs | - | - | - | - | 2,703,342 | 2,703,342 |
| Police Department Grants, Donations & Programs | - | - | - | - | 856,338 | 856,338 |
| Fire Department Grants, Donations & Programs | - | - | - | - | 607,041 | 607,041 |
| Judicial System Grants & Programs | - | - | - | - | 1,292,158 | 1,292,158 |
| Park Donations | - | - | - | - | 38,871 | 38,871 |
| Youth Development Donations & Programs | - | - | - | - | 5,820 | 5,820 |
| Employee Recognition Program | - | - | - | - | 143 | 143 |
| Debt Service Payments | - | - | - | - | 3,438 | 3,438 |
| Motor Vehicle Purchases | - | - | - | 1,045,056 | - | 1,045,056 |
| Infrastructure Improvements | - | - | - | - | 2,185,838 | 2,185,838 |
| Recreational Facility Improvements | - | - | - | - | 778,642 | 778,642 |
| Construction Projects | - | - | - | - | 4,668,613 | 4,668,613 |
| City Hall Renovations | - | - | - | - | 147,898 | 147,898 |
| <i>Total Restricted</i> | <u>\$ 50,320</u> | <u>\$ 987,121</u> | <u>\$ -</u> | <u>\$ 1,045,056</u> | <u>\$ 14,616,428</u> | <u>\$ 16,698,925</u> |

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 3 – FUND BALANCES (Continued)

| Fund Balances | General Fund | Community and Economic Development | Capital Projects | Motor Vehicle Purchase | Nonmajor Governmental Funds | Total |
|-----------------------------------------|---------------------------|---------------------------------------------|---------------------------|------------------------------|-----------------------------------|----------------------------|
| <i>Committed to</i> | | | | | | |
| Police Legal | | | | | | |
| Claim Settlements | \$ 231,825 | \$ - | \$ - | \$ - | \$ - | \$ 231,825 |
| Vehicle Self Insurance | 161,891 | - | - | - | - | 161,891 |
| Motor Vehicle | | | | | | |
| Maintenance | 190,856 | - | - | - | - | 190,856 |
| Management Information | | | | | | |
| Services | 36,341 | - | - | - | - | 36,341 |
| Parking Deck Operations | - | - | - | - | 28,395 | 28,395 |
| Park Department | | | | | | |
| Operations | - | - | - | - | 104,160 | 104,160 |
| Capital Improvements | - | - | 2,603,441 | - | - | 2,603,441 |
| Other Purposes | - | - | - | - | 8,060 | 8,060 |
| <i>Total Committed</i> | <u>620,913</u> | <u>-</u> | <u>2,603,441</u> | <u>-</u> | <u>140,615</u> | <u>3,364,969</u> |
| <i>Unassigned/(Deficits):</i> | | | | | | |
| Income Tax Department | | | | | | |
| Operations | (213,234) | - | - | - | - | (213,234) |
| General Fund Operations | 4,010,670 | - | - | - | - | 4,010,670 |
| <i>Total Unassigned/ (Deficits)</i> | <u>3,797,436</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,797,436</u> |
| Total Fund Balances | <u><u>\$4,730,733</u></u> | <u><u>\$2,825,175</u></u> | <u><u>\$2,603,441</u></u> | <u><u>\$1,045,056</u></u> | <u><u>\$14,783,358</u></u> | <u><u>\$25,987,763</u></u> |

NOTE 4 - 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 Fund 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 and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses 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 restricted, committed, or assigned fund balance (GAAP).

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2010

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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.

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 |
|-------------------------------------|---------------------|-----------------------------------------------|
| | <u> </u> | <u> </u> |
| GAAP Basis | \$ 58,122 | \$ (786,355) |
| Net Adjustment for Revenue Accruals | 5,566,262 | 345,145 |
| Net Adjustment for Expenditure | | |
| Accruals | (5,258,982) | (146,891) |
| Encumbrances | (531,939) | (2,938,797) |
| Budget Basis | <u>\$ (166,537)</u> | <u>\$ (3,526,898)</u> |

NOTE 5 - 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, 2010

NOTE 5 - 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 \$214,994 in undeposited cash on hand which is included on the Financial Statements of the City as part of "Cash and Cash Equivalents."

Deposits with Financial Institutions

At December 31, 2010, the carrying amount of all City deposits was \$16,062,114. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of December 31, 2010, the City's bank balance was \$44,548,114 of which \$42,732,688 was exposed to custodial risk as discussed below, while \$1,824,426 was covered by Federal Deposit Insurance Corporation.

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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, 2010, the City had the following investments and maturities:

| Investment type | Balance at Fair Value | Investment Maturities 6 months or less |
|-------------------------|--------------------------|-------------------------------------------------|
| Certificates of Deposit | \$ 7,000,000 | \$ 7,000,000 |
| Money Markets | 20,827,754 | 20,827,754 |
| Star Ohio | 4,736,427 | 4,736,427 |
| Total Investments | \$ 32,564,181 | \$ 32,564,181 |

The weighted average maturity is .17 years.

Credit Risk: The City has investments, in Star Ohio. Standard & Poor's has assigned Star Ohio AAAM money market rating. Ohio law requires that Star Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no policy further restricting credit risk beyond the statutory guidelines, which limit investment choices.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, 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 counter party, not in the name of the City.

The following table includes the percentage of each investment type held by the City at December 31, 2010:

| Investment type | Fair Value | % of Total |
|-------------------------|---------------|---------------|
| Certificates of Deposit | \$ 7,000,000 | 21.50 |
| Money Markets | 20,827,754 | 63.96 |
| Star Ohio | 4,736,427 | 14.54 |
| Total Investment | \$ 32,564,181 | 100.00 |

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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, 2010:

| | |
|-------------------------------------------------------------|-----------------------------|
| <u>Cash and Investments per footnote</u> | |
| Carrying amount of deposits | \$ 16,062,114 |
| Investments | <u>32,564,181</u> |
| Total | <u><u>\$ 48,626,295</u></u> |
| <u>Cash and Investments per Statement of Net Assets</u> | |
| Governmental Activities | \$ 24,564,449 |
| Business Type Activities | 22,432,473 |
| Fiduciary Funds | <u>\$ 1,629,373</u> |
| Total | <u><u>\$ 48,626,295</u></u> |

NOTE 6 - RECEIVABLES

Receivables at December 31, 2010, 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 \$19,148 in the Debt Service Fund, and \$1,192,885 for the other major and nonmajor governmental funds. Special assessments are included in either accounts receivable or taxes receivable.

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 2010 for real and public utility property taxes represents collections of the 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) is for 2010 taxes.

2010 real property taxes are levied after October 1, 2010, on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 6 - RECEIVABLES (Continued)

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. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

2010 tangible personal property taxes are levied after October 1, 2009, on the value as of December 31, 2009. Collections are made in 2010. Tangible personal property assessments are 12.5 percent of true value.

The assessed value upon which the 2010 taxes were collected was \$875,505,940. Real estate represented 95.24 percent (\$833,832,160) of this total, public utility tangible personal property represented 4.60 percent (\$40,276,520) and general tangible personal property represented .16 percent (\$1,397,260). The tax rates per \$1,000 of assessed valuation for the year ended December 31, 2010, for all City operations applied to taxable property in the following taxing districts within the City limits was \$3.40 for District 2 – Canton City School District, \$2.00 for District 3 – Plain Local School District, \$2.60 for District 4 – Canton Local School District, and \$2.30 for District 90 – Osnaburg Local 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 other receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies, which are measurable as of December 31, 2010. 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 2010 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 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. The allocation to the Motor Vehicle Purchase Fund is the only allocation that was actually voted upon and approved by the voters of Canton. This requires the fund balance for the Motor Vehicle Purchase Fund to be reported as restricted as seen on page 38.

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2010

NOTE 6 - RECEIVABLES (Continued)

Due From Other Governments

A summary of intergovernmental receivables follows:

| | Amounts |
|----------------------------------------|----------------------|
| Governmental Activities | |
| Local Government and Local Government | |
| Revenue Assistance | \$ 3,065,944 |
| Hotel Tax | 10,966 |
| Charges for Services | 266,467 |
| Courts | 264,374 |
| Gasoline and Excise Tax | 1,075,418 |
| Motor Vehicle Tax | 112,951 |
| Grants | 13,279,114 |
| Total Governmental Activities: | 18,075,234 |
| Business Activities | |
| Charges for Services | 222,899 |
| Principal | 613,915 |
| Total Business-Type Activities: | 836,814 |
| Total | \$ 18,912,048 |

Loans Receivable

The special revenue funds reflect community development loans receivable in the amount of \$1,838,054. 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 will be repaid over periods up to 20 years.

NOTE 7 - 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 2010 are \$200,000 per claim.

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 2010, the City selected Tier 1 which calls for no claim limit and a 150 percent maximum premium limit.

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2010

NOTE 7 - RISK MANAGEMENT (Continued)

The claims liability of \$1,707,856 reported in the Workers Compensation Internal Service Fund at December 31, 2010, is estimated by the third-party administrators and 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 | Claims Incurred | Claim Payments | Balance End of Year |
|------|----|---------------------------------|--------------------|-------------------|---------------------------|
| 2009 | \$ | 2,100,000 | \$ 1,556,869 | \$ 1,521,204 | \$ 2,135,665 |
| 2010 | | 2,135,665 | 1,403,560 | 1,831,369 | 1,707,856 |

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 Affiliated FM Insurance Company for commercial property coverage, which has a \$435,000,000 limit and a \$100,000 deductible. The City also contracts with Cincinnati Insurance Company through 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 Plan Risk Management, Inc. through Hylant Administrative Services for automobile combined coverage, which has a \$6,000,000 limit and a \$125,000 deductible. The City also contracts with Ohio Plan Risk Management, Inc. for liability coverages, which includes general liability, public officials liability and law enforcement liability. Each of these coverages has a \$6,000,000 annual limit per claim and a \$8,000,000 per year aggregate with a \$125,000 deductible.

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 specific per family. The third party administrators, Aultcare and Anthem Blue Cross, review all claims, which are then paid by the City.

The claims liability of \$954,215 reported in the Health Insurance Internal Service Fund at December 31, 2010, is estimated by the third-party administrators and is based on the requirements of GASB 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.

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 7 - RISK MANAGEMENT (Continued)

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

| | Balance Beginning of Year | Claims Incurred | Claim Payments | Balance End of Year |
|------|---------------------------------|--------------------|-------------------|---------------------------|
| 2009 | \$ 1,387,673 | \$ 9,385,053 | \$ 10,174,151 | \$ 598,575 |
| 2010 | 598,575 | 8,698,669 | 8,343,029 | 954,215 |

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, was as follows:

| | (Restated) Balance 12/31/09 | Additions | Deductions | Balance 12/31/10 |
|-------------------------------------------------|-----------------------------------|----------------|----------------|---------------------|
| Governmental Activities | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land | \$ 7,902,411 | \$ 494,406 | \$ - | \$ 8,396,817 |
| Construction in Progress | 5,607,706 | 7,570,008 | (3,065,621) | 10,112,093 |
| Total Capital Assets, not being Depreciated | 13,510,117 | 8,064,414 | (3,065,621) | 18,508,910 |
| Capital Assets, being Depreciated | | | | |
| Buildings and Structures | 43,527,142 | 197,730 | (44,214) | 43,680,658 |
| Vehicles and Equipment | 30,448,247 | 341,471 | (863,351) | 29,926,367 |
| Infrastructure | 353,186,661 | 3,822,288 | (37,377) | 356,971,572 |
| Total Capital Assets, being Depreciated | 427,162,050 | 4,361,489 | (944,942) | 430,578,597 |
| Less Accumulated Depreciation | | | | |
| Buildings and Structures | \$ (19,211,525) | \$ (1,137,606) | \$ 32,479 | \$ (20,316,652) |
| Vehicles and Equipment | (19,798,165) | (2,097,939) | 823,993 | (21,072,111) |
| Infrastructure | (293,812,920) | (4,521,148) | 21,969 | (298,312,099) |
| Total Accumulated Depreciation | (332,822,610) | (7,756,693) * | 878,441 | (339,700,862) |
| Total Capital Assets, being Depreciated, net | 94,339,440 | (3,395,204) | (66,501) | 90,877,735 |
| Governmental Activities Capital Assets, net | \$ 107,849,557 | \$ 4,669,210 | \$ (3,132,122) | \$ 109,386,645 |

(Continued)

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 8 - CAPITAL ASSETS (Continued)

| | (Restated) Balance 12/31/09 | Additions | Deductions | Balance 12/31/10 |
|---------------------------------------------------------|-----------------------------------|---------------------|------------------|----------------------|
| Business-Type Activities | | | | |
| Capital Assets, not being depreciated | | | | |
| Land | \$ 2,631,525 | \$ - | \$ - | \$ 2,631,525 |
| Construction in Progress | 6,529,009 | 4,092,530 | - | 10,621,539 |
| Total Capital Assets, not being Depreciated | 9,160,534 | 4,092,530 | - | 13,253,064 |
| Capital Assets, being Depreciated | | | | |
| Buildings and Structures | 97,099,070 | 48,980 | - | 97,148,050 |
| Vehicles and Equipment | 10,624,403 | 576,878 | (102,709) | 11,098,572 |
| Infrastructure | 154,564,578 | 643,201 | - | 155,207,779 |
| Total Capital Assets, being Depreciated | 262,288,051 | 1,269,059 | (102,709) | 263,454,401 |
| Less Accumulated Depreciation | | | | |
| Buildings and Structures | (51,694,898) | (2,173,527) | - | (53,868,425) |
| Vehicles and Equipment | (8,194,776) | (523,291) | 101,862 | (8,616,205) |
| Infrastructure | (117,564,817) | (1,517,841) | - | (119,082,658) |
| Total Accumulated Depreciation | (177,454,491) | (4,214,659) | 101,862 | (181,567,288) |
| Total Capital Assets, being Depreciated, net | 84,833,560 | (2,945,600) | (847) | 81,887,113 |
| Business-Type Activities Capital Assets, net | \$ 93,994,094 | \$ 1,146,930 | \$ (847) | \$ 95,140,177 |

* Depreciation expense was charged to governmental functions as follows:

| | |
|-----------------------------------|---------------------|
| General Government | \$ 514,425 |
| Security of Persons and Property | 1,598,431 |
| Public Health | 90,153 |
| Transportation | 4,889,946 |
| Community Development | 7,449 |
| Leisure Time Activities | 656,289 |
| Total Depreciation Expense | \$ 7,756,693 |

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2010

NOTE 9 - 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 or 1,200 hours of accumulated, unused sick leave. Firefighters and police can be paid 100 percent to a maximum of 187.5 days or 1,500 hours.

In 2004, the City established a Compensated Absences 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. Prior to 2009, and the collapse of the City of Canton operational income, the premium was equal to 125% of the total cost of the sick leave accrued on biweekly payrolls. In an attempt to maintain an adequate workforce in light of this revenue decline, the premium was reduced to 105% of the total cost of the sick leave accrued on a biweekly payroll for 2009 and 2010. The premium reset to 125% effective 1/1/2011.

Note 10 – 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 are direct obligations and pledge the full faith and credit of the government. The City’s most recent general obligation bond issuance was in 2009 for \$8,575,000. The purpose of the issuance was to refund two previous issuances, a 1998 Pension Refunding Bond and a 1999 Various Purpose Bond. At the time, the refinancing resulted in an economic gain of \$729,829 for the City.

The remainder of the City’s general obligation bonds currently outstanding are as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Original Amount</u> |
|---------------------------------------------------------------------|-----------------------|------------------------|
| Governmental Activities, 2009 Various Purpose Improvement Refunding | 3.0-4.0% | 8,575,000 |
| Governmental Activities, 2001 Radio Communication | 4.0 - 2.25% | 5,610,000 |
| Governmental Activities, 2006 Various Purpose | 4.00% | 13,650,000 |
| Business-Type Activities, 2006 Various Purpose/Refunding | 4.00% | 9,570,000 |
| | | <u>\$ 37,405,000</u> |

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2010

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

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

| General Obligation Bonds | | | | |
|---------------------------------|--------------------------------|---------------------|---------------------------------|-------------------|
| 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> |
| 2011 | 2,879,398 | 633,763 | 970,601 | 241,187 |
| 2012 | 2,295,245 | 526,987 | 1,009,755 | 202,363 |
| 2013 | 2,376,092 | 443,727 | 1,048,908 | 161,973 |
| 2014 | 2,467,817 | 357,483 | 1,092,183 | 120,017 |
| 2015 | 2,554,541 | 267,871 | 1,135,459 | 76,329 |
| 2016-2020 | 4,141,717 | 290,289 | 772,771 | 30,911 |
| Total | <u>\$ 16,714,810</u> | <u>\$ 2,520,120</u> | <u>\$ 6,029,677</u> | <u>\$ 832,780</u> |

The City has annual debt requirements for the following loans, both related to governmental activities. 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. Also, 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. Both loans were issued as part of the City's continuing effort to improve its downtown business district.

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

| State Infrastructure Bank Loan | | |
|---------------------------------------|--------------------------------|-------------------|
| Year Ending | <u>Governmental Activities</u> | |
| December 31 | <u>Principal</u> | <u>Interest</u> |
| 2011 | 73,123 | 22,277 |
| 2012 | 75,519 | 19,881 |
| 2013 | 77,993 | 17,407 |
| 2014 | 80,548 | 14,852 |
| 2015 | 83,187 | 12,213 |
| 2016-2019 | 315,758 | 20,687 |
| Total | <u>\$ 706,128</u> | <u>\$ 107,317</u> |

| Urban Redevelopment Loan (Millenium Parking Deck) | | |
|--------------------------------------------------------------|--------------------------------|------------------|
| Year Ending | <u>Governmental Activities</u> | |
| December 31 | <u>Principal</u> | <u>Interest</u> |
| 2011 | 126,763 | 29,180 |
| 2012 | 131,834 | 23,793 |
| 2013 | 137,107 | 18,190 |
| 2014 | 142,591 | 12,363 |
| 2015 | 148,294 | 6,303 |
| Total | <u>\$ 686,589</u> | <u>\$ 89,829</u> |

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2010

NOTE 10 - 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 City has pledged future revenues, net of operating expenses, in the Sewer Operating Fund to repay loans used to renovate the water pollution control system. The debt is payable from net revenues and is payable through 2023. Annual principal payments on the debt issues are expected to require 0.9 percent of net revenues. The total principal remaining to be paid on the debt is \$64,740. Principal paid for the current year and total net revenues were \$5,395 and \$5,079,978, respectively. 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> |
|-------------------------------------------------------------------|-----------------------|------------------------|
| Governmental Activities, 35th St. N.E. Storm Sewer Reconstruction | 0.00% | 380,812 |
| Governmental Activities, Market Ave North Sewer Replacement | 0.00% | 300,000 |
| Governmental Activities, 30th St. N.E. Storm Sewer Improvement | 0.00% | 494,000 |
| Business-Type Activities, Water Pollution Control Center | 0.00% | 724,423 |
| Business-Type Activities, Harmont Ave Pump Station | 0.00% | 107,900 |
| | | \$ 2,007,135 |

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

| Ohio Public Works Commission Loan | | | | |
|------------------------------------------|-------------------------|----------|--------------------------|----------|
| Year Ending | Governmental Activities | | Business-Type Activities | |
| December 31 | Principal | Interest | Principal | Interest |
| 2011 | 65,087 | - | 5,395 | - |
| 2012 | 65,087 | - | 5,395 | - |
| 2013 | 65,087 | - | 5,395 | - |
| 2014 | 65,087 | - | 5,395 | - |
| 2015 | 65,087 | - | 5,395 | - |
| 2016-2020 | 261,968 | - | 26,975 | - |
| 2021-2025 | 191,000 | - | 10,790 | - |
| 2026-2030 | 98,806 | - | - | - |
| Total | \$ 877,209 | \$ - | \$ 64,740 | \$ - |

City of Canton
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Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

The City entered into 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. The City has pledged future revenues, net of operating expenses, to repay these loans in the business-type activities funds. The debt is payable from net revenues and is payable through 2027. Annual principal and interest payments on the debt issues are expected to require 23.8 percent of net water operating revenue and 19.3 percent of net sewer operating revenue. The total principal and interest remaining to be paid on the debt is \$5,510,094 for water and \$8,850,678 for sewer. Principal and interest paid for the current year and total net revenues were \$1,431,709 and \$6,012,165, respectively, for water and \$983,409 and \$5,079,978, respectively, for sewer. The Ohio Water Development Authority loans outstanding were as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Original Amount</u> |
|-------------------------------------------------------------------------|-----------------------|------------------------|
| Governmental Activities, Harmont Ave NE Improvement | 3.25% | 60,100 |
| Business-Type Activities, Steiner Heights Water Line Extension | 6.39% | 591,671 |
| Business-Type Activities, Plain Township Water Line Extension (55th St) | 4.74% | 1,653,459 |
| Business-Type Activities, Water Main Extension (Norwood Hills) | 4.55% | 527,230 |
| Business-Type Activities, Perry Township Water Extension | 4.65% | 1,459,754 |
| Business-Type Activities, Lake Local School Waterline | 4.64% | 1,980,974 |
| Business-Type Activities, Lawrence Chester Water Main Extension | 5.01% | 250,606 |
| Business-Type Activities, Osnaburg Water Main Extension | 3.62% | 1,402,001 |
| Business-Type Activities, Sugarcreek Water Plant Improvement | 3.25% | 3,365,682 |
| Business-Type Activities, NW Water Plant Improvement | 3.25% | 7,094,093 |
| Business-Type Activities, NE Water Plant Improvement | 5.74% | 1,511,821 |
| Business-Type Activities, WRF Phosphorus/Nitrogen Removal Project | 3.20% | 2,802,000 |
| Business-Type Activities, Water Pollution System | 2.64% | 14,230,181 |
| Business-Type Activities, Discharge Line (J.L.) | 4.56% | 835,606 |
| | | <u>\$ 37,765,178</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> |
| 2011 | 1,257,272 | 390,100 |
| 2012 | 1,233,870 | 347,290 |
| 2013 | 1,089,637 | 307,327 |
| 2014 | 1,108,439 | 272,442 |
| 2015 | 1,127,216 | 237,581 |
| 2016-2020 | 5,204,903 | 635,675 |
| 2021-2025 | 901,138 | 95,525 |
| 2026-2030 | 147,116 | 5,241 |
| Total | <u>\$ 12,069,591</u> | <u>\$ 2,291,181</u> |

During 2010, the Northwest Water Treatment Plant Improvement Project, the Northeast Water Treatment Plant Improvement Project, the Water Reclamation Phosphorus Project and the Harmont Ave Sewer Project all received OWDA loan proceeds. As of the end of the audit period, the final amount borrowed for all four loans had not been determined. Also, the Ohio Water Development Authority, had not yet done a final

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For The Year Ended December 31, 2010

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

reconciliation for the Sugarcreek Project Loan. Due to these issues, no payment schedules were available for any of the five loans. Consequently, none of the loans were included in the yearly break down shown above nor was there an amount calculated as being due within one year in the schedule that follows.

Changes in long-term obligations of the City during the year ended December 31, 2010, were as follows:

| | Outstanding 12/31/09 | Additions | Reductions | Outstanding 12/31/10 | Due Within One Year |
|--------------------------------------------------------|-------------------------|---------------------|-----------------------|-------------------------|------------------------|
| <i>Business Type Activities</i> | | | | | |
| OPWC Loan: | | | | | |
| Sewer Fund: | | | | | |
| 2003 Harmont Lift Station 0% | 70,135 | - | (5,395) | 64,740 | 5,395 |
| OWDA Loans: | | | | | |
| Water Fund: | | | | | |
| 2001 Water Main Extension (Norwood Hills) 4.55% | 125,214 | - | (61,202) | 64,012 | 64,019 |
| 2000 Steiner Heights Water Line Extension 6.39% | 39,234 | - | (39,234) | - | - |
| 2001 Plain Township Water Line Ext. (55th St) 4.74% | 1,204,995 | - | (72,601) | 1,132,394 | 76,083 |
| 2002 Perry Twshp Water Extension 4.65% | 510,270 | - | (162,334) | 347,936 | 169,970 |
| 2002 Lake Schl Water 4.64% | 1,482,348 | - | (85,302) | 1,397,046 | 89,306 |
| 2003 Lawrence Water Main Extension 5.01% | 128,168 | - | (26,068) | 102,100 | 27,390 |
| 2007 Osnaburg Water Main Extension 3.62% | 1,281,677 | - | (53,556) | 1,228,121 | 55,512 |
| 2007 SC Wtr Plant Imprv 3.25% | 2,883,810 | - | (127,807) | 2,756,003 | - |
| 2008 NW Wtr Plant Imprv 3.25% | 4,451,822 | 922,246 | (249,544) | 5,124,524 | - |
| 2009 NE Wtr Plant Imprv 5.47% | 1,007,053 | 2,450,638 | - | 3,457,691 | - |
| Sewer Fund: | | | | | |
| 1997 Water Pollution System 2.64% | 8,054,653 | - | (712,623) | 7,342,030 | 731,808 |
| 1999 Discharge Line (J.L.) 4.56% | 497,536 | - | (41,584) | 455,952 | 43,184 |
| 2010 Phosphorus/Nitrogen Removal Prj 3.20% | - | 158,096 | - | 158,096 | - |
| Total OWDA Loans | 21,666,780 | 3,530,980 | (1,631,855) | 23,565,905 | 1,257,272 |
| General Obligation Bonds: | | | | | |
| Water Fund: | | | | | |
| 2006 Refunding Bonds 4.0% | 5,360,866 | - | (717,321) | 4,643,545 | 747,474 |
| Sewer Fund: | | | | | |
| 2006 Various Purpose 4.0% | 1,600,258 | - | (214,126) | 1,386,132 | 223,127 |
| Total General Obligation Bonds | 6,961,124 | - | (931,447) | 6,029,677 | 970,601 |
| Compensated Absences | 1,303,742 | 512,394 | (610,075) | 1,206,061 | 196,971 |
| Capital Lease | 24,227 | - | (11,103) | 13,124 | 13,124 |
| <i>Total Business Type Activities</i> | \$ 30,026,008 | \$ 4,043,374 | \$ (3,189,875) | \$ 30,879,507 | \$ 2,443,363 |

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

| | Outstanding 12/31/09 | Additions | Reductions | Outstanding 12/31/10 | Due Within One Year |
|--------------------------------|-------------------------|--------------|----------------|-------------------------|------------------------|
| <i>Governmental Activities</i> | | | | | |
| General Obligation Bonds: | | | | | |
| 2009 Refunding | | | | | |
| Bonds 3.0%-4.0% | 3,915,000 | - | (380,000) | 3,535,000 | 395,000 |
| 2009 Refunding | | | | | |
| Bonds 3.0%-4.0% | 4,350,000 | - | (425,000) | 3,925,000 | 445,000 |
| 2001 Radio Communication | | | | | |
| Bonds 4.0%-2.25% | 1,290,000 | - | (635,000) | 655,000 | 655,000 |
| 2006 Various Purpose 4.0% | 9,928,363 | - | (1,328,553) | 8,599,810 | 1,384,398 |
| Total General | | | | | |
| Obligation Bonds | 19,483,363 | - | (2,768,553) | 16,714,810 | 2,879,398 |
| 1998 SIB Loan | 776,931 | - | (70,803) | 706,128 | 73,123 |
| 2000 Legal Claims | 94,300 | - | (27,600) | 66,700 | 27,600 |
| 2000 Millenium Parking | | | | | |
| Deck Loan 4% | 808,477 | - | (121,888) | 686,589 | 126,763 |
| 2010 OWDA Loan Harmont Ave | | | | | |
| Sewer Extension 3.25% | - | 54,641 | (1,078) | 53,563 | - |
| OPWC Loan: | | | | | |
| 2003 35th St NE | | | | | |
| Storm Sewer 0% | 215,796 | - | (25,387) | 190,409 | 25,387 |
| 2004 Market Ave Sewer 0% | 232,500 | - | (15,000) | 217,500 | 15,000 |
| 2009 30th St NE Storm | | | | | |
| Sewer 0% | 494,000 | - | (24,700) | 469,300 | 24,700 |
| Total OPWC Loans | 942,296 | - | (65,087) | 877,209 | 65,087 |
| Compensated Absences | 6,895,092 | 2,081,005 | (2,411,593) | 6,564,504 | 859,317 |
| Capital Leases | 1,070,540 | - | (132,381) | 938,159 | 330,118 |
| <i>Total Governmental</i> | | | | | |
| <i>Activities</i> | 30,070,999 | 2,135,646 | (5,598,983) | 26,607,662 | 4,361,406 |
| Totals | \$ 60,097,007 | \$ 6,179,020 | \$ (8,788,858) | \$ 57,487,169 | \$ 6,804,769 |

*Note: 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 Absences Claim Fund is responsible for the payment of both the governmental and business type compensated absences 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 \$1,009,090 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 \$196,971 results for the Due Within One Year line item. The City's overall legal debt margin was \$73,360,170 and an unvoted debt margin of \$29,584,873 at December 31, 2010.

City of Canton
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Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed 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) 222-5601 or (800) 222-7377.

The 2010 member contribution rates were 10.0% for members in the state and local classifications. Public safety and law enforcement members contribute 10.5% and 11.1% respectively. The 2010 employer contribution rate for state and local employers was 14.0% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2010 was 17.87%. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2010, 2009, and 2008 were \$4,153,931, \$4,129,898, and \$4,162,668, respectively. The full amount has been contributed for 2009 and 2008. 89.1 percent has been contributed for 2010 with the remainder being presented as "Due to Other Governments" in the payroll clearing, agency fund.

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual-cost-of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Firemen's Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and for 2010 the City was required to contribute 19.5 percent for police and 24.0 percent for firefighters. Contributions are authorized by State statute. For 2010, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The

City of Canton
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Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

City's contributions to the fund for police and firefighters were \$1,936,464 and \$2,452,065 for the year ending December 31, 2010, \$1,992,982 and \$2,412,232 for the year ended December 31, 2009, \$2,077,463 and \$2,389,567 for the year ended December 31, 2008. The full amount has been contributed for 2009 and 2008. 74.24 and 72.93 percent, respectively, have been contributed for 2010 with the remainder being presented as "Due to Other Governments" in the payroll clearing, agency fund.

NOTE 12 - 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. OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the traditional and the 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 ancillary benefits, including post-employment health care coverage. The Ohio Revised Code permits, but does not require OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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 Ohio Revised Code Chapter 145. In 2010, state and local employers contributed at a rate of 14.0% of covered payroll, and public safety and law enforcement employers contributed at 17.87%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the post-employment benefit plan. OPERS' post employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2010, the employer contribution allocated to the health care plan for members in the traditional plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the combined plan was 4.73% from January 1 to February 28, 2010 and 4.23% from March 1 through December 31, 2010. Actual City contributions for 2010 that were used to fund postemployment benefits were \$1,345,007. The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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

Ohio Police and Fire Pension Fund

The City contributes to the OP&F sponsored healthcare program, a cost-sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents. OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, OH 43215-5164.

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2010, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Sections 115 and 401(h).

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

The City's actual contributions for 2010 that were used to fund postemployment benefits were \$670,404 for police and \$689,766 for fire. OP&F's total health care expense for the year ended December 31, 2009, (the latest information available) was \$168,744,032, which was net of member contributions of \$59,148,831. The number of OP&F participants eligible to receive health care benefits as of December 31, 2009, was 14,797 for police and 10,915 for firefighters.

City of Canton
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NOTE 13 - JOINT VENTURES

Canton Tomorrow, Inc.

The City participates in Canton Tomorrow, Inc., formed under Chapter 1702 of the Ohio Revised Code. Of the 26 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 Inc.'s funding comes from a grant given by the City to the Canton Regional Chamber of Commerce. In 2010, the grant was for \$175,000 and the Chamber of Commerce is responsible for dividing it up amongst its various agencies like Canton Tomorrow, Inc. 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 13 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 2010, the City contributed \$180,471 to the District, which represents 100 percent of total contributions. Complete financial statements can be obtained from the Downtown Canton Special Improvement District.

NOTE 14 – 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 2010. Complete financial statements can be obtained from the Canton Recreation Department.

NOTE 15 - 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 the Authority during 2010. Complete financial statements may be obtained from the Stark Area Regional Transit Authority.

City of Canton
Stark County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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 \$674,307 from the General Fund for 2010 for the operation of SCOG, which represents 50.04 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 88-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 2010, the City contributed \$7,500 to the Commission. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

NOTE 16 – DISCRETELY PRESENTED COMPONENT UNIT

The component unit column in the government-wide 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 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. Complete financial statements can be obtained from the Canton Community Improvement Corporation.

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
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NOTE 17 - COMMITMENTS

As of December 31, 2010, the City had significant encumbrances as follows:

| | Encumbrances as of 12/31/10 |
|-----------------------------------------|--------------------------------|
| Major Funds | |
| General Fund | \$ 995,811 |
| Community and Economic Development Fund | 4,916,992 |
| Capital Project Fund | 1,414,608 |
| Motor Vehicle Purchase Fund | 242,211 |
| Water Fund | 12,074,166 |
| Sewer Fund | 1,347,651 |
| Refuse Fund | 180,488 |
| Nonmajor Funds | 8,549,971 |
| <i>Total</i> | \$ 29,721,898 |

As of December 31, 2010, the City had significant contractual commitments as follows:

| Company | Project | Amount Remaining On Contract |
|------------------------------------|-----------------------------------------------------|------------------------------------|
| Abbott Electric | Fire Station #4 | \$ 253,881 |
| Augere Construction | Fire Station #4 | 1,791,324 |
| Burgess & Niple LTD | NE Water Treatment Plant Upgrade | 940,840 |
| CT Consultants | Water Reclamation Facility Phosphorus Project | 417,931 |
| Cormony Development Corporation | Remediation at Hercules Factory Project | 1,935,862 |
| DDK Property Group | Neighborhood Stabilization Program | 284,123 |
| Environmental Mangement Specialist | Remediation at Stein Industrial Park | 367,551 |
| Freed Housing | Green Homes Program | 500,000 |
| Habitat for Humanity | Construction of seven homes with federal dollars | 400,000 |
| Habitat for Humanity | Neighborhood Stabilization Program | 374,748 |
| HZW Environmental Consultants | Professional Services for Bison Remediation Project | 465,834 |
| Standard Plumbing | Fire Station #4 | 592,720 |
| Stark State College of Technology | Brownfield Job Training | 302,740 |
| Stanley Miller Construction | NE Water Treatment Plant Upgrade | 5,210,046 |
| Penn-Ohio Electric | NE Water Treatment Plant Upgrade | 2,941,159 |
| Standard Plumbing | NE Water Treatment Plant Upgrade | 1,033,522 |

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2010

NOTE 18 – LEASES

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, at this time, the City does not anticipate exercising this option. Total rental costs for such leases were \$192,879 for the year ended December 31, 2010. The minimum rental commitments under all such non-cancelable leases are as follows:

| <u>Year Ending</u> | <u>Amount</u> |
|--------------------|-------------------|
| 2011 | 192,879 |
| 2012 | 189,832 |
| 2013 | 11,382 |
| Total | <u>\$ 394,093</u> |

Capital Leases

In 2010, the City did not enter into any new capital lease agreements. The City currently has capital leases outstanding for the City phone system, 5 police motorcycles and a fire truck and all of which are capitalized. The following is a schedule of the future minimum lease payments for all of the City’s previous capital leases and the present value of the minimum lease payments as of December 31, 2010.

| <u>Year Ending</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|-----------------------------------------|------------------------------------|-------------------------------------|
| 2011 | \$ 382,660 | \$ 14,625 |
| 2012 | 227,193 | - |
| 2013 | 227,193 | - |
| 2014 | 208,957 | - |
| Total Minimum Lease Payments | <u>1,046,003</u> | <u>14,625</u> |
| Less Amount Representing Interest | <u>107,844</u> | <u>1,501</u> |
| Present Value of Minimum Lease Payments | <u>938,159</u> | <u>13,124</u> |

NOTE 19 - 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, 2010

NOTE 19 - 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> |
|--------------------|-------------------------|
| 2011 | 27,600 |
| 2012 | 27,600 |
| 2013 | 11,500 |
| Total | <u><u>\$ 66,700</u></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 pending litigation that could be successful against the City would in all likelihood not exceed a maximum exposure of \$250,000.

NOTE 20 - NOTES PAYABLE

The following is a summary of note transactions for the year ended December 31, 2010 reflected in the General Fund on the balance sheet and the governmental activities in the government-wide financial statements:

| | <u>Governmental Activities General Fund</u> |
|------------------------------------|-----------------------------------------------------|
| Notes Payable at January 1, 2010 | \$ - |
| New notes issued | 1,800,000 |
| Notes Retired | - |
| Notes Payable at December 31, 2010 | <u><u>\$ 1,800,000</u></u> |

The above mentioned, note is backed by the full faith and credit of the City and will mature within one year from the date of issuance, July 22, 2010. The note was issued at a 1% interest rate resulting in an \$18,000 interest payment due upon maturity. The note is being issued in anticipation of a long-term bond financing and the note can be refinanced if necessary until such bonds are issued. The purpose of the issuance is to pay for the settlement of a civil suit in which the City agreed to pay the plaintiff \$1,800,000.

NOTE 21 - INTERFUND BALANCES AND TRANSFERS

During 2010, the City made one transfer. The transfer of \$40,000 was done to honor the City's obligation for a grant match. Interfund transfers for the year ended December 31, 2010, consisted of the following:

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2010

NOTE 21 - INTERFUND BALANCES AND TRANSFERS (Continued)

| Transfer to | Transfer From | |
|--------------------------|---------------|-----------|
| | General Fund | Total |
| Nonmajor Special Revenue | \$ 40,000 | \$ 40,000 |
| <i>Total</i> | \$ 40,000 | \$ 40,000 |

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.

At December 31, 2010, the Nonmajor Special Revenue Funds had a due to the Community and Economic Development Fund of \$174,953. This internal borrowing represents a grant advance that took place between a Major Special Revenue Fund and a Nonmajor Special Revenue fund. \$173,754 due from other funds is in the Nonmajor Internal Service Funds and represents outstanding premium obligations due from various operating funds to the Compensated Absences Fund and the Health Insurance Fund. Both of the above mentioned obligations should be satisfied using the appropriate grant and program revenues associated with each fund.

| Due From | Due to | | |
|--------------------------------------------|------------------------------------------|---------------------------------|------------|
| | Community and Economic Development | Nonmajor Internal Service | Total |
| General Fund | \$ - | \$ 122,892 | \$ 122,892 |
| Community and Economic Development Fund | - | 30,441 | 30,441 |
| Capital Projects | - | 2,407 | 2,407 |
| Water Fund | - | 7,306 | 7,306 |
| Sewer Fund | - | 6,251 | 6,251 |
| Refuse Fund | - | 1,009 | 1,009 |
| Nonmajor Special Revenue | 174,953 | 3,448 | 178,401 |
| <i>Total</i> | \$ 174,953 | \$ 173,754 | \$ 348,707 |

NOTE 22 – ACCOUNTABILITY AND COMPLIANCE

Accountability

Fund balances at December 31, 2010 included the following individual fund deficits:

| | Deficit Fund Balance |
|-----------------------------|----------------------|
| Nonmajor Funds: | |
| Health Insurance | 943,414 |
| Compensated Absences Claims | 7,216,302 |

These deficits in these nonmajor funds are the result of adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur. Contrary to Ohio Revised Code Section 5705.36(A)(4) appropriations in the Community and Economic Development Fund and the Clean Ohio Revitalization Fund exceeded actual resources.

City of Canton
 Stark County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2010

NOTE 23 – RESTATEMENT OF NET ASSETS

During 2010, the City found an error in how its equipment and building values were being reported for Business-Type Activities. The following table illustrates the net affect of these adjustments on the overall net assets.

| | <u>Business-Type Activities</u> | <u>Water Fund</u> | <u>Sewer Fund</u> |
|---------------------------------------------|---------------------------------|----------------------|----------------------|
| <i>Net Assets, December 31, 2009</i> | \$ 89,563,293 | \$ 40,560,999 | \$ 46,188,618 |
| Adjustments to Buildings and Structures | 79,890 | - | 79,890 |
| Adjustments to Vehicles and Equipment | 15,167 | 15,167 | - |
| <i>Restated Net Assets, January 1, 2010</i> | <u>\$ 89,658,350</u> | <u>\$ 40,576,166</u> | <u>\$ 46,268,508</u> |

NOTE 24 – CHANGES IN ACCOUNTING PRINCIPLES

For 2010, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 51, “Accounting and Financial Reporting for Intangible Assets”, GASB Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”, and GASB Statement No. 58 “Accounting and Financial Reporting for Chapter 9 Bankruptcies”. The City also early implemented GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”.

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the City.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the City.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the City.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**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.

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 collected at City owned parking facilities.

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

Crime Lab Fund To account for monies received for the operational costs of the City's Crime Lab.

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

Litter Prevention Fund To account for grant monies used for Canton Municipal Court litter cleanup.

Court Fund To account for special revenues received from Canton Municipal Court fines.

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

Park Department Fund To account for park donations and operational fees charged by the department.

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

Federal Forfeiture Fund To account for the proceeds from seizures in federal cases.

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 Trust 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.

Community Sanction Grant Fund To account for grant dollars from the Department of Rehabilitation and Correction to be used to meet the needs of low level offenders, divert additional offenders from prison and enhance public safety.

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.

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

Police Grants & Donations Fund To account for the receipt and expenditure of various grants and donations received by the City's Police Department.

Fire Grants & Donations Fund To account for the receipts and expenditures of various grants and donations received by 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:

Employee Recognition Fund
City Hall Plaza Fund
Recycle Ohio Grant Fund
Guardrail/Attenuator Replacement Fund
Southeast Community Center Fund
Canton Rail Station Fund
Thurman Munson Memorial Stadium Donation Fund
Clerk of Courts Administration 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).

2006 City Infrastructure Bond Fund To account for the portions of a 2006 City bond issue spent for roadway, storm sewer, and other infrastructure improvements.

Traffic Signalization Fund To account for costs associated with a traffic signal improvement project.

2006 Recreational Bond Fund To account for the portions of a 2006 City bond issue spent for a water park, baseball field upgrades, and other recreational facility improvements.

2006 Construction/Reconstruction Bond Fund To account for the portions of a 2006 City bond issue spent for building renovations and construction being done throughout the City.

Judges Facilities/City Hall Renovation Fund To account for the portions of a 2006 City bond issue spent on a renovation project being undertaken at City Hall.

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

Fulton Rd & Park Rd Intersection Improvement Fund To account for all costs associated with the improvement of the Fulton Road and Stadium Park Road Intersection.

49th St & Gardendale Project Fund To account for all costs associated with the 49th St & Gardendale project.

30th St NE Trunk Sewer Fund To account for all costs associated with the 30th St NE trunk sewer project.

25th St NE Storm Sewer Fund To account for all costs associated with the of 25th St. NE storm sewer project.

Sherrick Road Project Fund To account for all costs associated with the Sherrick Road project.

Cleveland Ave Resurfacing Fund To account for all costs associated with the repaving of Cleveland Ave.

Harmont Ave Sanitary Sewer Project Fund To account for all costs associated with the Harmont Ave sewer project.

Guilford Ave Bridge Replacement Fund To account for all costs associated with the replacement of the Guilford Avenue Bridge.

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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|----------------------------------------------------------|---------------------|---------------------|-----------------------------------------------|
| Revenues | | | |
| Property and Other Taxes | \$ 3,692,536 | \$ 3,692,536 | \$ - |
| Municipal Income Tax | 30,074,765 | 29,987,663 | (87,102) |
| Charges for Services | 10,723,359 | 10,808,610 | 85,251 |
| Licenses, Permits and Fees | 1,317,042 | 1,280,289 | (36,753) |
| Fines and Forfeitures | 392,834 | 393,250 | 416 |
| Intergovernmental | 6,192,391 | 6,191,468 | (923) |
| Operating Grants | 150,024 | 152,719 | 2,695 |
| Interest | 243,206 | 230,081 | (13,125) |
| Rentals | 334,065 | 326,903 | (7,162) |
| Other | 1,355,766 | 1,386,294 | 30,528 |
| Total Revenue | <u>54,475,988</u> | <u>54,449,813</u> | <u>(26,175)</u> |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| <i>Service Director-Support Administration:</i> | | | |
| Personal Services | 1,049 | 204 | 845 |
| Materials and Supplies | 8,498 | 8,498 | - |
| Contractual Services | 196,151 | 193,149 | 3,002 |
| Other | 111,200 | 110,933 | 267 |
| <i>Total Service Director-Support Administration</i> | <u>316,898</u> | <u>312,784</u> | <u>4,114</u> |
| <i>Service Director-Service Director Administration:</i> | | | |
| Personal Services | 79,779 | 78,162 | 1,617 |
| Materials and Supplies | 70 | - | 70 |
| Contractual Services | 24,100 | 22,465 | 1,635 |
| Other | 2,300 | 1,983 | 317 |
| <i>Total Service Director-Service Director Admin</i> | <u>106,249</u> | <u>102,610</u> | <u>3,639</u> |
| <i>Service Director-Purchase Administration:</i> | | | |
| Personal Services | 272,334 | 270,456 | 1,878 |
| Materials and Supplies | 224,560 | 212,824 | 11,736 |
| Contractual Services | 10,225 | 6,363 | 3,862 |
| <i>Total Service Director-Purchase Administration</i> | <u>507,119</u> | <u>489,643</u> | <u>17,476</u> |
| <i>Service Director-Annexation:</i> | | | |
| Personal Services | 10,671 | 9,608 | 1,063 |
| Materials and Supplies | 841 | 54 | 787 |
| Contractual Services | 2,359 | 509 | 1,850 |
| <i>Total Service Director-Annexation</i> | <u>13,871</u> | <u>10,171</u> | <u>3,700</u> |
| <i>Building and Maintenance-Other Building:</i> | | | |
| Personal Services | 713,322 | 713,253 | 69 |
| Materials and Supplies | 43,127 | 39,508 | 3,619 |
| Contractual Services | 382,373 | 376,491 | 5,882 |
| Other | 2,269 | 1,550 | 719 |
| <i>Total Building and Maintenance-Other Building</i> | <u>1,141,091</u> | <u>1,130,802</u> | <u>10,289</u> |
| <i>Total Income Tax-Income Tax Administration</i> | | | |
| Personal Services | 976,476 | 878,717 | 97,759 |
| Materials and Supplies | 97,145 | 89,358 | 7,787 |
| Contractual Services | 104,737 | 82,650 | 22,087 |
| Capital Outlay | 11,000 | - | 11,000 |
| Other | 125,776 | 119,962 | 5,814 |
| <i>Total Income Tax - Income Tax Administration</i> | <u>\$ 1,315,134</u> | <u>\$ 1,170,687</u> | <u>\$ 144,447</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|------------------|------------------|-----------------------------------------------|
| <i>Mayor - Administration:</i> | | | |
| Personal Services | \$ 349,929 | \$ 348,825 | \$ 1,104 |
| Materials and Supplies | 4,705 | 4,474 | 231 |
| Contractual Services | 26,716 | 26,208 | 508 |
| Other | 2,500 | 2,237 | 263 |
| <i>Total Mayor-Mayor Administration</i> | <u>383,850</u> | <u>381,744</u> | <u>2,106</u> |
| <i>Mayor-Human Resources Administration:</i> | | | |
| Personal Services | 95,047 | 94,681 | 366 |
| Materials and Supplies | 1,150 | 473 | 677 |
| Contractual Services | 23,181 | 13,010 | 10,171 |
| <i>Total Mayor-Human Resources Administration</i> | <u>119,378</u> | <u>108,164</u> | <u>11,214</u> |
| <i>Mayor - Compliance Administration:</i> | | | |
| Personal Services | 22,529 | 21,675 | 854 |
| Materials and Supplies | 2 | - | 2 |
| <i>Total Mayor-Compliance Administration</i> | <u>22,531</u> | <u>21,675</u> | <u>856</u> |
| <i>Council-Council Administration:</i> | | | |
| Personal Services | 524,652 | 522,476 | 2,176 |
| Materials and Supplies | 1,666 | 1,630 | 36 |
| Contractual Services | 42,670 | 42,149 | 521 |
| <i>Total Council-Council Administration</i> | <u>568,988</u> | <u>566,255</u> | <u>2,733</u> |
| <i>Courts/Judge-Judge Administration:</i> | | | |
| Personal Services | 1,754,797 | 1,750,656 | 4,141 |
| Materials and Supplies | 19,818 | 18,935 | 883 |
| Contractual Services | 63,025 | 60,296 | 2,729 |
| Capital Outlay | 1,000 | 656 | 344 |
| Other | 500 | 190 | 310 |
| <i>Total Courts/Judge-Judge Administration</i> | <u>1,839,140</u> | <u>1,830,733</u> | <u>8,407</u> |
| <i>Courts/Clerk-Clerk of Courts Administration:</i> | | | |
| Personal Services | 1,254,708 | 1,253,039 | 1,669 |
| Materials and Supplies | 57,732 | 52,302 | 5,430 |
| Contractual Services | 50,862 | 44,802 | 6,060 |
| Capital Outlay | 1,000 | 563 | 437 |
| Other | 3,200 | 930 | 2,270 |
| <i>Total Courts/Clerk-Clerk of Courts Admin</i> | <u>1,367,502</u> | <u>1,351,636</u> | <u>15,866</u> |
| <i>Law Director-Law Administration:</i> | | | |
| Personal Services | 1,300,526 | 1,288,969 | 11,557 |
| Materials and Supplies | 12,735 | 12,438 | 297 |
| Contractual Services | 145,978 | 107,861 | 38,117 |
| Other | 255,434 | 252,091 | 3,343 |
| <i>Total Law Director-Law Administration</i> | <u>1,714,673</u> | <u>1,661,359</u> | <u>53,314</u> |
| <i>Law Director-Police Settlement</i> | | | |
| Contractual Services | 2,500 | 2,500 | - |
| Legal Claims | 31,600 | 31,600 | - |
| <i>Total Law Director-Police Settlement</i> | <u>\$ 34,100</u> | <u>\$ 34,100</u> | <u>\$ -</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|----------------------------------------------------|----------------------|----------------------|-----------------------------------------------|
| <i>Auditor-Auditor Administration:</i> | | | |
| Personal Services | \$ 1,016,282 | \$ 1,015,015 | \$ 1,267 |
| Materials and Supplies | 11,023 | 10,846 | 177 |
| Contractual Services | 22,987 | 21,929 | 1,058 |
| Other | 156,329 | 122,962 | 33,367 |
| <i>Total Auditor-Auditor Administration</i> | <u>1,206,621</u> | <u>1,170,752</u> | <u>35,869</u> |
| <i>Auditor-Legally Binding Expenses:</i> | | | |
| Contractual Services | 700,100 | 700,062 | 38 |
| Other | 32,620 | 32,620 | - |
| <i>Total Auditor-Legally Binding Expenses</i> | <u>732,720</u> | <u>732,682</u> | <u>38</u> |
| <i>Treasurer- Administration & Operations:</i> | | | |
| Personal Services | 249,113 | 248,839 | 274 |
| Materials and Supplies | 1,550 | 506 | 1,044 |
| Contractual Services | 32,708 | 27,114 | 5,594 |
| Other | 195,350 | 139,358 | 55,992 |
| <i>Total Treasurer-Operations</i> | <u>478,721</u> | <u>415,817</u> | <u>62,904</u> |
| <i>Board of Commission-Civil Service:</i> | | | |
| Personal Services | 270,025 | 267,813 | 2,212 |
| Materials and Supplies | 2,560 | 2,391 | 169 |
| Contractual Services | 32,767 | 28,122 | 4,645 |
| Other | 200 | 127 | 73 |
| <i>Total Board of Commission-Civil Service</i> | <u>305,552</u> | <u>298,453</u> | <u>7,099</u> |
| <i>Board of Commission-Zoning Board:</i> | | | |
| Personal Services | 8,558 | 8,537 | 21 |
| <i>Total Board of Commission-Zoning Board</i> | <u>8,558</u> | <u>8,537</u> | <u>21</u> |
| <i>Motor Vehicle-Administration:</i> | | | |
| Personal Services | 171,229 | 136,689 | 34,540 |
| Materials and Supplies | 250 | - | 250 |
| Contractual Services | 163,443 | 131,213 | 32,230 |
| Other | 100 | - | 100 |
| <i>Total Motor Vehicle-Administration</i> | <u>335,022</u> | <u>267,902</u> | <u>67,120</u> |
| <i>Motor Vehicle-Service and Repair:</i> | | | |
| Personal Services | 755,808 | 755,205 | 603 |
| Materials and Supplies | 1,583,139 | 1,538,251 | 44,888 |
| Contractual Services | 65,325 | 55,227 | 10,098 |
| Capital Outlay | 200 | - | 200 |
| Other | 268,550 | 266,194 | 2,356 |
| <i>Total Motor Vehicle-Service and Repair</i> | <u>2,673,022</u> | <u>2,614,877</u> | <u>58,145</u> |
| <i>Management Information Systems:</i> | | | |
| Personal Services | 963,629 | 936,755 | 26,874 |
| Materials and Supplies | 6,791 | 4,663 | 2,128 |
| Contractual Services | 100,895 | 76,707 | 24,188 |
| Other | 200 | - | 200 |
| <i>Total Management Information Systems</i> | <u>1,071,515</u> | <u>1,018,125</u> | <u>53,390</u> |
| Total General Government | <u>\$ 16,262,255</u> | <u>\$ 15,699,508</u> | <u>\$ 562,747</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|---------------------------------------------------------------|-------------------|-------------------|-----------------------------------------------|
| Security of Persons and Property: | | | |
| <i>Safety Director-Safety Director Administration:</i> | | | |
| Personal Services | \$ 125,091 | \$ 124,750 | \$ 341 |
| Materials and Supplies | 495 | 114 | 381 |
| Contractual Services | 38,487 | 38,112 | 375 |
| Other | 2,353 | 2,100 | 253 |
| <i>Total Safety Director-Safety Director Admin</i> | <u>166,426</u> | <u>165,076</u> | <u>1,350</u> |
| <i>Safety Director-Code Enforcement Admin:</i> | | | |
| Personal Services | 816,902 | 815,521 | 1,381 |
| Materials and Supplies | 10,534 | 9,611 | 923 |
| Contractual Services | 168,804 | 167,197 | 1,607 |
| Other | 4,441 | 3,916 | 525 |
| <i>Total Safety Director-Code Enforcement Admin</i> | <u>1,000,681</u> | <u>996,245</u> | <u>4,436</u> |
| <i>Safety Director-Central Communication Admin:</i> | | | |
| Salaries and Wages | 1,222,698 | 1,215,161 | 7,537 |
| Materials and Supplies | 750 | 635 | 115 |
| Contractual Services | 55,514 | 51,136 | 4,378 |
| Capital Outlay | 200 | 158 | 42 |
| <i>Total Safety Director-Central Communication Admin</i> | <u>1,279,162</u> | <u>1,267,090</u> | <u>12,072</u> |
| <i>Police Administration:</i> | | | |
| Personal Services | 14,865,048 | 14,860,921 | 4,127 |
| Materials and Supplies | 82,536 | 79,797 | 2,739 |
| Contractual Services | 451,503 | 427,526 | 23,977 |
| Capital Outlay | 930 | 928 | 2 |
| Other | 13,527 | 12,500 | 1,027 |
| <i>Total Police Administration</i> | <u>15,413,544</u> | <u>15,381,672</u> | <u>31,872</u> |
| <i>Fire Administration:</i> | | | |
| Personal Services | 14,235,794 | 14,234,204 | 1,590 |
| Materials and Supplies | 216,563 | 206,803 | 9,760 |
| Contractual Services | 390,278 | 383,364 | 6,914 |
| Capital Outlay | 4,645 | 4,642 | 3 |
| Other | 20,754 | 17,340 | 3,414 |
| <i>Total Fire Administration</i> | <u>14,868,034</u> | <u>14,846,353</u> | <u>21,681</u> |
| <i>Traffic Divisions-Traffic Engineer/Parking Meter:</i> | | | |
| Personal Services | 104,161 | 103,283 | 878 |
| Materials and Supplies | 9,851 | 7,816 | 2,035 |
| Contractual Services | 5,106 | 4,809 | 297 |
| Other | 41 | - | 41 |
| <i>Total Traffic Divisions-Traffic Engineer/Parking Meter</i> | <u>119,159</u> | <u>115,908</u> | <u>3,251</u> |
| Total Security of Persons and Property | <u>32,847,006</u> | <u>32,772,344</u> | <u>74,662</u> |
| Public Health: | | | |
| <i>Health Administration:</i> | | | |
| Personal Services | 466,852 | 464,286 | 2,566 |
| Materials and Supplies | 16,965 | 14,693 | 2,272 |
| Contractual Services | 134,202 | 129,442 | 4,760 |
| Capital Outlay | 100 | - | 100 |
| Other | 319,836 | 288,485 | 31,351 |
| <i>Total Health Administration</i> | <u>\$ 937,955</u> | <u>\$ 896,906</u> | <u>\$ 41,049</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|---------------------------------------------------------|------------------|------------------|-----------------------------------------------|
| <i>Health-Nurses:</i> | | | |
| Personal Services | \$ 796,102 | \$ 795,776 | \$ 326 |
| Materials and Supplies | 47,200 | 46,669 | 531 |
| Contractual Services | 4,084 | 3,488 | 596 |
| Other | 765 | 338 | 427 |
| <i>Total Health-Nurses</i> | <u>848,151</u> | <u>846,271</u> | <u>1,880</u> |
| <i>Health-Lab:</i> | | | |
| Personal Services | 219,272 | 218,624 | 648 |
| Materials and Supplies | 34,916 | 33,850 | 1,066 |
| Contractual Services | 18,313 | 18,035 | 278 |
| <i>Total Health-Lab</i> | <u>272,501</u> | <u>270,509</u> | <u>1,992</u> |
| <i>Health-Environmental Health Administration:</i> | | | |
| Personal Services | 554,384 | 553,855 | 529 |
| Materials and Supplies | 5,116 | 3,150 | 1,966 |
| Contractual Services | 5,296 | 3,451 | 1,845 |
| Capital Outlay | 900 | - | 900 |
| Other | 700 | 474 | 226 |
| <i>Total Health-Environmental Health Administration</i> | <u>566,396</u> | <u>560,930</u> | <u>5,466</u> |
| Total Public Health | <u>2,625,003</u> | <u>2,574,616</u> | <u>50,387</u> |
| Transportation: | | | |
| <i>Engineering-Daily Operations:</i> | | | |
| Personal Services | 44,309 | 42,871 | 1,438 |
| Contractual and Services | 1,860 | 409 | 1,451 |
| <i>Total Engineering-Daily Operations</i> | <u>46,169</u> | <u>43,280</u> | <u>2,889</u> |
| <i>Street-Maintenance:</i> | | | |
| Personal Services | 134,015 | 133,970 | 45 |
| Materials and Supplies | 146,023 | 144,555 | 1,468 |
| Contractual Services | 1,040,529 | 1,039,638 | 891 |
| Other | 4,129 | 3,744 | 385 |
| <i>Total Street-Maintenance</i> | <u>1,324,696</u> | <u>1,321,907</u> | <u>2,789</u> |
| Total Transportation | <u>1,370,865</u> | <u>1,365,187</u> | <u>5,678</u> |
| Leisure Time Activities: | | | |
| <i>Park Division-Park Administration:</i> | | | |
| Personal Services | 1,021,526 | 1,014,708 | 6,818 |
| Materials and Supplies | 24,321 | 20,451 | 3,870 |
| Contractual Services | 48,728 | 46,377 | 2,351 |
| Other | 5,480 | 3,862 | 1,618 |
| <i>Total Park Division-Park Administration</i> | <u>1,100,055</u> | <u>1,085,398</u> | <u>14,657</u> |
| <i>Mayor-Baseball:</i> | | | |
| Materials and Supplies | 8,732 | 7,354 | 1,378 |
| Contractual Services | 26,800 | 25,293 | 1,507 |
| <i>Total Mayor-Baseball</i> | <u>\$ 35,532</u> | <u>\$ 32,647</u> | <u>\$ 2,885</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|----------------------------------------------------------------------------------------------------------|-------------------|---------------------|-----------------------------------------------|
| <i>Civic Center-Civic Center Administration:</i> | | | |
| Personal Services | \$ 345,670 | \$ 341,126 | \$ 4,544 |
| Materials and Supplies | 100,030 | 89,894 | 10,136 |
| Contractual Services | 503,087 | 489,180 | 13,907 |
| Other | 60,480 | 58,300 | 2,180 |
| <i>Total Civic Center-Civic Center Administration</i> | <u>1,009,267</u> | <u>978,500</u> | <u>30,767</u> |
| Total Leisure Time Activities | <u>2,144,854</u> | <u>2,096,545</u> | <u>48,309</u> |
| Debt Service: | | | |
| <i>Interest and Fiscal Charges:</i> | | | |
| General Obligation Various | | | |
| Improvement Bonds | 68,150 | 68,150 | - |
| <i>Total Interest and Fiscal Charges</i> | <u>68,150</u> | <u>68,150</u> | <u>-</u> |
| Total Debt Service | <u>68,150</u> | <u>68,150</u> | <u>-</u> |
| Total Expenditures | 55,318,133 | 54,576,350 | 741,783 |
| Excess of Revenues Over (Under) Expenditures | <u>(842,145)</u> | <u>(126,537)</u> | <u>715,608</u> |
| <i>Other Financing Sources (Uses)</i> | | | |
| Sale of Note | 1,800,000 | 1,800,000 | - |
| Advances In | 4,025,185 | 4,025,185 | - |
| Advances Out | (5,825,200) | (5,825,185) | 15 |
| Operating Transfers Out | (40,000) | (40,000) | - |
| <i>Total Other Financing Sources (Uses)</i> | <u>(40,015)</u> | <u>(40,000)</u> | <u>15</u> |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (882,160) | (166,537) | 715,623 |
| <i>Fund Balances Beginning of Year</i> | 1,069,005 | 1,069,005 | - |
| Unexpended Prior Year Encumbrances | 214,781 | 214,781 | - |
| <i>Fund Balances End of Year</i> | <u>\$ 401,626</u> | <u>\$ 1,117,249</u> | <u>\$ 715,623</u> |

City of Canton, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|-----------------------------------------------------|-----------------------------------------|--------------------------------------|------------------------------------------|--------------------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 6,097,655 | \$ 419 | \$ 8,309,084 | \$ 14,407,158 |
| Cash and Cash Equivalents in Segregated Accounts | - | 3,019 | - | 3,019 |
| Taxes Receivable | - | 19,148 | - | 19,148 |
| Accounts Receivable | 29,235 | - | 764 | 29,999 |
| Due From Other Governments | 3,659,438 | - | 258,235 | 3,917,673 |
| Inventories | 26,315 | - | - | 26,315 |
| Total Assets | <u>\$ 9,812,643</u> | <u>\$ 22,586</u> | <u>\$ 8,568,083</u> | <u>\$ 18,403,312</u> |
| Liabilities and Fund Balances | | | | |
| <i>Current</i> | | | | |
| Accounts Payable | \$ 232,939 | \$ - | \$ 721,187 | \$ 954,126 |
| Accrued Wages and Benefits | 133,993 | - | - | 133,993 |
| Due to Other Funds | 178,401 | - | - | 178,401 |
| Due to Other Governments | 215,327 | - | - | 215,327 |
| Retainage Payable | - | - | 65,905 | 65,905 |
| Deferred Revenue | 2,053,054 | 19,148 | - | 2,072,202 |
| Total Liabilities | <u>2,813,714</u> | <u>19,148</u> | <u>787,092</u> | <u>3,619,954</u> |
| Fund Balances | | | | |
| Nonspendable | 26,315 | - | - | 26,315 |
| Restricted | 6,831,999 | 3,438 | 7,780,991 | 14,616,428 |
| Committed | 140,615 | - | - | 140,615 |
| <i>Total Fund Balances</i> | <u>6,998,929</u> | <u>3,438</u> | <u>7,780,991</u> | <u>14,783,358</u> |
| Total Liabilities and Fund Balances | <u>\$ 9,812,643</u> | <u>\$ 22,586</u> | <u>\$ 8,568,083</u> | <u>\$ 18,403,312</u> |

City of Canton, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2010

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--------------------------------------------------|-----------------------------------------|--------------------------------------|------------------------------------------|--------------------------------------------|
| Revenues | | | | |
| Charges for Services | \$ 1,351,256 | \$ - | \$ 1,600 | \$ 1,352,856 |
| Licenses, Permits, and Fees | 250,286 | - | - | 250,286 |
| Fines and forfeitures | 160,462 | - | - | 160,462 |
| Intergovernmental | 3,136,104 | - | - | 3,136,104 |
| Interest | 1,354 | 5,765 | 14,075 | 21,194 |
| Operating Grants and Contributions | 4,940,691 | - | - | 4,940,691 |
| Capital Grants and Contributions | 1,727,782 | - | 4,891,301 | 6,619,083 |
| Rentals | 46,212 | - | - | 46,212 |
| Other | 210,627 | - | 17,637 | 228,264 |
| Total Revenues | <u>11,824,774</u> | <u>5,765</u> | <u>4,924,613</u> | <u>16,755,152</u> |
| Expenditures | | | | |
| Current | | | | |
| General Government | 1,179,420 | 3,316 | - | 1,182,736 |
| Security of Persons and Property | 3,047,464 | - | - | 3,047,464 |
| Public Health | 4,036,376 | - | - | 4,036,376 |
| Transportation | 2,443,849 | - | - | 2,443,849 |
| Community Environment | 1,337,700 | - | - | 1,337,700 |
| Leisure Time Activities | 207,747 | - | - | 207,747 |
| Capital Outlay | - | - | 6,929,383 | 6,929,383 |
| Debt Service | | | | |
| Principal | 29,199 | - | 194,660 | 223,859 |
| Interest and Fiscal Charges | 8,729 | 2,030 | 58,191 | 68,950 |
| Total Expenditures | <u>12,290,484</u> | <u>5,346</u> | <u>7,182,234</u> | <u>19,478,064</u> |
| <i>Excess Revenues Over (Under) Expenditures</i> | <u>(465,710)</u> | <u>419</u> | <u>(2,257,621)</u> | <u>(2,722,912)</u> |
| Other Financing Sources | | | | |
| Issuance of Debt | - | - | 54,641 | 54,641 |
| Transfers In | 40,000 | - | - | 40,000 |
| Total Other Financing Sources | <u>40,000</u> | <u>-</u> | <u>54,641</u> | <u>94,641</u> |
| Net Change in Fund Balance | (425,710) | 419 | (2,202,980) | (2,628,271) |
| <i>Fund Balance at Beginning of Year</i> | <u>7,424,639</u> | <u>3,019</u> | <u>9,983,971</u> | <u>17,411,629</u> |
| <i>Fund Balance at End of Year</i> | <u>\$ 6,998,929</u> | <u>\$ 3,438</u> | <u>\$ 7,780,991</u> | <u>\$ 14,783,358</u> |

City of Canton, Ohio
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2010

| | Street Maintenance | State Highway | Municipal Road | Cornerstone Parking Deck | Health Service |
|-----------------------------------------------|-----------------------|-------------------|-------------------|--------------------------------|---------------------|
| Assets | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 309,471 | \$ 189,731 | \$ 519,377 | \$ 39,807 | \$ 2,518,542 |
| Accounts Receivable | 8,366 | - | - | 1,000 | 19,869 |
| Due From Other Governments | 1,104,700 | 83,669 | 16,492 | - | 1,667,391 |
| Inventories | 26,315 | - | - | - | - |
| Total Assets | <u>\$ 1,448,852</u> | <u>\$ 273,400</u> | <u>\$ 535,869</u> | <u>\$ 40,807</u> | <u>\$ 4,205,802</u> |
| Liabilities and Fund Balances | | | | | |
| <i>Current</i> | | | | | |
| Accounts Payable | \$ 94,377 | \$ 575 | \$ 33,843 | \$ 5,319 | \$ 20,172 |
| Accrued Wages and Benefits | 46,164 | 2,692 | - | 5,744 | 57,605 |
| Due to Other Funds | 3,296 | 152 | - | - | - |
| Due to Other Governments | 10,849 | 633 | - | 1,349 | 178,613 |
| Deferred Revenue | 665,184 | 53,280 | - | - | 1,246,070 |
| Total Liabilities | <u>819,870</u> | <u>57,332</u> | <u>33,843</u> | <u>12,412</u> | <u>1,502,460</u> |
| Fund Balances | | | | | |
| Nonspendable | 26,315 | - | - | - | - |
| Restricted | 602,667 | 216,068 | 502,026 | - | 2,703,342 |
| Committed | - | - | - | 28,395 | - |
| <i>Total Fund Balances</i> | <u>628,982</u> | <u>216,068</u> | <u>502,026</u> | <u>28,395</u> | <u>2,703,342</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,448,852</u> | <u>\$ 273,400</u> | <u>\$ 535,869</u> | <u>\$ 40,807</u> | <u>\$ 4,205,802</u> |

(continued)

City of Canton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

| | Crime Lab | Court Computer | Litter Prevention | Court | Law Department Dispute Resolution | Park |
|-----------------------------------------------|------------------|-------------------|----------------------|-------------------|--------------------------------------------|-------------------|
| Assets | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 25,797 | \$ 481,327 | \$ - | \$ 434,982 | \$ 604 | \$ 318,315 |
| Accounts Receivable | - | - | - | - | - | - |
| Due From Other Governments | 783 | 21,448 | - | 28,524 | - | - |
| Inventories | - | - | - | - | - | - |
| Total Assets | <u>\$ 26,580</u> | <u>\$ 502,775</u> | <u>\$ -</u> | <u>\$ 463,506</u> | <u>\$ 604</u> | <u>\$ 318,315</u> |
| Liabilities and Fund Balances | | | | | | |
| <i>Current</i> | | | | | | |
| Accounts Payable | \$ - | \$ 2,143 | \$ - | \$ 1,709 | \$ - | \$ 331 |
| Accrued Wages and Benefits | - | 4,657 | - | 4,817 | - | - |
| Due to Other Funds | - | - | - | - | - | 174,953 |
| Due to Other Governments | - | 1,095 | - | 1,132 | - | - |
| Deferred Revenue | - | - | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>7,895</u> | <u>-</u> | <u>7,658</u> | <u>-</u> | <u>175,284</u> |
| Fund Balances | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | 26,580 | 494,880 | - | 455,848 | - | 38,871 |
| Committed | - | - | - | - | 604 | 104,160 |
| <i>Total Fund Balances</i> | <u>26,580</u> | <u>494,880</u> | <u>-</u> | <u>455,848</u> | <u>604</u> | <u>143,031</u> |
| Total Liabilities and Fund Balances | <u>\$ 26,580</u> | <u>\$ 502,775</u> | <u>\$ -</u> | <u>\$ 463,506</u> | <u>\$ 604</u> | <u>\$ 318,315</u> |

| Youth Development | Federal Forfeiture | Enforcement and Education | Indigent Driver Alcohol Treatment | Law Enforcement Trust | Municipal Probation Services | Community Sanction Grant | Prisoner Housing | Local Law Enforcement Block Grant |
|-------------------|--------------------|---------------------------|-----------------------------------|-----------------------|------------------------------|--------------------------|------------------|-----------------------------------|
| \$ 6,695 | \$ 540,258 | \$ 13,419 | \$ 19,779 | \$ 123,168 | \$ 171,420 | \$ 57,257 | \$ 39,803 | \$ 48,816 |
| - | - | - | - | - | - | - | - | - |
| - | 14,455 | 508 | 9,964 | 564 | 14,021 | 85,300 | 463 | - |
| - | - | - | - | - | - | - | - | - |
| <u>\$ 6,695</u> | <u>\$ 554,713</u> | <u>\$ 13,927</u> | <u>\$ 29,743</u> | <u>\$ 123,732</u> | <u>\$ 185,441</u> | <u>\$ 142,557</u> | <u>\$ 40,266</u> | <u>\$ 48,816</u> |
| \$ 1,737 | \$ 8,134 | \$ - | \$ 5,563 | \$ 4,879 | \$ 1,563 | \$ 35 | \$ - | \$ - |
| - | 5,072 | - | - | 768 | 2,825 | 3,649 | - | - |
| - | - | - | - | - | - | - | - | - |
| - | 1,192 | - | - | 181 | 664 | 857 | - | - |
| - | - | - | - | - | - | 42,650 | - | - |
| <u>1,737</u> | <u>14,398</u> | <u>-</u> | <u>5,563</u> | <u>5,828</u> | <u>5,052</u> | <u>47,191</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - | - | - | - |
| 4,958 | 540,315 | 13,927 | 24,180 | 117,904 | 180,389 | 95,366 | 40,266 | 48,816 |
| - | - | - | - | - | - | - | - | - |
| <u>4,958</u> | <u>540,315</u> | <u>13,927</u> | <u>24,180</u> | <u>117,904</u> | <u>180,389</u> | <u>95,366</u> | <u>40,266</u> | <u>48,816</u> |
| <u>\$ 6,695</u> | <u>\$ 554,713</u> | <u>\$ 13,927</u> | <u>\$ 29,743</u> | <u>\$ 123,732</u> | <u>\$ 185,441</u> | <u>\$ 142,557</u> | <u>\$ 40,266</u> | <u>\$ 48,816</u> |

(continued)

City of Canton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

| | Supplementary Police Forces | Police Grants & Donations | Fire Grants & Donations | Clean Ohio | Other | Total Nonmajor Special Revenue Funds |
|-----------------------------------------------|--------------------------------|---------------------------------|-------------------------------|------------------|------------------|-----------------------------------------------|
| Assets | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 2,658 | \$ 87,483 | \$ 129,335 | \$ 2,405 | \$ 17,206 | \$ 6,097,655 |
| Accounts Receivable | - | - | - | - | - | 29,235 |
| Due From Other Governments | - | 37,417 | 535,791 | 37,948 | - | 3,659,438 |
| Inventories | - | - | - | - | - | 26,315 |
| Total Assets | \$ 2,658 | \$ 124,900 | \$ 665,126 | \$ 40,353 | \$ 17,206 | \$ 9,812,643 |
| Liabilities and Fund Balances | | | | | | |
| <i>Current</i> | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ 12,215 | \$ 40,344 | \$ - | \$ 232,939 |
| Accrued Wages and Benefits | - | - | - | - | - | 133,993 |
| Due to Other Funds | - | - | - | - | - | 178,401 |
| Due to Other Governments | - | 18,762 | - | - | - | 215,327 |
| Deferred Revenue | - | - | 45,870 | - | - | 2,053,054 |
| Total Liabilities | - | 18,762 | 58,085 | 40,344 | - | 2,813,714 |
| Fund Balances | | | | | | |
| Nonspendable | - | - | - | - | - | 26,315 |
| Restricted | 2,658 | 106,138 | 607,041 | 9 | 9,750 | 6,831,999 |
| Committed | - | - | - | - | 7,456 | 140,615 |
| <i>Total Fund Balances</i> | <i>2,658</i> | <i>106,138</i> | <i>607,041</i> | <i>9</i> | <i>17,206</i> | <i>6,998,929</i> |
| Total Liabilities and Fund Balances | \$ 2,658 | \$ 124,900 | \$ 665,126 | \$ 40,353 | \$ 17,206 | \$ 9,812,643 |

City of Canton, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended December 31, 2010

| | Street Maintenance | State Highway | Municipal Road | Cornerstone Parking Deck | Health Service |
|--------------------------------------------------|-----------------------|-------------------|-------------------|--------------------------------|---------------------|
| Revenues | | | | | |
| Charges for Services | \$ - | \$ - | \$ - | \$ 348,756 | \$ 3,317 |
| Licenses, Permits, and Fees | - | - | - | - | 250,286 |
| Fines and forfeitures | - | - | - | - | - |
| Intergovernmental | 2,933,186 | 202,918 | - | - | - |
| Interest | 208 | 155 | - | - | - |
| Operating Grants and Contributions | - | - | - | - | 3,036,594 |
| Capital Grants and Contributions | - | - | 16,492 | - | - |
| Rentals | - | - | - | 19,250 | - |
| Other | 33,537 | 1,826 | - | - | 104,202 |
| Total Revenues | <u>2,966,931</u> | <u>204,899</u> | <u>16,492</u> | <u>368,006</u> | <u>3,394,399</u> |
| Expenditures | | | | | |
| Current | | | | | |
| General Government | - | - | - | - | - |
| Security of Persons and Property | 1,120,719 | 2,000 | - | 400,277 | - |
| Public Health | - | - | - | - | 4,036,376 |
| Transportation | 1,841,820 | 163,737 | 438,292 | - | - |
| Community Environment | - | - | - | - | - |
| Leisure Time Activities | - | - | - | - | - |
| Debt Service | | | | | |
| Principal | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - |
| Total Expenditures | <u>2,962,539</u> | <u>165,737</u> | <u>438,292</u> | <u>400,277</u> | <u>4,036,376</u> |
| <i>Excess Revenues Over (Under) Expenditures</i> | <u>4,392</u> | <u>39,162</u> | <u>(421,800)</u> | <u>(32,271)</u> | <u>(641,977)</u> |
| Other Financing Sources | | | | | |
| Transfers In | - | - | - | - | 40,000 |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>40,000</u> |
| Net Change in Fund Balance | 4,392 | 39,162 | (421,800) | (32,271) | (601,977) |
| <i>Fund Balance at Beginning of Year</i> | <u>624,590</u> | <u>176,906</u> | <u>923,826</u> | <u>60,666</u> | <u>3,305,319</u> |
| <i>Fund Balance at End of Year</i> | <u>\$ 628,982</u> | <u>\$ 216,068</u> | <u>\$ 502,026</u> | <u>\$ 28,395</u> | <u>\$ 2,703,342</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, 2010

| | Crime Lab | Court Computer | Litter Prevention | Court | Law Department Dispute Resolution | Park |
|--------------------------------------------------|------------------|-------------------|----------------------|-------------------|--------------------------------------------|-------------------|
| Revenues | | | | | | |
| Charges for Services | \$ 12,781 | \$ 338,529 | \$ - | \$ 427,403 | \$ 615 | \$ - |
| Licenses, Permits, and Fees | - | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Operating Grants and Contributions | - | - | - | - | - | 320 |
| Capital Grants and Contributions | - | - | - | - | - | 182,228 |
| Rentals | - | - | - | - | - | 26,962 |
| Other | - | - | 3,648 | 512 | - | 515 |
| Total Revenues | <u>12,781</u> | <u>338,529</u> | <u>3,648</u> | <u>427,915</u> | <u>615</u> | <u>210,025</u> |
| Expenditures | | | | | | |
| Current | | | | | | |
| General Government | - | 254,500 | - | 259,949 | 1,300 | - |
| Security of Persons and Property | - | - | - | - | - | - |
| Public Health | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - |
| Community Environment | - | - | - | - | - | - |
| Leisure Time Activities | - | - | - | - | - | 207,747 |
| Debt Service | | | | | | |
| Principal | - | - | - | 29,199 | - | - |
| Interest and Fiscal Charges | - | - | - | 8,729 | - | - |
| Total Expenditures | <u>-</u> | <u>254,500</u> | <u>-</u> | <u>297,877</u> | <u>1,300</u> | <u>207,747</u> |
| <i>Excess Revenues Over (Under) Expenditures</i> | <u>12,781</u> | <u>84,029</u> | <u>3,648</u> | <u>130,038</u> | <u>(685)</u> | <u>2,278</u> |
| Other Financing Sources | | | | | | |
| Transfers In | - | - | - | - | - | - |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | 12,781 | 84,029 | 3,648 | 130,038 | (685) | 2,278 |
| <i>Fund Balance at Beginning of Year</i> | <u>13,799</u> | <u>410,851</u> | <u>(3,648)</u> | <u>325,810</u> | <u>1,289</u> | <u>140,753</u> |
| <i>Fund Balance at End of Year</i> | <u>\$ 26,580</u> | <u>\$ 494,880</u> | <u>\$ -</u> | <u>\$ 455,848</u> | <u>\$ 604</u> | <u>\$ 143,031</u> |

| Youth Development | Federal Forfeiture | Enforcement and Education | Indigent Driver Alcohol Treatment | Law Enforcement Trust | Municipal Probation Services | Community Sanction Grant | Prisoner Housing | Local Law Enforcement Block Grant |
|-------------------|--------------------|---------------------------|-----------------------------------|-----------------------|------------------------------|--------------------------|------------------|-----------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 219,855 | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - | - |
| - | 43,942 | 7,965 | 53,133 | 46,232 | - | - | 9,190 | - |
| - | - | - | - | - | - | - | - | - |
| - | 556 | - | - | - | - | - | - | 435 |
| 239,730 | 58,581 | - | - | - | - | 178,029 | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 55,000 | 2,618 | 3,425 | - | 3,591 | 197 | 406 | - | - |
| <u>294,730</u> | <u>105,697</u> | <u>11,390</u> | <u>53,133</u> | <u>49,823</u> | <u>220,052</u> | <u>178,435</u> | <u>9,190</u> | <u>435</u> |
| 291,437 | - | - | 64,658 | - | 151,931 | 155,645 | - | - |
| - | 345,824 | 8,240 | - | 123,403 | - | - | - | 56,903 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| <u>291,437</u> | <u>345,824</u> | <u>8,240</u> | <u>64,658</u> | <u>123,403</u> | <u>151,931</u> | <u>155,645</u> | <u>-</u> | <u>56,903</u> |
| <u>3,293</u> | <u>(240,127)</u> | <u>3,150</u> | <u>(11,525)</u> | <u>(73,580)</u> | <u>68,121</u> | <u>22,790</u> | <u>9,190</u> | <u>(56,468)</u> |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 3,293 | (240,127) | 3,150 | (11,525) | (73,580) | 68,121 | 22,790 | 9,190 | (56,468) |
| 1,665 | 780,442 | 10,777 | 35,705 | 191,484 | 112,268 | 72,576 | 31,076 | 105,284 |
| <u>\$ 4,958</u> | <u>\$ 540,315</u> | <u>\$ 13,927</u> | <u>\$ 24,180</u> | <u>\$ 117,904</u> | <u>\$ 180,389</u> | <u>\$ 95,366</u> | <u>\$ 40,266</u> | <u>\$ 48,816</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, 2010

| | Supplementary Police Forces | Police Grants & Donations | Fire Grants & Donations | Clean Ohio | Other | Total Nonmajor Special Revenue Funds |
|--------------------------------------------------|--------------------------------|---------------------------------|-------------------------------|------------------|------------------|--------------------------------------------------|
| Revenues | | | | | | |
| Charges for Services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,351,256 |
| Licenses, Permits, and Fees | - | - | - | - | - | 250,286 |
| Fines and forfeitures | - | - | - | - | - | 160,462 |
| Intergovernmental | - | - | - | - | - | 3,136,104 |
| Interest | - | - | - | - | - | 1,354 |
| Operating Grants and Contributions | - | 952,945 | 474,492 | - | - | 4,940,691 |
| Capital Grants and Contributions | - | - | 251,180 | 1,257,882 | 20,000 | 1,727,782 |
| Rentals | - | - | - | - | - | 46,212 |
| Other | 1,150 | - | - | - | - | 210,627 |
| Total Revenues | <u>1,150</u> | <u>952,945</u> | <u>725,672</u> | <u>1,257,882</u> | <u>20,000</u> | <u>11,824,774</u> |
| Expenditures | | | | | | |
| Current | | | | | | |
| General Government | - | - | - | - | - | 1,179,420 |
| Security of Persons and Property | 528 | 861,970 | 127,600 | - | - | 3,047,464 |
| Public Health | - | - | - | - | - | 4,036,376 |
| Transportation | - | - | - | - | - | 2,443,849 |
| Community Environment | - | - | - | 1,317,700 | 20,000 | 1,337,700 |
| Leisure Time Activities | - | - | - | - | - | 207,747 |
| Debt Service | | | | | | |
| Principal | - | - | - | - | - | 29,199 |
| Interest and Fiscal Charges | - | - | - | - | - | 8,729 |
| Total Expenditures | <u>528</u> | <u>861,970</u> | <u>127,600</u> | <u>1,317,700</u> | <u>20,000</u> | <u>12,290,484</u> |
| <i>Excess Revenues Over (Under) Expenditures</i> | <u>622</u> | <u>90,975</u> | <u>598,072</u> | <u>(59,818)</u> | <u>-</u> | <u>(465,710)</u> |
| Other Financing Sources | | | | | | |
| Transfers In | - | - | - | - | - | 40,000 |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>40,000</u> |
| Net Change in Fund Balance | 622 | 90,975 | 598,072 | (59,818) | - | (425,710) |
| <i>Fund Balance at Beginning of Year</i> | 2,036 | 15,163 | 8,969 | 59,827 | 17,206 | 7,424,639 |
| <i>Fund Balance at End of Year</i> | <u>\$ 2,658</u> | <u>\$ 106,138</u> | <u>\$ 607,041</u> | <u>\$ 9</u> | <u>\$ 17,206</u> | <u>\$ 6,998,929</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|----------------------------------------------------|-------------------|-------------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 95,228 | \$ 89,083 | \$ (6,145) |
| Operating Grants | 12,860,077 | 6,962,497 | (5,897,580) |
| Capital Grants | 515,283 | 20,283 | (495,000) |
| Contributions and Donations | 35 | 300 | 265 |
| Rentals | 65,000 | 38,831 | (26,169) |
| Other | 233,136 | 283,155 | 50,019 |
| <i>Total Revenues</i> | <u>13,768,759</u> | <u>7,394,149</u> | <u>(6,374,610)</u> |
| Expenditures | | | |
| Current: | | | |
| Community Environment: | | | |
| <i>Youth Development Administration:</i> | | | |
| Personnel Costs | 207,278 | 166,913 | 40,365 |
| Materials and Supplies | 14,012 | 9,878 | 4,134 |
| Contractual Services | 633,603 | 82,990 | 550,613 |
| Capital Outlay | 25,858 | 20,709 | 5,149 |
| Other | 899 | - | 899 |
| <i>Total Youth Development Administration</i> | <u>881,650</u> | <u>280,490</u> | <u>601,160</u> |
| <i>Compliance Administration:</i> | | | |
| Personnel Costs | 78,602 | 59,381 | 19,221 |
| Materials and Supplies | 15,765 | 2,162 | 13,603 |
| Contractual Services | 32,370 | 14,827 | 17,543 |
| Capital Outlay | 800 | - | 800 |
| Other | 108,168 | 107,668 | 500 |
| <i>Total Compliance Development Administration</i> | <u>235,705</u> | <u>184,038</u> | <u>51,667</u> |
| <i>Community Development Administration:</i> | | | |
| Personnel Costs | 938,637 | 912,094 | 26,543 |
| Materials and Supplies | 30,052 | 21,784 | 8,268 |
| Contractual Services | 969,556 | 851,751 | 117,805 |
| Capital Outlay | 139,134 | 128,356 | 10,778 |
| Other | 2,638,446 | 2,119,435 | 519,011 |
| <i>Total Community Development Administration</i> | <u>4,715,825</u> | <u>4,033,420</u> | <u>682,405</u> |
| <i>Federal Stimulus Funding:</i> | | | |
| Personnel Costs | 171,271 | 148,314 | 22,957 |
| Materials and Supplies | 5,956 | 1,337 | 4,619 |
| Contractual Services | 2,448,500 | 2,242,657 | 205,843 |
| Capital Outlay | 35,466 | 22,078 | 13,388 |
| Other | 2,449,169 | 2,360,706 | 88,463 |
| <i>Total Federal Stimulus Funding</i> | <u>5,110,362</u> | <u>4,775,092</u> | <u>335,270</u> |
| <i>Energy Efficiency Conservation:</i> | | | |
| Materials and Supplies | 286,286 | 285,266 | 1,020 |
| Contractual Services | 75,000 | 75,000 | - |
| Capital Outlay | 441,714 | 1,993 | 439,721 |
| <i>Total Energy Efficiency Conservation</i> | <u>\$ 803,000</u> | <u>\$ 362,259</u> | <u>\$ 440,741</u> |

(continued)

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Community and Economic Development Fund (continued)
For the Year Ended December 31, 2010*

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|----------------------------------------------------------------------------------------------------------|-------------------|-----------------------|-----------------------------------------------|
| <i>Community Development Demolition:</i> | | | |
| Personnel Costs | \$ 164,400 | \$ 145,723 | \$ 18,677 |
| Materials and Supplies | 14,000 | 9,350 | 4,650 |
| Contractual Services | 230,125 | 222,617 | 7,508 |
| Total Community Development Demolition | 408,525 | 377,690 | 30,835 |
| <i>Fair Housing Administration:</i> | | | |
| Personnel Costs | 100,971 | 84,673 | 16,298 |
| Materials and Supplies | 4,746 | 500 | 4,246 |
| Contractual Services | 10,610 | 500 | 10,110 |
| Capital Outlay | 1,000 | - | 1,000 |
| Other | 9,000 | 6,305 | 2,695 |
| Total Fair Housing Administration | 126,327 | 91,978 | 34,349 |
| <i>Economic Development Grants/Loans:</i> | | | |
| Contractual Services | 644,453 | 644,453 | - |
| Total Expenditures | 12,925,847 | 10,749,420 | 2,176,427 |
| Excess of Revenues Over (Under) Expenditures | 842,912 | (3,355,271) | (4,198,183) |
| Other Financing Sources (Uses) | | | |
| Sale of Capital Assets | 798 | 3,326 | 2,528 |
| Advances In | 174,953 | | (174,953) |
| Advances Out | (174,953) | (174,953) | - |
| Total Other Financing Sources (Uses) | 798 | (171,627) | (172,425) |
| Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses | 843,710 | (3,526,898) | (4,370,608) |
| <i>Fund Balance (Deficit) Beginning of Year</i> | (1,385,219) | (1,385,219) | - |
| Unexpended Prior Year Encumbrances | 921,047 | 921,047 | - |
| Fund Balance (Deficit) End of Year | \$ 379,538 | \$ (3,991,070) | \$ (4,370,608) |

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, 2010*

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|----------------------------------------------------------------|------------------|-------------------|-----------------------------------------------|
| Revenues | | | |
| Intergovernmental | \$ 2,895,000 | \$ 2,951,737 | \$ 56,737 |
| Interest | 500 | 208 | (292) |
| Other | - | 34,707 | 34,707 |
| <i>Total Revenues</i> | <u>2,895,500</u> | <u>2,986,652</u> | <u>91,152</u> |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Traffic Divisions-Traffic Engineer Administration:</i> | | | |
| Personnel Costs | 297,133 | 292,842 | 4,291 |
| Materials and Supplies | 3,440 | 2,555 | 885 |
| Contractual Services | 27,802 | 26,650 | 1,152 |
| Other | 1,346 | 554 | 792 |
| <i>Total Traffic Divisions-Traffic Engineer Administration</i> | <u>329,721</u> | <u>322,601</u> | <u>7,120</u> |
| <i>Traffic Divisions-Traffic Sign and Paint:</i> | | | |
| Personnel Costs | 244,162 | 238,514 | 5,648 |
| Materials and Supplies | 50,140 | 45,557 | 4,583 |
| Contractual Services | 53,079 | 44,269 | 8,810 |
| Capital Outlay | 2,286 | 1,729 | 557 |
| Other | 820 | 100 | 720 |
| <i>Total Traffic Divisions-Traffic Sign and Paint</i> | <u>350,487</u> | <u>330,169</u> | <u>20,318</u> |
| <i>Traffic Divisions-Traffic Signal:</i> | | | |
| Personnel Costs | 299,113 | 298,406 | 707 |
| Materials and Supplies | 29,649 | 28,007 | 1,642 |
| Contractual Services | 198,249 | 131,713 | 66,536 |
| Capital Outlay | 2,100 | 2,100 | - |
| Other | 263 | 200 | 63 |
| <i>Total Traffic Divisions-Traffic Signal</i> | <u>529,374</u> | <u>460,426</u> | <u>68,948</u> |
| <i>Total Security Persons and Property</i> | <u>1,209,582</u> | <u>1,113,196</u> | <u>96,386</u> |
| Transportation: | | | |
| <i>Street Maintenance:</i> | | | |
| Personnel Costs | 1,201,066 | 1,194,993 | 6,073 |
| Materials and Supplies | 492,440 | 488,841 | 3,599 |
| Contractual Services | 182,271 | 171,039 | 11,232 |
| Other | 7,590 | 7,514 | 76 |
| <i>Total Transportation</i> | <u>1,883,367</u> | <u>1,862,387</u> | <u>20,980</u> |
| <i>Total Expenditures</i> | <u>3,092,949</u> | <u>2,975,583</u> | <u>117,366</u> |
| Excess of Revenues Over (Under) Expenditures | (197,449) | 11,069 | 208,518 |
| <i>Fund Balance Beginning of Year</i> | 157,667 | 157,667 | - |
| Unexpended Prior Year Encumbrances | 41,447 | 41,447 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 1,665</u> | <u>\$ 210,183</u> | <u>\$ 208,518</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|------------------|-------------------|-----------------------------------------------|
| Revenues | | | |
| Intergovernmental | \$ 199,000 | \$ 205,111 | \$ 6,111 |
| Interest | 200 | 155 | (45) |
| Other | - | 1,826 | 1,826 |
| <i>Total Revenues</i> | <u>199,200</u> | <u>207,092</u> | <u>7,892</u> |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Traffic Divisions-Traffic Signal:</i> | | | |
| Contractual Services | 45,356 | 2,000 | 43,356 |
| Transportation: | | | |
| <i>Street Maintenance:</i> | | | |
| Personnel Costs | 196,265 | 114,964 | 81,301 |
| Materials and Supplies | 27,908 | 19,670 | 8,238 |
| Contractual Services | 34,767 | 28,919 | 5,848 |
| Other | 500 | - | 500 |
| <i>Total Transportation</i> | <u>259,440</u> | <u>163,553</u> | <u>95,887</u> |
| <i>Total Expenditures</i> | <u>304,796</u> | <u>165,553</u> | <u>139,243</u> |
| Excess of Revenues Over (Under) Expenditures | (105,596) | 41,539 | 147,135 |
| <i>Fund Balance Beginning of Year</i> | 94,289 | 94,289 | - |
| Unexpended Prior Year Encumbrances | 53,412 | 53,412 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 42,105</u> | <u>\$ 189,240</u> | <u>\$ 147,135</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|------------------------------------------------|-----------------|------------------|-----------------------------------------------|
| Revenues | | | |
| Capital Grants | \$ 79,609 | \$ 79,609 | \$ - |
| Expenditures | | | |
| Current: | | | |
| Transportation: | | | |
| <i>Engineering-Engineering Administration:</i> | | | |
| Contractual Services | 195,314 | 195,313 | 1 |
| Capital Outlay | 445,662 | 382,942 | 62,720 |
| <i>Total Engineering Administration</i> | <u>640,976</u> | <u>578,255</u> | <u>62,721</u> |
| <i>30th St NE Trunk Sewer Imprv:</i> | | | |
| Capital Outlay | 1,473 | 1,473 | - |
| <i>East Side Park Trail & Bridges:</i> | | | |
| Capital Outlay | 265,000 | 265,000 | - |
| <i>Total Expenditures</i> | <u>907,449</u> | <u>844,728</u> | <u>62,721</u> |
| Excess of Revenues (Under) Expenditures | (827,840) | (765,119) | 62,721 |
| <i>Fund Balance Beginning of Year</i> | 663,867 | 663,867 | - |
| Unexpended Prior Year Encumbrances | 163,973 | 163,973 | - |
| <i>Fund Balance End of Year</i> | <u>\$ -</u> | <u>\$ 62,721</u> | <u>\$ 62,721</u> |

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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|--------------------------------------------------------|------------------|------------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 352,144 | \$ 348,993 | \$ (3,151) |
| Rentals | 14,556 | 18,250 | 3,694 |
| <i>Total Revenues</i> | <u>366,700</u> | <u>367,243</u> | <u>543</u> |
| Expenditures | | | |
| Current: | | | |
| Security of Persons & Property: | | | |
| <i>Safety Director-Safety Director Administration:</i> | | | |
| Personnel Costs | 255,418 | 254,360 | 1,058 |
| Materials and Supplies | 12,252 | 8,416 | 3,836 |
| Contractual Services | 223,419 | 215,912 | 7,507 |
| Capital Outlay | 100 | - | 100 |
| Other | 2,286 | 1,811 | 475 |
| <i>Total Security of Persons & Property</i> | <u>493,475</u> | <u>480,499</u> | <u>12,976</u> |
| <i>Total Expenditures</i> | <u>493,475</u> | <u>480,499</u> | <u>12,976</u> |
| Excess of Revenues (Under) Expenditures | (126,775) | (113,256) | 13,519 |
| <i>Fund Balance Beginning of Year</i> | 138,083 | 138,083 | - |
| Unexpended Prior Year Encumbrances | 4,207 | 4,207 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 15,515</u> | <u>\$ 29,034</u> | <u>\$ 13,519</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|----------------------------------------------------------------------------------------------------------|-------------------|---------------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 3,317 | \$ 3,317 | \$ - |
| Licenses, Permits and Fees | 247,547 | 249,768 | 2,221 |
| Operating Grants | 3,966,685 | 3,802,487 | (164,198) |
| Contributions and Donations | 1,000 | 1,000 | - |
| Other | 100,804 | 111,579 | 10,775 |
| <i>Total Revenues</i> | <u>4,319,353</u> | <u>4,168,151</u> | <u>(151,202)</u> |
| Expenditures | | | |
| Current: | | | |
| Public Health: | | | |
| <i>Health Administration:</i> | | | |
| Personnel Costs | 2,628,889 | 2,124,256 | 504,633 |
| Materials and Supplies | 514,964 | 132,581 | 382,383 |
| Contractual Services | 259,866 | 122,912 | 136,954 |
| Capital Outlay | 452,694 | 115,852 | 336,842 |
| Other | 1,953,832 | 1,532,128 | 421,704 |
| <i>Total Expenditures</i> | <u>5,810,245</u> | <u>4,027,729</u> | <u>1,782,516</u> |
| Excess of Revenues Over (Under) Expenditures | (1,490,892) | 140,422 | 1,631,314 |
| Other Financing Sources (Uses) | | | |
| Advances In | 25,185 | 25,185 | - |
| Advances Out | (25,185) | (25,185) | - |
| Transfers In | 40,000 | 40,000 | - |
| <i>Total Other Financing Sources</i> | <u>40,000</u> | <u>40,000</u> | <u>-</u> |
| Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses | (1,450,892) | 180,422 | 1,631,314 |
| <i>Fund Balance Beginning of Year</i> | 2,174,196 | 2,174,196 | - |
| Unexpended Prior Year Encumbrances | 79,561 | 79,561 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 802,865</u> | <u>\$ 2,434,179</u> | <u>\$ 1,631,314</u> |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Employee Recognition Fund
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|--------|-----------------------------------------------|
| Revenues | \$ - | \$ - | \$ - |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| <i>Mayor Administration:</i> | | | |
| Contractual Services | 143 | - | 143 |
| Excess of Revenues Over (Under) Expenditures | (143) | - | 143 |
| <i>Fund Balance Beginning of Year</i> | 143 | 143 | - |
| <i>Fund Balance End of Year</i> | \$ - | \$ 143 | \$ 143 |

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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|---------------|-----------------------------------------------|
| Revenues | \$ - | \$ - | \$ - |
| Expenditures | - | - | - |
| Excess of Revenues Over (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
Crime Lab
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance Favorable Over/(Under) |
|-----------------------------------------------------|-----------------|------------------|---------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 12,000 | \$ 13,848 | \$ 1,848 |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Police Administration:</i> | | | |
| Other | 14,000 | - | 14,000 |
| Excess of Revenues Over (Under) Expenditures | (2,000) | 13,848 | 15,848 |
| <i>Fund Balance Beginning of Year</i> | 11,949 | 11,949 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 9,949</u> | <u>\$ 25,797</u> | <u>\$ 15,848</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|--------------------------|--------------------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 320,000 | \$ 340,994 | \$ 20,994 |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| <i>Courts/Judge-Judge Administration:</i> | | | |
| Personnel Costs | 133,465 | 130,620 | 2,845 |
| Materials and Supplies | 40,681 | 19,189 | 21,492 |
| Contractual Services | 84,632 | 69,210 | 15,422 |
| Capital Outlay | 77,198 | 35,619 | 41,579 |
| Other | 11,000 | 99 | 10,901 |
| <i>Total Expenditures</i> | <u>346,976</u> | <u>254,737</u> | <u>92,239</u> |
| Excess of Revenues Over (Under) Expenditures | (26,976) | 86,257 | 113,233 |
| <i>Fund Balance Beginning of Year</i> | 370,373 | 370,373 | - |
| Unexpended Prior Year Encumbrances | 11,208 | 11,208 | - |
| <i>Fund Balance End of Year</i> | <u><u>\$ 354,605</u></u> | <u><u>\$ 467,838</u></u> | <u><u>\$ 113,233</u></u> |

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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|-----------------|-----------------------------------------------|
| Revenues | \$ - | \$ - | \$ - |
| Expenditures | - | - | - |
| Excess of Revenues Over (Under) Expenditures | - | - | - |
| <i>Fund Balance Beginning of Year</i> | 7,515 | 7,515 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 7,515</u> | <u>\$ 7,515</u> | <u>\$ -</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|----------|-----------------------------------------------|
| Revenues | \$ - | \$ - | \$ - |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| <i>Law Director-Administration:</i> | | | |
| Capital Outlay | 7,283 | - | 7,283 |
| Excess of Revenues Over (Under) Expenditures | (7,283) | - | 7,283 |
| <i>Fund Balance Beginning of Year</i> | 7,283 | 7,283 | - |
| <i>Fund Balance End of Year</i> | \$ - | \$ 7,283 | \$ 7,283 |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Litter Prevention
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|-------------|-----------------------------------------------|
| Revenues | | | |
| Operating Grants | \$ 3,648 | \$ - | \$ (3,648) |
| Expenditures | - | - | - |
| Excess of Revenues Over (Under) Expenditures | 3,648 | - | (3,648) |
| <i>Fund Balance Beginning of Year</i> | - | - | - |
| <i>Fund Balance End of Year</i> | <u>\$ 3,648</u> | <u>\$ -</u> | <u>\$ (3,648)</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|---------------|-----------------------------------------------|
| Revenues | \$ - | \$ - | \$ - |
| Expenditures | - | - | - |
| Excess of Revenues Over (Under) Expenditures | - | - | - |
| <i>Fund Balance Beginning of Year</i> | 862 | 862 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 862</u> | <u>\$ 862</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|-----------|-----------------------------------------------|
| Revenues | | | |
| Capital Grants | \$ 41,040 | \$ 20,000 | \$ (21,040) |
| Expenditures | | | |
| Current: | | | |
| Community Environment: | | | |
| <i>Community Development Planning:</i> | | | |
| Capital Outlay | 41,040 | 20,000 | 21,040 |
| 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
Court Capital Improvement Special Project Fund
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|------------------|-------------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 339,488 | \$ 360,260 | \$ 20,772 |
| Other | 512 | 512 | - |
| <i>Total Revenues</i> | <u>340,000</u> | <u>360,772</u> | <u>20,772</u> |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| <i>Courts/Judge-Judge Administration:</i> | | | |
| Personnel Costs | 210,919 | 197,759 | 13,160 |
| Materials and Supplies | 43,500 | 18,627 | 24,873 |
| Contractual Services | 55,919 | 14,870 | 41,049 |
| Capital Outlay | 163,558 | 8,137 | 155,421 |
| Other | 26,275 | 11,668 | 14,607 |
| <i>Total Judge Administration</i> | <u>500,171</u> | <u>251,061</u> | <u>249,110</u> |
| Debt Service: | | | |
| Principal Retirement | 29,199 | 29,199 | - |
| Interest and Fiscal Charges | 8,729 | 8,729 | - |
| <i>Total Debt Service</i> | <u>37,928</u> | <u>37,928</u> | <u>-</u> |
| <i>Total Expenditures</i> | <u>538,099</u> | <u>288,989</u> | <u>249,110</u> |
| Excess of Revenues Over (Under) Expenditures | (198,099) | 71,783 | 269,882 |
| <i>Fund Balance Beginning of Year</i> | 236,802 | 236,802 | - |
| Unexpended Prior Year Encumbrances | 1,294 | 1,294 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 39,997</u> | <u>\$ 309,879</u> | <u>\$ 269,882</u> |

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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|---------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 100 | \$ 131 | \$ 31 |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| <i>Courts/Judge-Judge Administration:</i> | | | |
| Contractual Services | 750 | - | 750 |
| Excess of Revenues Over (Under) Expenditures | (650) | 131 | 781 |
| <i>Fund Balance Beginning of Year</i> | 650 | 650 | - |
| <i>Fund Balance End of Year</i> | <u>\$ -</u> | <u>\$ 781</u> | <u>\$ 781</u> |

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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|------------------------------------------------|-----------------|---------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 585 | \$ 615 | \$ 30 |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| <i>Courts/Judge-Judge Administration:</i> | | | |
| Contractual Services | 1,865 | 1,300 | 565 |
| Excess of Revenues (Under) Expenditures | (1,280) | (685) | 595 |
| <i>Fund Balance Beginning of Year</i> | 1,289 | 1,289 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 9</u> | <u>\$ 604</u> | <u>\$ 595</u> |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Court GPS Cost
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|------------------------------------------------|-----------------|------------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 2,200 | \$ - | \$ (2,200) |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| <i>Courts/Judge-Judge Administration:</i> | | | |
| Contractual Services | 17,976 | 4,392 | 13,584 |
| Excess of Revenues (Under) Expenditures | (15,776) | (4,392) | 11,384 |
| <i>Fund Balance Beginning of Year</i> | 2,192 | 2,192 | - |
| Unexpended Prior Year Encumbrances | 13,584 | 13,584 | - |
| <i>Fund Balance End of Year</i> | <u>\$ -</u> | <u>\$ 11,384</u> | <u>\$ 11,384</u> |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Ignition Interlock/Alcohol Monitoring
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|---------------------------------------------|------------------|-------------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 66,710 | \$ 71,267 | \$ 4,557 |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| <i>Courts/Judge-Judge Administration:</i> | | | |
| Contractual Services | 48,000 | - | 48,000 |
| Excess of Revenues Over Expenditures | 18,710 | 71,267 | 52,557 |
| <i>Fund Balance Beginning of Year</i> | 39,404 | 39,404 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 58,114</u> | <u>\$ 110,671</u> | <u>\$ 52,557</u> |

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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-------------------------------------------------------------------------|------------------|-------------------|-----------------------------------------------|
| Revenue | | | |
| Capital Grants | \$ 198,000 | \$ 182,228 | \$ (15,772) |
| Contributions and Donations | 250 | 320 | 70 |
| Rentals | 27,350 | 26,962 | (388) |
| Other | - | 515 | 515 |
| <i>Total Revenues</i> | <u>225,600</u> | <u>210,025</u> | <u>(15,575)</u> |
| Expenditures | | | |
| Current: | | | |
| Leisure Time Activities: | | | |
| <i>Park Division - Special Parks Funds:</i> | | | |
| Materials and Supplies | 72,929 | 12,380 | 60,549 |
| Contractual Services | 37,261 | 6,906 | 30,355 |
| Capital Outlay | 37,252 | 22,294 | 14,958 |
| Other | 176,803 | 176,723 | 80 |
| <i>Total Expenditures</i> | <u>324,245</u> | <u>218,303</u> | <u>105,942</u> |
| Excess of Revenues (Under) Expenditures | (98,645) | (8,278) | 90,367 |
| Other Financing Sources | | | |
| Advances In | 174,953 | 174,953 | - |
| Excess of Revenues and Other Financing Sources Over Expenditures | 76,308 | 166,675 | 90,367 |
| <i>Fund Balance Beginning of Year</i> | (45,679) | (45,679) | - |
| Unexpended Prior Year Encumbrances | 9,940 | 9,940 | - |
| <i>Fund Balance (Deficit) End of Year</i> | <u>\$ 40,569</u> | <u>\$ 130,936</u> | <u>\$ 90,367</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|-----------------|-----------------------------------------------|
| Revenues | | | |
| Operating Grants | \$ 285,667 | \$ 230,667 | \$ (55,000) |
| Contributions and Donations | 8,470 | 9,063 | 593 |
| Other | - | 55,000 | 55,000 |
| <i>Total Revenues</i> | <u>294,137</u> | <u>294,730</u> | <u>593</u> |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| <i>Youth Development Administration:</i> | | | |
| Personnel Costs | 230,722 | 230,722 | - |
| Materials and Supplies | 6,324 | 3,743 | 2,581 |
| Contractual Services | 2,230 | 2,230 | - |
| Other | 55,385 | 55,371 | 14 |
| <i>Total Expenditures</i> | <u>294,661</u> | <u>292,066</u> | <u>2,595</u> |
| Excess of Revenues Over (Under) Expenditures | (524) | 2,664 | 3,188 |
| <i>Fund Balance Beginning of Year</i> | 1,667 | 1,667 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 1,143</u> | <u>\$ 4,331</u> | <u>\$ 3,188</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|------------------------------------------------|-------------------|-------------------|-----------------------------------------------|
| Revenues | | | |
| Fines and Forfeitures | \$ 34,559 | \$ 32,306 | \$ (2,253) |
| Operating Grants | - | 57,941 | 57,941 |
| Interest | 800 | 570 | (230) |
| Contributions and Donations | - | 640 | 640 |
| Other | 441 | 3,059 | 2,618 |
| <i>Total Revenues</i> | <u>35,800</u> | <u>94,516</u> | <u>58,716</u> |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Police Administration:</i> | | | |
| Personnel Costs | 135,000 | 128,885 | 6,115 |
| Materials and Supplies | 34,014 | 31,631 | 2,383 |
| Contractual Services | 44,847 | 35,468 | 9,379 |
| Capital Outlay | 181,966 | 144,037 | 37,929 |
| Other | 23,428 | 4,786 | 18,642 |
| <i>Total Expenditures</i> | <u>419,255</u> | <u>344,807</u> | <u>74,448</u> |
| Excess of Revenues (Under) Expenditures | (383,455) | (250,291) | 133,164 |
| <i>Fund Balance Beginning of Year</i> | 776,401 | 776,401 | - |
| Unexpended Prior Year Encumbrances | 6,630 | 6,630 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 399,576</u> | <u>\$ 532,740</u> | <u>\$ 133,164</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|------------------|-----------------------------------------------|
| Revenues | | | |
| Fines and Forfeitures | \$ 8,392 | \$ 7,876 | \$ (516) |
| Other | 3,308 | 3,425 | 117 |
| <i>Total Revenues</i> | <u>11,700</u> | <u>11,301</u> | <u>(399)</u> |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Police Administration:</i> | | | |
| Other | <u>20,270</u> | <u>8,560</u> | <u>11,710</u> |
| Excess of Revenues Over (Under) Expenditures | (8,570) | 2,741 | 11,311 |
| <i>Fund Balance Beginning of Year</i> | 10,089 | 10,089 | - |
| Unexpended Prior Year Encumbrances | 270 | 270 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 1,789</u> | <u>\$ 13,100</u> | <u>\$ 11,311</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|------------------------------------------------|-----------------|-----------------|-----------------------------------------------|
| Revenues | | | |
| Fines and Forfeitures | \$ 43,000 | \$ 45,084 | \$ 2,084 |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| <i>Courts/Judge-Judge Administration:</i> | | | |
| Contractual Services | 81,000 | 76,125 | 4,875 |
| Excess of Revenues (Under) Expenditures | (38,000) | (31,041) | 6,959 |
| <i>Fund Balance Beginning of Year</i> | 37,053 | 37,053 | - |
| Unexpended Prior Year Encumbrances | 1,000 | 1,000 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 53</u> | <u>\$ 7,012</u> | <u>\$ 6,959</u> |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|------------------------------------------------|------------------|-------------------|-----------------------------------------------|
| Revenues | | | |
| Fines and Forfeitures | \$ 100,709 | \$ 103,036 | \$ 2,327 |
| Other | 3,591 | 3,591 | - |
| <i>Total Revenues</i> | <u>104,300</u> | <u>106,627</u> | <u>2,327</u> |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Police Administration:</i> | | | |
| Personnel Costs | 52,367 | 42,639 | 9,728 |
| Materials and Supplies | 11,920 | 10,190 | 1,730 |
| Contractual Services | 76,891 | 71,697 | 5,194 |
| Capital Outlay | 2,060 | 2,000 | 60 |
| Other | 11,000 | 1,071 | 9,929 |
| <i>Total Expenditures</i> | <u>154,238</u> | <u>127,597</u> | <u>26,641</u> |
| Excess of Revenues (Under) Expenditures | (49,938) | (20,970) | 28,968 |
| <i>Fund Balance Beginning of Year</i> | 135,715 | 135,715 | - |
| Unexpended Prior Year Encumbrances | 3,780 | 3,780 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 89,557</u> | <u>\$ 118,525</u> | <u>\$ 28,968</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|------------------------------------------------|-----------------|-----------------|-----------------------------------------------|
| Revenues | | | |
| Operating Grants | \$ - | \$ 672 | \$ 672 |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Police Administration:</i> | | | |
| Materials and Supplies | 12,162 | 3,174 | 8,988 |
| Excess of Revenues (Under) Expenditures | (12,162) | (2,502) | 9,660 |
| <i>Fund Balance Beginning of Year</i> | 12,162 | 12,162 | - |
| <i>Fund Balance End of Year</i> | <u>\$ -</u> | <u>\$ 9,660</u> | <u>\$ 9,660</u> |

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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|-------------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 200,000 | \$ 221,346 | \$ 21,346 |
| Other | - | 197 | 197 |
| <i>Total Revenues</i> | <u>200,000</u> | <u>221,543</u> | <u>21,543</u> |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| <i>Courts/Judge-Judge Administration:</i> | | | |
| Personnel Costs | 178,470 | 119,126 | 59,344 |
| Materials and Supplies | 52,770 | 6,874 | 45,896 |
| Contractual Services | 16,834 | 16,370 | 464 |
| Capital Outlay | 41,140 | 1,125 | 40,015 |
| Other | 10,831 | 7,218 | 3,613 |
| <i>Total Expenditures</i> | <u>300,045</u> | <u>150,713</u> | <u>149,332</u> |
| Excess of Revenues Over (Under) Expenditures | (100,045) | 70,830 | 170,875 |
| <i>Fund Balance Beginning of Year</i> | 100,019 | 100,019 | - |
| Unexpended Prior Year Encumbrances | 575 | 575 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 549</u> | <u>\$ 171,424</u> | <u>\$ 170,875</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|------------------------------------------------|------------------|------------------|-----------------------------------------------|
| Revenues | | | |
| Operating Grants | \$ 185,457 | \$ 185,457 | \$ - |
| Other | 406 | 406 | - |
| <i>Total Revenues</i> | <u>185,863</u> | <u>185,863</u> | <u>-</u> |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| <i>Courts/Judge-Judge Administration:</i> | | | |
| Personnel Costs | 158,506 | 151,194 | 7,312 |
| Materials and Supplies | 8,272 | 1,105 | 7,167 |
| Other | <u>3,823</u> | <u>3,172</u> | <u>651</u> |
| <i>Total Courts/Judge-Judge Administration</i> | 170,601 | 155,471 | 15,130 |
| Excess of Revenues Over Expenditures | 15,262 | 30,392 | 15,130 |
| <i>Fund Balance Beginning of Year</i> | 26,865 | 26,865 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 42,127</u> | <u>\$ 57,257</u> | <u>\$ 15,130</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|------------------|-----------------------------------------------|
| Revenues | | | |
| Fines and Forfeitures | \$ 10,000 | \$ 9,938 | \$ (62) |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| <i>Courts/Judge-Judge Administration:</i> | | | |
| Contractual Services | 34,864 | - | 34,864 |
| Excess of Revenues Over (Under) Expenditures | (24,864) | 9,938 | 34,802 |
| <i>Fund Balance Beginning of Year</i> | 29,865 | 29,865 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 5,001</u> | <u>\$ 39,803</u> | <u>\$ 34,802</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|------------------------------------------------|------------------|------------------|-----------------------------------------------|
| Revenues | | | |
| Interest | \$ 437 | \$ 435 | \$ (2) |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Police Administration:</i> | | | |
| Materials and Supplies | 5,000 | 628 | 4,372 |
| Contractual Services | 850 | - | 850 |
| Capital Outlay | 756 | 346 | 410 |
| Other | 75,495 | 53,049 | 22,446 |
| <i>Total Expenditures</i> | <u>82,101</u> | <u>54,023</u> | <u>28,078</u> |
| Excess of Revenues (Under) Expenditures | (81,664) | (53,588) | 28,076 |
| <i>Fund Balance Beginning of Year</i> | 100,156 | 100,156 | - |
| Unexpended Prior Year Encumbrances | 1,755 | 1,755 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 20,247</u> | <u>\$ 48,323</u> | <u>\$ 28,076</u> |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Safe Neighborhood Heroes Grant
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|-----------------|-----------------------------------------------|
| Revenues | \$ - | \$ - | \$ - |
| Expenditures | - | - | - |
| Excess of Revenues Over (Under) Expenditures | - | - | - |
| <i>Fund Balance Beginning of Year</i> | 1,000 | 1,000 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 1,000</u> | <u>\$ 1,000</u> | <u>\$ -</u> |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Police Donation
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|---------------------------------------------|-----------------|------------------|-----------------------------------------------|
| Revenues | | | |
| Contributions and Donations | \$ 6,600 | \$ 11,350 | \$ 4,750 |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Police Administration:</i> | | | |
| Materials and Supplies | 2,000 | 1,528 | 472 |
| Excess of Revenues Over Expenditures | 4,600 | 9,822 | 5,222 |
| <i>Fund Balance Beginning of Year</i> | 2,000 | 2,000 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 6,600</u> | <u>\$ 11,822</u> | <u>\$ 5,222</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|-------------|-----------------------------------------------|
| Revenues | \$ - | \$ - | \$ - |
| Expenditures | - | - | - |
| Excess of Revenues Over (Under) Expenditures | - | - | - |
| <i>Fund Balance Beginning of Year</i> | 8 | 8 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 8</u> | <u>\$ 8</u> | <u>\$ -</u> |

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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|------------------------|------------------------|-----------------------------------------------|
| Revenues | | | |
| Other | \$ 1,150 | \$ 1,150 | \$ - |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Police Administration:</i> | | | |
| Materials and Supplies | 970 | 119 | 851 |
| Contractual Services | 144 | 144 | - |
| Other | 737 | 265 | 472 |
| <i>Total Expenditures</i> | <u>1,851</u> | <u>528</u> | <u>1,323</u> |
| Excess of Revenues Over (Under) Expenditures | (701) | 622 | 1,323 |
| <i>Fund Balance Beginning of Year</i> | 1,678 | 1,678 | - |
| Unexpended Prior Year Encumbrances | 351 | 351 | - |
| <i>Fund Balance End of Year</i> | <u><u>\$ 1,328</u></u> | <u><u>\$ 2,651</u></u> | <u><u>\$ 1,323</u></u> |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
2009 COPS Hiring Recovery Program
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|---------------------------------------------|-----------------|--------------|-----------------------------------------------|
| Revenues | | | |
| Operating Grants | \$ 659,785 | \$ 659,785 | \$ - |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Federal Stimulus Funding for Police:</i> | | | |
| Other | 659,731 | 659,731 | - |
| Excess of Revenues Over Expenditures | 54 | 54 | - |
| <i>Fund Balance Beginning of Year</i> | - | - | - |
| <i>Fund Balance End of Year</i> | <u>\$ 54</u> | <u>\$ 54</u> | <u>\$ -</u> |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Byrne Memorial Recovery Act
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|-----------|-----------------------------------------------|
| Revenues | | | |
| Operating Grants | \$ 112,500 | \$ 57,941 | \$ (54,559) |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Federal Stimulus Funding for Police:</i> | | | |
| Other | 112,500 | 57,941 | 54,559 |
| 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
Fire Donation Fund
For the Year Ended December 31, 2010

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Over/(Under)</u> |
|-----------------------------------------------------|-------------------------|-----------------|--------------------------------------------------------|
| Revenues | \$ - | \$ - | \$ - |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Fire Administration:</i> | | | |
| Materials and Supplies | <u>4,216</u> | <u>-</u> | <u>4,216</u> |
| Excess of Revenues Over (Under) Expenditures | (4,216) | - | 4,216 |
| <i>Fund Balance Beginning of Year</i> | 4,216 | 4,216 | - |
| <i>Fund Balance End of Year</i> | <u>\$ -</u> | <u>\$ 4,216</u> | <u>\$ 4,216</u> |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Byrne Memorial Justice Assistance Grant
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|----------------|-----------------------------------------------|
| Revenues | | | |
| Operating Grants | \$ 157,112 | \$ 120,834 | \$ (36,278) |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Federal Stimulus Funding for Police:</i> | | | |
| Personnel Costs | | | - |
| Materials and Supplies | 51,774 | 48,141 | 3,633 |
| Contractual Services | 30,000 | - | 30,000 |
| Capital Outlay | 37,000 | 34,355 | 2,645 |
| Other | 38,338 | 38,338 | - |
| <i>Total Expenditures</i> | <u>157,112</u> | <u>120,834</u> | <u>36,278</u> |
| Excess of Revenues Over (Under) Expenditures | - | - | - |
| <i>Fund Balance Beginning of Year</i> | - | - | - |
| <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
 2010 Local Solicitation Byrne Grant
 For the Year Ended December 31, 2010*

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|---------------------------------------------|------------------|------------------|-----------------------------------------------|
| Revenues | | | |
| Operating Grants | \$ 64,946 | \$ 64,946 | \$ - |
| Expenditures | - | - | - |
| Excess of Revenues Over Expenditures | 64,946 | 64,946 | - |
| <i>Fund Balance Beginning of Year</i> | - | - | - |
| <i>Fund Balance End of Year</i> | <u>\$ 64,946</u> | <u>\$ 64,946</u> | <u>\$ -</u> |

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, 2010

| | Final 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
EMS Training and Equipment Fund
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-------------------|-----------------|-----------------------------------------------|
| Revenues | | | |
| Operating Grants | \$ 4,500 | \$ 4,500 | \$ - |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Fire Administration:</i> | | | |
| Materials and Supplies | 11,607 | 4,452 | 7,155 |
| Excess of Revenues Over (Under) Expenditures | (7,107) | 48 | 7,155 |
| <i>Fund Balance Beginning of Year</i> | 3,157 | 3,157 | - |
| <i>Fund Balance End of Year</i> | <u>\$ (3,950)</u> | <u>\$ 3,205</u> | <u>\$ 7,155</u> |

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, 2010*

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|------------|-----------------------------------------------|
| Revenues | | | |
| Capital Grants | \$ 253,040 | \$ 231,251 | \$ (21,789) |
| Expenditures | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| <i>Fire Administration:</i> | | | |
| Materials and Supplies | 126,330 | 110,936 | 15,394 |
| Capital Outlay | 119,410 | 22,770 | 96,640 |
| Other | 7,300 | 7,073 | 227 |
| <i>Total Expenditures</i> | 253,040 | 140,779 | 112,261 |
| Excess of Revenues Over (Under) Expenditures | - | 90,472 | 90,472 |
| <i>Fund Balance Beginning of Year</i> | 162 | 162 | - |
| <i>Fund Balance End of Year</i> | \$ 162 | \$ 90,634 | \$ 90,472 |

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, 2010*

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|----------------|-----------------------------------------------|
| Revenues | | | |
| Capital Grants | \$ 7,461,488 | \$ 1,278,856 | \$ (6,182,632) |
| Expenditures | | | |
| Current: | | | |
| Community Environment: | | | |
| <i>Community Development Administration:</i> | | | |
| Capital Outlay | 7,046,773 | 4,769,056 | 2,277,717 |
| Excess of Revenues Over (Under) Expenditures | 414,715 | (3,490,200) | (3,904,915) |
| <i>Fund Balance (Deficit) Beginning of Year</i> | (2,984,453) | (2,984,453) | - |
| Unexpended Prior Year Encumbrances | 2,786,242 | 2,786,242 | - |
| <i>Fund Balance (Deficit) End of Year</i> | \$ 216,504 | \$ (3,688,411) | \$ (3,904,915) |

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances -Budget (Non-GAAP Basis) and Actual
 Ford Road Grant
 For the Year Ended December 31, 2010*

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|--------|-----------------------------------------------|
| Revenues | | | |
| Capital Grants | \$ 500,000 | \$ - | \$ (500,000) |
| Expenditures | | | |
| Current: | | | |
| Community Environment: | | | |
| <i>Community Development Administration:</i> | | | |
| Contractual Services | 500,000 | - | 500,000 |
| Excess of Revenues Over (Under) Expenditures | - | - | - |
| <i>Fund Balance (Deficit) Beginning of Year</i> | - | - | - |
| <i>Fund Balance (Deficit) End of Year</i> | \$ - | \$ - | \$ - |

City of Canton, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2010

| | General Obligation Bond Retirement | Special Assessment Bond Retirement | Total Nonmajor Debt Service |
|-----------------------------------------------------|---------------------------------------|------------------------------------------|--------------------------------------|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 419 | \$ - | \$ 419 |
| Cash and Cash Equivalents in Segregated Accounts | 3,019 | - | 3,019 |
| Taxes Receivable | - | 19,148 | 19,148 |
| Total Assets | \$ 3,438 | \$ 19,148 | \$ 22,586 |
| Liabilities and Fund Balances | | | |
| <i>Current</i> | | | |
| Deferred Revenue | \$ - | \$ 19,148 | \$ 19,148 |
| Fund Balances | | | |
| Restricted | 3,438 | - | 3,438 |
| <i>Total Fund Balances</i> | 3,438 | - | 3,438 |
| Total Liabilities and Fund Balances | \$ 3,438 | \$ 19,148 | \$ 22,586 |

City of Canton, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Funds
For the year ended December 31, 2010

| | <u>General Obligation Bond Retirement</u> | <u>Special Assessment Bond Retirement</u> | <u>Total Nonmajor Debt Service Funds</u> |
|------------------------------------------|-----------------------------------------------|---------------------------------------------------|------------------------------------------------------|
| Revenues | | | |
| Interest | \$ 5,765 | \$ - | \$ 5,765 |
| Expenditures | | | |
| Current | | | |
| General Government | 3,316 | - | 3,316 |
| Debt Service | | | |
| Interest and Fiscal Charges | <u>2,030</u> | <u>-</u> | <u>2,030</u> |
| Total Expenditures | <u>5,346</u> | <u>-</u> | <u>5,346</u> |
| Net Change in Fund Balance | 419 | - | 419 |
| <i>Fund Balance at Beginning of Year</i> | <u>3,019</u> | <u>-</u> | <u>3,019</u> |
| <i>Fund Balance at End of Year</i> | <u><u>\$ 3,438</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 3,438</u></u> |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|---------------------------------------------|-----------------|---------------|-----------------------------------------------|
| Revenues | | | |
| Interest | \$ 5,765 | \$ 5,765 | \$ - |
| Expenditures | | | |
| Current: | | | |
| General Government: | | | |
| <i>Auditor-Auditor Administration:</i> | | | |
| Contractual Services | 3,316 | 3,316 | - |
| Debt Service: | | | |
| <i>Interest and Fiscal Charges:</i> | | | |
| Various Purpose Notes | 2,030 | 2,030 | - |
| <i>Total Expenditures</i> | <u>5,346</u> | <u>5,346</u> | <u>-</u> |
| Excess of Revenues Over Expenditures | 419 | 419 | - |
| <i>Fund Balance Beginning of Year</i> | - | - | - |
| <i>Fund Balance End of Year</i> | <u>\$ 419</u> | <u>\$ 419</u> | <u>\$ -</u> |

City of Canton, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010

| | 2006 City Infrastructure Bond | Traffic Signalization | 2006 Recreational Bond | 2006 Construct/ Reconstruct Bond | Judges Facilities/ City Hall Renovation | Civic Center Improvement |
|-----------------------------------------------|----------------------------------------|--------------------------|------------------------------|-------------------------------------------|--------------------------------------------------|-----------------------------|
| Assets | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 2,248,944 | \$ - | \$ 778,642 | \$ 5,131,452 | \$ 150,046 | \$ - |
| Accounts Receivable | 255 | - | - | 509 | - | - |
| Due From Other Governments | - | - | - | - | - | - |
| Total Assets | <u>\$ 2,249,199</u> | <u>\$ -</u> | <u>\$ 778,642</u> | <u>\$ 5,131,961</u> | <u>\$ 150,046</u> | <u>\$ -</u> |
| Liabilities and Fund Balances | | | | | | |
| <i>Current</i> | | | | | | |
| Accounts Payable | \$ 58,968 | \$ - | \$ - | \$ 401,836 | \$ 2,148 | \$ - |
| Retainage Payable | 4,393 | - | - | 61,512 | - | - |
| Total Liabilities | <u>63,361</u> | <u>-</u> | <u>-</u> | <u>463,348</u> | <u>2,148</u> | <u>-</u> |
| Fund Balances | | | | | | |
| Restricted | 2,185,838 | - | 778,642 | 4,668,613 | 147,898 | - |
| Total Liabilities and Fund Balances | <u>\$ 2,249,199</u> | <u>\$ -</u> | <u>\$ 778,642</u> | <u>\$ 5,131,961</u> | <u>\$ 150,046</u> | <u>\$ -</u> |

| <u>Fulton Road & Park Road Improvement</u> | <u>49th & Gardendale Project</u> | <u>30th St NE Trunk Sewer</u> | <u>25th St NE Storm Sewer</u> | <u>Sherrick Road Project</u> | <u>Cleveland Ave Resurfacing</u> | <u>Harmont Ave Sanitary Sewer Extension</u> | <u>Guilford Ave Bridge Replacement</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|--------------------------------------------------------|----------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|------------------------------------------|---------------------------------------------------------|------------------------------------------------|----------------------------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8,309,084 |
| - | - | - | - | - | - | - | - | 764 |
| 3,502 | - | 24,165 | - | 3,285 | 6,039 | 20,227 | 201,017 | 258,235 |
| <u>\$ 3,502</u> | <u>\$ -</u> | <u>\$ 24,165</u> | <u>\$ -</u> | <u>\$ 3,285</u> | <u>\$ 6,039</u> | <u>\$ 20,227</u> | <u>\$ 201,017</u> | <u>\$ 8,568,083</u> |
| \$ 3,502 | \$ - | \$ 24,165 | \$ - | \$ 3,285 | \$ 6,039 | \$ 20,227 | \$ 201,017 | \$ 721,187 |
| - | - | - | - | - | - | - | - | 65,905 |
| <u>3,502</u> | <u>-</u> | <u>24,165</u> | <u>-</u> | <u>3,285</u> | <u>6,039</u> | <u>20,227</u> | <u>201,017</u> | <u>787,092</u> |
| - | - | - | - | - | - | - | - | 7,780,991 |
| <u>\$ 3,502</u> | <u>\$ -</u> | <u>\$ 24,165</u> | <u>\$ -</u> | <u>\$ 3,285</u> | <u>\$ 6,039</u> | <u>\$ 20,227</u> | <u>\$ 201,017</u> | <u>\$ 8,568,083</u> |

City of Canton, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Project Funds
For the year ended December 31, 2010

| | 2006 City Infrastructure Bond | Traffic Signalization | 2006 Recreational Bond | 2006 Construct/ Reconstruct Bond | Judges Facilities/ City Hall Renovation | Civic Center Improvement |
|--------------------------------------------------|----------------------------------------|--------------------------|------------------------------|-------------------------------------------|--------------------------------------------------|-----------------------------|
| Revenues | | | | | | |
| Charges for Services | \$ - | \$ - | \$ - | \$ 1,600 | \$ - | \$ - |
| Interest | 4,772 | - | 815 | 8,287 | 201 | - |
| Capital Grants and Contributions | - | - | - | - | - | - |
| Other | 16,779 | - | - | - | 858 | - |
| Total Revenues | <u>21,551</u> | <u>-</u> | <u>815</u> | <u>9,887</u> | <u>1,059</u> | <u>-</u> |
| Expenditures | | | | | | |
| Current | | | | | | |
| Capital Outlay | 951,886 | 26 | - | 868,155 | 163,372 | 2 |
| Debt Service | | | | | | |
| Principal | - | - | 194,660 | - | - | - |
| Interest and Fiscal Charges | - | - | 58,191 | - | - | - |
| Total Expenditures | <u>951,886</u> | <u>26</u> | <u>252,851</u> | <u>868,155</u> | <u>163,372</u> | <u>2</u> |
| <i>Excess Revenues Over (Under) Expenditures</i> | <u>(930,335)</u> | <u>(26)</u> | <u>(252,036)</u> | <u>(858,268)</u> | <u>(162,313)</u> | <u>(2)</u> |
| Other Financing Sources | | | | | | |
| Issuance of Debt | - | - | - | - | - | - |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | (930,335) | (26) | (252,036) | (858,268) | (162,313) | (2) |
| <i>Fund Balance at Beginning of Year</i> | 3,116,173 | 26 | 1,030,678 | 5,526,881 | 310,211 | 2 |
| <i>Fund Balance at End of Year</i> | <u>\$ 2,185,838</u> | <u>\$ -</u> | <u>\$ 778,642</u> | <u>\$ 4,668,613</u> | <u>\$ 147,898</u> | <u>\$ -</u> |

| Fulton Road & Park Road Improvement | 49th & Gardendale Project | 30th St NE Trunk Sewer | 25th St NE Storm Sewer | Sherrick Road Project | Cleveland Ave Resurfacing | Harmont Ave Sanitary Sewer Extension | Guilford Ave Bridge Replacement | Total Nonmajor Capital Projects Funds |
|-------------------------------------------|---------------------------------|------------------------------|------------------------------|-----------------------------|---------------------------------|-----------------------------------------------|---------------------------------------|------------------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,600 |
| - | - | - | - | - | - | - | - | 14,075 |
| 860,257 | 18,793 | 86,136 | 1,444,400 | 995,519 | 1,223,134 | 62,045 | 201,017 | 4,891,301 |
| - | - | - | - | - | - | - | - | 17,637 |
| <u>860,257</u> | <u>18,793</u> | <u>86,136</u> | <u>1,444,400</u> | <u>995,519</u> | <u>1,223,134</u> | <u>62,045</u> | <u>201,017</u> | <u>4,924,613</u> |
| 860,257 | 18,793 | 86,136 | 1,444,400 | 995,519 | 1,223,134 | 116,686 | 201,017 | 6,929,383 |
| - | - | - | - | - | - | - | - | 194,660 |
| - | - | - | - | - | - | - | - | 58,191 |
| <u>860,257</u> | <u>18,793</u> | <u>86,136</u> | <u>1,444,400</u> | <u>995,519</u> | <u>1,223,134</u> | <u>116,686</u> | <u>201,017</u> | <u>7,182,234</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(54,641)</u> | <u>-</u> | <u>(2,257,621)</u> |
| - | - | - | - | - | - | 54,641 | - | 54,641 |
| - | - | - | - | - | - | 54,641 | - | 54,641 |
| - | - | - | - | - | - | - | - | (2,202,980) |
| - | - | - | - | - | - | - | - | 9,983,971 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,780,991</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|---------------------|---------------------|-----------------------------------------------|
| Revenues | | | |
| Municipal Income Tax | \$ 7,384,432 | \$ 7,658,950 | \$ 274,518 |
| Charges for Services | 1,600 | 2,115 | 515 |
| Fines and Forfeitures | 337 | 337 | - |
| Capital Grants | - | 531 | 531 |
| Other | 162,692 | 206,885 | 44,193 |
| <i>Total Revenues</i> | <u>7,549,061</u> | <u>7,868,818</u> | <u>319,757</u> |
| Expenditures | | | |
| Capital Outlay: | | | |
| Safety Director: | | | |
| Police Department-Police Administration | 45,325 | 43,594 | 1,731 |
| Fire Department-Fire Administration | 334,296 | 323,942 | 10,354 |
| Traffic Divisions: | | | |
| Traffic Signal | 60,027 | 60,000 | 27 |
| Service Director: | | | |
| Service Director Administration | 245,942 | 175,262 | 70,680 |
| Engineering Administration | 1,454,658 | 1,275,148 | 179,510 |
| Engineering - 30th St. NE Trunk Sewer & Improvement | 45,243 | 45,243 | - |
| Engineering - 25th St. NE Storm Sewer | 75,000 | - | 75,000 |
| Engineering - West Side Park Trail & Bridge | 7,130 | - | 7,130 |
| Engineering - East Side Park Trail & Bridge | 109,994 | 101,324 | 8,670 |
| Street Administration | 63 | - | 63 |
| Street Paving | 2,563,804 | 2,302,443 | 261,361 |
| Civic Center Administration | 8,130 | 8,130 | - |
| Building Maintenance Administration | 36,093 | 27,823 | 8,270 |
| Collection System Department | 290,679 | 252,823 | 37,856 |
| Health: | | | |
| Health Administration | 1,931 | 1,931 | - |
| Park Division: | | | |
| Park Administration | 33,775 | 28,952 | 4,823 |
| Management Information Systems: | | | |
| Information Technology Manager | 299,903 | 294,428 | 5,475 |
| Council: | | | |
| Council Administration | 30,000 | 27,830 | 2,170 |
| Judges: | | | |
| Judge Administration | 57,698 | - | 57,698 |
| Auditor: | | | |
| Auditor Administration | 133,166 | 133,166 | - |
| Auditor-Legally Binding Expenses | 148,399 | 148,399 | - |
| <i>Total Capital Outlay</i> | <u>\$ 5,981,256</u> | <u>\$ 5,250,438</u> | <u>\$ 730,818</u> |

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, 2010*

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|--------------------------------------------------------------------------------|--------------------|-------------------|-----------------------------------------------|
| Debt Service: | | | |
| Principal Retirement | \$ 2,932,308 | \$ 2,932,308 | \$ - |
| Interest and Fiscal Charges | 675,434 | 675,434 | - |
| <i>Total Debt Service</i> | <u>3,607,742</u> | <u>3,607,742</u> | <u>-</u> |
| <i>Total Expenditures</i> | <u>9,588,998</u> | <u>8,858,180</u> | <u>730,818</u> |
| Excess of Revenues (Under) Expenditures | (2,039,937) | (989,362) | 1,050,575 |
| Other Financing Sources | | | |
| Sale of Capital Assets | 2,939 | 6,221 | 3,282 |
| Excess of Revenues and Other Financing Sources (Under) Expenditures | (2,036,998) | (983,141) | 1,053,857 |
| <i>Fund Balance Beginning of Year</i> | 1,617,725 | 1,617,725 | - |
| Unexpended Prior Year Encumbrances | 350,739 | 350,739 | - |
| <i>Fund Balance End of Year</i> | <u>\$ (68,534)</u> | <u>\$ 985,323</u> | <u>\$ 1,053,857</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|------------------------------------------------------------------------------------------------------|------------------|------------------|-----------------------------------------------|
| Revenues | | | |
| Municipal Income Tax | \$ 1,887,000 | \$ 1,914,734 | \$ 27,734 |
| Rentals | 18,000 | 5,985 | (12,015) |
| Other | - | 13,356 | 13,356 |
| <i>Total Revenues</i> | <u>1,905,000</u> | <u>1,934,075</u> | <u>29,075</u> |
| Expenditures | | | |
| Capital Outlay: | | | |
| Safety Director: | | | |
| Safety Director Administration | 4,300 | 4,227 | 73 |
| Code Enforcement Administration | 6,841 | 6,841 | - |
| Central Communication Administration | 165,000 | 165,000 | - |
| Police Department-Police Administration | 590,566 | 588,119 | 2,447 |
| Fire Department-Fire Administration | 491,383 | 490,297 | 1,086 |
| Traffic Divisions-Engineer Administration | 5,755 | 5,755 | - |
| Traffic Divisions-Traffic Sign & Paint | 13,909 | 13,909 | - |
| Traffic Divisions-Traffic Signal | 10,022 | 10,022 | - |
| Service Director: | | | |
| Engineering Administration | 4,611 | 4,538 | 73 |
| Maintenance | 205,216 | 185,216 | 20,000 |
| Civic Center Administration | 3,937 | 3,937 | - |
| Building Maintenance Administration | 5,717 | 5,717 | - |
| Health: | | | |
| Health Administration | 25,346 | 25,282 | 64 |
| Park Division: | | | |
| Park Administration | 20,466 | 20,466 | - |
| Mayor: | | | |
| Mayor Administration | 4,300 | 4,227 | 73 |
| Judges: | | | |
| Judge Administration | 13,380 | 13,334 | 46 |
| <i>Total Expenditures</i> | <u>1,570,749</u> | <u>1,546,887</u> | <u>23,862</u> |
| Excess of Revenues Over Expenditures | 334,251 | 387,188 | 52,937 |
| Other Financing Sources (Uses) | | | |
| Sale of Capital Assets | 20,000 | 30,554 | 10,554 |
| Transfer Out | (19,010) | - | 19,010 |
| <i>Total Other Financing Sources</i> | <u>990</u> | <u>30,554</u> | <u>29,564</u> |
| Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | 335,241 | 417,742 | 82,501 |
| <i>Fund Balance Beginning of Year</i> | 76,460 | 76,460 | - |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
2006 City Infrastructure Bond Fund
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|------------------------------------------------|-------------------|---------------------|-----------------------------------------------|
| Revenues | | | |
| Interest | \$ 3,000 | \$ 4,598 | \$ 1,598 |
| Expenditures | | | |
| Capital Outlay: | | | |
| Service Director: | | | |
| Service Director Administration | 938,259 | 331,585 | 606,674 |
| Engineering - 49th St & Gardendale | 239,947 | 4,514 | 235,433 |
| Engineering - 25th St NE Storm Sewer | 375,367 | 102,728 | 272,639 |
| Engineering - Mahoning Rd Corr Prj | 440,000 | 440,000 | - |
| Engineering - 12th St N Corridor Prj | 631,741 | - | 631,741 |
| <i>Total Expenditures</i> | <u>2,625,314</u> | <u>878,827</u> | <u>1,746,487</u> |
| Excess of Revenues (Under) Expenditures | (2,622,314) | (874,229) | 1,748,085 |
| <i>Fund Balance Beginning of Year</i> | 2,773,165 | 2,773,165 | - |
| <i>Unexpended Prior Year Encumbrance</i> | 30,020 | 30,020 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 180,871</u> | <u>\$ 1,928,956</u> | <u>\$ 1,748,085</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, 2010

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Over/(Under)</u> |
|------------------------------------------------|-------------------------|--------------------|--------------------------------------------------------|
| Revenues | \$ - | \$ - | \$ - |
| Expenditures | | | |
| Capital Outlay: | | | |
| Auditor: | | | |
| Auditor Administration | <u>26</u> | <u>26</u> | <u>-</u> |
| Excess of Revenues (Under) Expenditures | (26) | (26) | - |
| <i>Fund Balance Beginning of Year</i> | 26 | 26 | - |
| <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
2006 Recreational Bond Fund
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|------------------------------------------------|------------------|-------------------|-----------------------------------------------|
| Revenues | | | |
| Capital Grants | \$ 186,314 | \$ 186,314 | \$ - |
| Interest | 700 | 802 | 102 |
| <i>Total Revenues</i> | <u>187,014</u> | <u>187,116</u> | <u>102</u> |
| Expenditures | | | |
| Capital Outlay: | | | |
| Service Director: | | | |
| Service Director Administration | 200,087 | 87 | 200,000 |
| Park Division: | | | |
| Park - Mallonn Memorial Park | 273 | - | 273 |
| <i>Total Service Administration:</i> | 200,360 | 87 | 200,273 |
| Debt Service: | | | |
| Principal Retirement | 770,854 | 194,660 | 576,194 |
| Interest and Fiscal Charges | 60,000 | 58,191 | 1,809 |
| <i>Total Debt Service</i> | <u>830,854</u> | <u>252,851</u> | <u>578,003</u> |
| <i>Total Expenditures</i> | <u>1,031,214</u> | <u>252,938</u> | <u>778,276</u> |
| Excess of Revenues (Under) Expenditures | <u>(844,200)</u> | <u>(65,822)</u> | <u>778,378</u> |
| <i>Fund Balance Beginning of Year</i> | 843,941 | 843,941 | - |
| <i>Unexpended Prior Year Encumbrance</i> | 360 | 360 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 101</u> | <u>\$ 778,479</u> | <u>\$ 778,378</u> |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
2006 Construct/Reconstruct Bond Fund
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|------------------------------------------------|--------------------|---------------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 1,600 | \$ 1,600 | \$ - |
| Interest | 6,900 | 7,796 | 896 |
| <i>Total Revenues</i> | <u>8,500</u> | <u>9,396</u> | <u>896</u> |
| Expenditures | | | |
| Capital Outlay: | | | |
| Service Director: | | | |
| Service Director Administration | 3,556,361 | 3,060,544 | 495,817 |
| Judges: | | | |
| Judges City Hall Renovation Project | 1,913,242 | - | 1,913,242 |
| <i>Total Expenditures</i> | <u>5,469,603</u> | <u>3,060,544</u> | <u>2,409,059</u> |
| Excess of Revenues (Under) Expenditures | <u>(5,461,103)</u> | <u>(3,051,148)</u> | <u>2,409,955</u> |
| <i>Fund Balance Beginning of Year</i> | 5,467,686 | 5,467,686 | - |
| <i>Unexpended Prior Year Encumbrance</i> | 20,647 | 20,647 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 27,230</u> | <u>\$ 2,437,185</u> | <u>\$ 2,409,955</u> |

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances -Budget (Non-GAAP Basis) and Actual
 2006 Judge Facilities/City Hall Reconstruction Bond
 For the Year Ended December 31, 2010*

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|------------------------------------------------|-----------------|-------------------|-----------------------------------------------|
| Revenues | | | |
| Interest | \$ 185 | \$ 207 | \$ 22 |
| Other | - | 858 | 858 |
| <i>Total Revenues</i> | <u>185</u> | <u>1,065</u> | <u>880</u> |
| Expenditures | | | |
| Capital Outlay: | | | |
| Judges: | | | |
| Judges City Hall Renovation Project | 309,670 | 186,000 | 123,670 |
| Excess of Revenues (Under) Expenditures | (309,485) | (184,935) | 124,550 |
| <i>Fund Balance Beginning of Year</i> | 306,925 | 306,925 | - |
| Unexpended Prior Year Encumbrances | 3,004 | 3,004 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 444</u> | <u>\$ 124,994</u> | <u>\$ 124,550</u> |

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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|------------------------------------------------|-----------------|--------|-----------------------------------------------|
| Revenues | \$ - | \$ - | \$ - |
| Expenditures | | | |
| Capital Outlay: | | | |
| Auditor: | | | |
| Auditor Administration | 1 | 1 | - |
| Excess of Revenues (Under) Expenditures | (1) | (1) | - |
| <i>Fund Balance Beginning of Year</i> | 1 | 1 | - |
| <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
 Fulton Road & Park Intersection Improvement Fund
 For the Year Ended December 31, 2010*

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|--------------------|-----------------------------------------------|
| Revenues | | | |
| Capital Grants | \$ 1,749,080 | \$ 856,755 | \$ (892,325) |
| Expenditures | | | |
| Capital Outlay: | | | |
| Engineering - Fulton Rd & Park Intersection | 1,749,080 | 918,075 | 831,005 |
| Excess of Revenues Over (Under) Expenditures | - | (61,320) | (61,320) |
| <i>Fund Balance Beginning of Year</i> | - | - | - |
| <i>Fund Balance (Deficit) End of Year</i> | <u>\$ -</u> | <u>\$ (61,320)</u> | <u>\$ (61,320)</u> |

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances -Budget (Non-GAAP Basis) and Actual
 49th St & Gardendale NE Storm Sewer Project
 For the Year Ended December 31, 2010*

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-------------------------------------------------|-----------------|-------------|-----------------------------------------------|
| Revenues | | | |
| Capital Grants | \$ 686,691 | \$ 313,758 | \$ (372,933) |
| Expenditures | | | |
| Capital Outlay: | | | |
| Engineering - 49th St & Gardendale | 385,781 | 12,848 | 372,933 |
| Excess of Revenues Over Expenditures | 300,910 | 300,910 | - |
| <i>Fund Balance (Deficit) Beginning of Year</i> | (313,481) | (313,481) | - |
| Unexpended Prior Year Encumbrances | 12,571 | 12,571 | - |
| <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
30th St NE Trunk Sewer
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|------------------|--------------------|-----------------------------------------------|
| Revenues | | | |
| Capital Grants | \$ 504,449 | \$ 152,118 | \$ (352,331) |
| Expenditures | | | |
| Capital Outlay: | | | |
| Engineering - 30th St. NE Trunk Sewer & Improvement | 260,379 | 29,389 | 230,990 |
| Excess of Revenues Over Expenditures | 244,070 | 122,729 | (121,341) |
| <i>Fund Balance (Deficit) Beginning of Year</i> | (168,373) | (168,373) | - |
| Unexpended Prior Year Encumbrances | 16,256 | 16,256 | - |
| <i>Fund Balance (Deficit) End of Year</i> | <u>\$ 91,953</u> | <u>\$ (29,388)</u> | <u>\$ (121,341)</u> |

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances -Budget (Non-GAAP Basis) and Actual
 25th St NE Storm Sewer Project
 For the Year Ended December 31, 2010*

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Over/(Under)</u> |
|-------------------------------------------------|-------------------------|--------------------|--------------------------------------------------------|
| Revenues | | | |
| Capital Grants | \$ 2,423,971 | \$ 1,607,260 | \$ (816,711) |
| Expenditures | | | |
| Capital Outlay: | | | |
| Engineering - 25th St NE Storm Sewer | <u>827,034</u> | <u>20,646</u> | <u>806,388</u> |
| Excess of Revenues Over Expenditures | 1,596,937 | 1,586,614 | (10,323) |
| <i>Fund Balance (Deficit) Beginning of Year</i> | (1,706,360) | (1,706,360) | - |
| Unexpended Prior Year Encumbrances | 109,423 | 109,423 | - |
| <i>Fund Balance (Deficit) End of Year</i> | <u>\$ -</u> | <u>\$ (10,323)</u> | <u>\$ (10,323)</u> |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Sherrick Road Project
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|---------------------|-----------------------------------------------|
| Revenues | | | |
| Capital Grants | \$ 1,500,000 | \$ 992,234 | \$ (507,766) |
| Expenditures | | | |
| Capital Outlay: | | | |
| Engineering - Sherrick Road Project | 1,500,000 | 1,243,553 | 256,447 |
| Excess of Revenues Over (Under) Expenditures | - | (251,319) | (251,319) |
| <i>Fund Balance Beginning of Year</i> | - | - | - |
| <i>Fund Balance (Deficit) End of Year</i> | <u>\$ -</u> | <u>\$ (251,319)</u> | <u>\$ (251,319)</u> |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Cleveland Avenue Resurfacing Project
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|------------------|---------------------|-----------------------------------------------|
| Revenues | | | |
| Capital Grants | \$ 1,830,346 | \$ 1,217,095 | \$ (613,251) |
| Expenditures | | | |
| Capital Outlay: | | | |
| Engineering - Cleveland Ave Resurfacing Project | <u>1,830,346</u> | <u>1,432,034</u> | <u>398,312</u> |
| Excess of Revenues Over (Under) Expenditures | - | (214,939) | (214,939) |
| <i>Fund Balance Beginning of Year</i> | - | - | - |
| <i>Fund Balance (Deficit) End of Year</i> | <u>\$ -</u> | <u>\$ (214,939)</u> | <u>\$ (214,939)</u> |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
Harmont Ave Sanitary Sewer Project
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-------------------------------------------------------------------------------------|-----------------|--------------------|-----------------------------------------------|
| Revenues | | | |
| Capital Grants | \$ 125,000 | \$ 62,045 | \$ (62,955) |
| Expenditures | | | |
| Capital Outlay: | | | |
| Engineering - Harmont Sanitary Sewer Project | 125,000 | 109,186 | 15,814 |
| Excess of Revenues Over (Under) Expenditures | - | (47,141) | (47,141) |
| Other Financing Sources | | | |
| Proceeds of Loan | - | 34,414 | 34,414 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures | - | (12,727) | (12,727) |
| <i>Fund Balance Beginning of Year</i> | - | - | - |
| <i>Fund Balance (Deficit) End of Year</i> | <u>\$ -</u> | <u>\$ (25,454)</u> | <u>\$ (25,454)</u> |

City of Canton, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balances -Budget (Non-GAAP Basis) and Actual
 Guilford Ave Bridge Replacement
 For the Year Ended December 31, 2010*

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Over/(Under)</u> |
|-------------------------------------------------------|-------------------------|----------------------------|--------------------------------------------------------|
| Revenues | | | |
| Capital Grants | \$ 386,380 | \$ - | \$ (386,380) |
| Expenditures | | | |
| Capital Outlay: | | | |
| Engineering - Guilford Ave Bridge Replacement Project | <u>386,380</u> | <u>312,607</u> | <u>73,773</u> |
| Excess of Revenues Over (Under) Expenditures | - | (312,607) | (312,607) |
| <i>Fund Balance Beginning of Year</i> | - | - | - |
| <i>Fund Balance (Deficit) End of Year</i> | <u><u>\$ -</u></u> | <u><u>\$ (312,607)</u></u> | <u><u>\$ (312,607)</u></u> |

City of Canton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances -Budget (Non-GAAP Basis) and Actual
12th St N Corridor Project
For the Year Ended December 31, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------|-----------------|-------------|-----------------------------------------------|
| Revenues | | | |
| Capital Grants | \$ 743,852 | \$ - | \$ (743,852) |
| Expenditures | | | |
| Capital Outlay: | | | |
| Engineering - 12th St N Corridor Project | 743,852 | - | 743,852 |
| Excess of Revenues Over (Under) Expenditures | - | - | - |
| <i>Fund Balance Beginning of Year</i> | - | - | - |
| <i>Fund Balance End of Year</i> | <u>\$ -</u> | <u>\$ -</u> | <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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-----------------------------------------------------------------------------|----------------------|-----------------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 13,578,951 | \$ 13,982,426 | \$ 403,475 |
| Interest | - | 56 | 56 |
| Capital Grants | 636,997 | 317,758 | (319,239) |
| Operating Grants | - | 21,735 | 21,735 |
| Rentals | 65,295 | 67,945 | 2,650 |
| Other | 18,762 | 24,907 | 6,145 |
| <i>Total Revenues</i> | <u>14,300,005</u> | <u>14,414,827</u> | <u>114,822</u> |
| Expenses | | | |
| Personnel Costs | 6,191,113 | 5,871,693 | 319,420 |
| Material and Supplies | 1,501,896 | 1,183,063 | 318,833 |
| Contractual Services | 4,029,731 | 3,631,549 | 398,182 |
| Capital Outlay | 14,644,187 | 12,079,864 | 2,564,323 |
| Claims | 22,134 | 5,164 | 16,970 |
| Other | 168,200 | 121,236 | 46,964 |
| Debt Service: | | | |
| Principal Retirement | 1,625,564 | 1,599,915 | 25,649 |
| Interest and Fiscal Charges | 1,299,140 | 769,045 | 530,095 |
| <i>Total Expenses</i> | <u>29,481,965</u> | <u>25,261,529</u> | <u>4,220,436</u> |
| Excess of Revenues (Under) Expenses | (15,181,960) | (10,846,702) | 4,335,258 |
| Other Financing Sources | | | |
| Sale of Capital Assets | 1,845 | 2,565 | 720 |
| Proceeds of Loans | 20,057,636 | 3,557,892 | (16,499,744) |
| <i>Total Other Financing Sources</i> | <u>20,059,481</u> | <u>3,560,457</u> | <u>(16,499,024)</u> |
| Excess of Revenues and Other Financing Sources Over/(Under) Expenses | 4,877,521 | (7,286,245) | (12,163,766) |
| <i>Fund Equity Beginning of Year</i> | 4,813,054 | 4,813,054 | - |
| Unexpended Prior Year Encumbrances | 420,411 | 420,411 | - |
| <i>Fund Balance (Deficit) End of Year</i> | <u>\$ 10,110,986</u> | <u>\$ (2,052,780)</u> | <u>\$ (12,163,766)</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|-------------------------------------------------|---------------------|---------------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 11,480,744 | \$ 12,107,462 | \$ 626,718 |
| Capital Grants | 1,511 | 1,511 | - |
| Rentals | 23,000 | 23,463 | 463 |
| Other | 1,306,594 | 808,121 | (498,473) |
| <i>Total Revenues</i> | <u>12,811,849</u> | <u>12,940,557</u> | <u>128,708</u> |
| Expenses | | | |
| Personnel Costs | 5,409,626 | 4,913,785 | 495,841 |
| Material and Supplies | 1,057,511 | 701,036 | 356,475 |
| Contractual Services | 4,367,787 | 3,520,891 | 846,896 |
| Capital Outlay | 1,454,923 | 584,464 | 870,459 |
| Claims | 46,180 | 44,629 | 1,551 |
| Other | 115,887 | 50,422 | 65,465 |
| Debt Service: | | | |
| Principal Retirement | 980,928 | 980,928 | - |
| Interest and Fiscal Charges | 294,016 | 294,016 | - |
| <i>Total Expenses</i> | <u>13,726,858</u> | <u>11,090,171</u> | <u>2,636,687</u> |
| Excess of Revenues Over (Under) Expenses | (915,009) | 1,850,386 | 2,765,395 |
| <i>Fund Equity Beginning of Year</i> | 7,191,957 | 7,191,957 | - |
| Unexpended Prior Year Encumbrances | 357,315 | 357,315 | - |
| <i>Fund Equity End of Year</i> | <u>\$ 6,634,263</u> | <u>\$ 9,399,658</u> | <u>\$ 2,765,395</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|---------------------------------------------------------------------|-------------------|---------------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 5,803,200 | \$ 5,969,624 | \$ 166,424 |
| Capital Grants | 1,511 | 1,511 | - |
| Operating Grants | 90,000 | 66,991 | (23,009) |
| Other | 31,780 | 33,327 | 1,547 |
| <i>Total Revenues</i> | <u>5,926,491</u> | <u>6,071,453</u> | <u>144,962</u> |
| Expenses | | | |
| Personnel Costs | 3,479,959 | 3,024,868 | 455,091 |
| Material and Supplies | 81,721 | 60,411 | 21,310 |
| Contractual Services | 1,890,339 | 1,779,864 | 110,475 |
| Capital Outlay | 57,120 | 31,000 | 26,120 |
| Claims | 8,080 | 5,572 | 2,508 |
| Other | 52,268 | 34,625 | 17,643 |
| <i>Total Expenses</i> | <u>5,569,487</u> | <u>4,936,340</u> | <u>633,147</u> |
| Excess of Revenues Over Expenses | 357,004 | 1,135,113 | 778,109 |
| Other Financing Sources | | | |
| Sale of Capital Assets | - | 1,080 | 1,080 |
| Excess of Revenues and Other Financing Sources Over Expenses | 357,004 | 1,136,193 | 779,189 |
| <i>Fund Equity Beginning of Year</i> | 180,639 | 180,639 | - |
| Unexpended Prior Year Encumbrances | 13,894 | 13,894 | - |
| <i>Fund Equity End of Year</i> | <u>\$ 551,537</u> | <u>\$ 1,330,726</u> | <u>\$ 779,189</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 Absences 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, 2010

| | Workers Compensation | Health Insurance | Compensated Absences Claims | Total Nonmajor Internal Service |
|-----------------------------------------------|-------------------------|---------------------|-----------------------------------|------------------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 3,279,980 | \$ 172,745 | \$ 481,399 | \$ 3,934,124 |
| Accounts Receivable | - | 50,397 | - | 50,397 |
| Due From Other Funds | - | 30,441 | 143,313 | 173,754 |
| Total Assets | \$ 3,279,980 | \$ 253,583 | \$ 624,712 | \$ 4,158,275 |
| Liabilities | | | | |
| <i>Current</i> | | | | |
| Accounts Payable | \$ 4,326 | \$ 240,201 | \$ - | \$ 244,527 |
| Accrued Wages and Benefits | 1,885 | 2,090 | 57,044 | 61,019 |
| Due to Other Governments | 443 | 491 | 13,405 | 14,339 |
| Due Within One Year | - | - | 1,056,288 | 1,056,288 |
| Claims Payable Due Within One Year | 1,707,856 | 954,215 | - | 2,662,071 |
| <i>Total Current</i> | 1,714,510 | 1,196,997 | 1,126,737 | 4,038,244 |
| <i>Noncurrent</i> | | | | |
| Due Within More Than One Year | - | - | 6,714,277 | 6,714,277 |
| <i>Total Noncurrent</i> | - | - | 6,714,277 | 6,714,277 |
| Total Liabilities | 1,714,510 | 1,196,997 | 7,841,014 | 10,752,521 |
| <i>Net Assets</i> | | | | |
| Unrestricted | 1,565,470 | (943,414) | (7,216,302) | (6,594,246) |
| Total Net Assets and Liabilities | \$ 3,279,980 | \$ 253,583 | \$ 624,712 | \$ 4,158,275 |

City of Canton, Ohio
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Nonmajor Internal Service Funds
For the year ended December 31, 2010

| | <u>Workers Compensation</u> | <u>Health Insurance</u> | <u>Compensated Absences Claims</u> | <u>Total Nonmajor Internal Service</u> |
|----------------------------------------------|---------------------------------|-----------------------------|--------------------------------------------|----------------------------------------------------|
| Revenues | | | | |
| Charges for Services | \$ 1,223,487 | \$ 9,004,530 | \$ 2,907,136 | \$ 13,135,153 |
| Other | 18,568 | 117,895 | - | 136,463 |
| Total Revenue | <u>1,242,055</u> | <u>9,122,425</u> | <u>2,907,136</u> | <u>13,271,616</u> |
| Operating Expenses | | | | |
| Personal Services | 73,889 | 77,531 | - | 151,420 |
| Contractual Services | 53,553 | 909,431 | 5,990 | 968,974 |
| Materials and Supplies | 236 | - | - | 236 |
| Insurance Claims and Expenses | 1,403,560 | 8,698,669 | - | 10,102,229 |
| Benefit Claim Expenses | - | - | 3,040,956 | 3,040,956 |
| Other | 320 | - | - | 320 |
| Total Operating Expenses | <u>1,531,558</u> | <u>9,685,631</u> | <u>3,046,946</u> | <u>14,264,135</u> |
| Change in Net Assets | (289,503) | (563,206) | (139,810) | (992,519) |
| <i>Total Net Assets at Beginning of Year</i> | 1,854,973 | (380,208) | (7,076,492) | (5,601,727) |
| <i>Total Net Assets at End of Year</i> | <u>\$ 1,565,470</u> | <u>\$ (943,414)</u> | <u>\$ (7,216,302)</u> | <u>\$ (6,594,246)</u> |

City of Canton, Ohio
Combining Statement of Cash Flows
Nonmajor Internal Service Funds
For the year ended December 31, 2010

| | Workers Compensation | Health Insurance | Compensated Absences Claims | Total |
|------------------------------------------------------------------------------------------------------|-------------------------|---------------------|-----------------------------------|-------------------|
| Cash Flows From Operating Activities | | | | |
| Receipts from Customers and Users | \$ 1,223,487 | \$ 8,962,009 | \$ 2,942,147 | \$ 13,127,643 |
| Other Cash Receipts | 18,568 | 140,416 | - | 158,984 |
| Payments to Suppliers | (51,858) | (1,024,703) | (5,990) | (1,082,551) |
| Payments to Employees | (73,635) | (77,077) | - | (150,712) |
| Claims Paid | (1,831,369) | (8,343,029) | (3,491,976) | (13,666,374) |
| Other Cash Payments | (320) | - | - | (320) |
| Internal Activity - Repayment From Other Funds | 1,800,000 | - | - | 1,800,000 |
| <i>Net Cash Provided (Used) by Operating Activities</i> | <u>1,084,873</u> | <u>(342,384)</u> | <u>(555,819)</u> | <u>186,670</u> |
| <i>Net Increase (Decrease) in Cash and Cash Equivalents</i> | 1,084,873 | (342,384) | (555,819) | 186,670 |
| Balance - Beginning of the Year | 2,195,107 | 515,129 | 1,037,218 | 3,747,454 |
| Balance - End of the Year | <u>3,279,980</u> | <u>172,745</u> | <u>481,399</u> | <u>3,934,124</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | |
| Operating Income (Loss) | (289,503) | (563,206) | (139,810) | (992,519) |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities | | | | |
| Change in Assets and Liabilities: | | | | |
| Accounts Receivables, net | - | (20,007) | - | (20,007) |
| Due From Other Funds | 1,800,000 | 7 | 35,011 | 1,835,018 |
| Accounts Payables | 1,931 | (115,272) | - | (113,341) |
| Accrued Wages Payable | 206 | 368 | - | 574 |
| Intergovernmental Payable | 48 | 86 | (4,330) | (4,196) |
| Compensated Absences Payable | - | - | (428,269) | (428,269) |
| Claims Payable | (427,809) | 355,640 | (18,421) | (90,590) |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 1,084,873</u> | <u>\$ (342,384)</u> | <u>\$ (555,819)</u> | <u>\$ 186,670</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|---------------------------------------------------------------------------------|---------------------|---------------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 1,223,487 | \$ 1,223,487 | \$ - |
| Other | 118 | 18,568 | 18,450 |
| <i>Total Revenues</i> | <u>1,223,605</u> | <u>1,242,055</u> | <u>18,450</u> |
| Expenses | | | |
| Personnel Costs | 98,046 | 73,635 | 24,411 |
| Material and Supplies | 1,180 | 236 | 944 |
| Contractual Services | 154,675 | 79,141 | 75,534 |
| Claims | 2,050,000 | 1,831,369 | 218,631 |
| Other | 320 | 320 | - |
| <i>Total Expenses</i> | <u>2,304,221</u> | <u>1,984,701</u> | <u>319,520</u> |
| Excess of Revenues (Under) Expenses | (1,080,616) | (742,646) | 337,970 |
| Other Financing Sources | | | |
| Advances In | - | 1,800,000 | 1,800,000 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures | (1,080,616) | 1,057,354 | 2,137,970 |
| <i>Fund Equity Beginning of Year</i> | 2,186,147 | 2,186,147 | - |
| Unexpended Prior Year Encumbrances | 6,475 | 6,475 | - |
| <i>Fund Equity End of Year</i> | <u>\$ 1,112,006</u> | <u>\$ 3,249,976</u> | <u>\$ 2,137,970</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|--------------------------------------------|------------------|-------------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 8,944,479 | \$ 8,962,274 | \$ 17,795 |
| Other | 137,830 | 140,416 | 2,586 |
| <i>Total Revenues</i> | <u>9,082,309</u> | <u>9,102,690</u> | <u>20,381</u> |
| Expenses | | | |
| Personnel Costs | 78,640 | 77,077 | 1,563 |
| Material and Supplies | 785 | - | 785 |
| Contractual Services | 1,060,151 | 1,026,341 | 33,810 |
| Capital Outlay | 370 | - | 370 |
| Claims | 8,457,228 | 8,343,323 | 113,905 |
| <i>Total Expenses</i> | <u>9,597,174</u> | <u>9,446,741</u> | <u>150,433</u> |
| Excess of Revenues (Under) Expenses | (514,865) | (344,051) | 170,814 |
| <i>Fund Equity Beginning of Year</i> | 484,505 | 484,505 | - |
| Unexpended Prior Year Encumbrances | 30,360 | 30,360 | - |
| <i>Fund Equity End of Year</i> | <u>\$ -</u> | <u>\$ 170,814</u> | <u>\$ 170,814</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, 2010

| | Final Budget | Actual | Variance with Final Budget Over/(Under) |
|--------------------------------------------|-------------------|-------------------|-----------------------------------------------|
| Revenues | | | |
| Charges for Services | \$ 2,938,494 | \$ 2,942,147 | \$ 3,653 |
| Expenses | | | |
| Contractual Services | 5,000 | 5,000 | - |
| Benefit Claims Expense | 3,610,695 | 3,491,976 | 118,719 |
| <i>Total Expenses</i> | <u>3,615,695</u> | <u>3,496,976</u> | <u>118,719</u> |
| Excess of Revenues (Under) Expenses | (677,201) | (554,829) | 122,372 |
| <i>Fund Equity Beginning of Year</i> | 1,036,230 | 1,036,230 | - |
| <i>Fund Equity End of Year</i> | <u>\$ 359,029</u> | <u>\$ 481,401</u> | <u>\$ 122,372</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, 2010

| | Balance 01/01/10 | Additions | Reductions | Balance 12/31/10 |
|-----------------------------------------------------|---------------------|-------------------|-------------------|---------------------|
| Building Escrow | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 118,709 | \$ 244,000 | \$ 177,406 | \$ 185,303 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$ 118,709 | \$ 244,000 | \$ 177,406 | \$ 185,303 |
| Payroll Clearing | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 919,515 | \$ 13,140,704 | \$ 13,061,060 | \$ 999,159 |
| Liabilities | | | | |
| Due to Other Governments | \$ 919,515 | \$ 13,140,704 | \$ 13,061,060 | \$ 999,159 |
| Employee Buyout Incentive | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 77,455 | \$ 148,430 | \$ 166,314 | \$ 59,571 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$ 77,455 | \$ 148,430 | \$ 166,314 | \$ 59,571 |
| Auditors Transfer | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 60,655 | \$ 114,482 | \$ 99,782 | \$ 75,355 |
| Cash and Cash Equivalents in Segregated Accounts | 545 | - | 545 | - |
| Total Assets | \$ 61,200 | \$ 114,482 | \$ 100,327 | \$ 75,355 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$ 61,200 | \$ 114,482 | \$ 100,327 | \$ 75,355 |
| Municipal Court | | | | |
| Assets | | | | |
| Cash and Cash Equivalents in Segregated Accounts | \$ 165,912 | \$ 9,426,342 | \$ 9,517,828 | \$ 74,426 |
| Liabilities | | | | |
| Undistributed Assets | \$ 165,912 | \$ 9,426,342 | \$ 9,517,828 | \$ 74,426 |

(continued)

City of Canton, Ohio
Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds (continued)
For the year ended December 31, 2010

| | Balance 01/01/10 | Additions | Reductions | Balance 12/31/10 |
|-----------------------------------------------------|---------------------|----------------------|----------------------|---------------------|
| <i>Ticketmaster</i> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 89,253 | \$ 311,470 | \$ 313,530 | \$ 87,193 |
| Liabilities | | | | |
| Undistributed Assets | \$ 89,253 | \$ 311,470 | \$ 313,530 | \$ 87,193 |
| <i>Building Department State Assessment</i> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 601 | \$ 9,332 | \$ 9,552 | \$ 381 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$ 601 | \$ 9,332 | \$ 9,552 | \$ 381 |
| <i>Downtown Special Improvement District</i> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ - | \$ 180,471 | \$ 180,471 | \$ - |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$ - | \$ 180,471 | \$ 180,471 | \$ - |
| <i>Civic Center Event Expense Clearing</i> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 13,135 | \$ 370,832 | \$ 370,131 | \$ 13,836 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$ 13,135 | \$ 370,832 | \$ 370,131 | \$ 13,836 |
| <i>All Agency Funds</i> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 1,279,323 | \$ 14,519,721 | \$ 14,378,246 | \$ 1,420,798 |
| Cash and Cash Equivalents in Segregated Accounts | 166,457 | 9,426,342 | 9,518,373 | 74,426 |
| Total Assets | \$ 1,445,780 | \$ 23,946,063 | \$ 23,896,619 | \$ 1,495,224 |
| Liabilities | | | | |
| Due to Other Governments | \$ 919,515 | \$ 13,140,704 | \$ 13,061,060 | \$ 999,159 |
| Undistributed Assets | 255,165 | 9,737,812 | 9,831,358 | 161,619 |
| Deposits Held and Due to Others | 271,100 | 1,067,547 | 1,004,201 | 334,446 |
| Total Liabilities | \$ 1,445,780 | \$ 23,946,063 | \$ 23,896,619 | \$ 1,495,224 |

Statistical Section

This part of the City of Canton Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Financial Trends S1-S6
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity S7-S8
These schedules contain information to help the reader assess the City's most significant local revenue, municipal income tax.

Debt Capacity S9-S16
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Information S17-S18
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information S19-S21
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2001.

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City of Canton, Ohio
*Net Assets by Component,
 Last Ten Years
 (accrual basis of accounting)*

| | 2010 | Restated 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities | | | | | | | | | | |
| Invested in Capital Assets, | | | | | | | | | | |
| Net of Related Debt | \$ 96,658,405 | \$ 93,997,414 | \$ 94,910,241 | \$ 93,469,817 | \$ 75,027,928 | \$ 82,872,262 | \$ 83,624,341 | \$ 98,931,209 | \$ 98,983,621 | \$ 103,476,691 |
| Restricted | 34,583,408 | 38,133,687 | 32,898,704 | 34,630,751 | 20,993,547 | 25,406,034 | 23,251,676 | 23,301,757 | 28,310,363 | 28,052,229 |
| Unrestricted | (4,901,157) | (3,439,285) | 1,897,801 | 2,288,255 | 23,324,075 | 1,934,685 | 6,550,811 | (3,805,301) | (596,896) | 5,137,112 |
| Total Governmental Activities Net Assets | \$ 126,340,656 | \$ 128,691,816 | \$ 129,706,746 | \$ 130,388,823 | \$ 119,345,550 | \$ 110,212,981 | \$ 113,426,828 | \$ 118,427,665 | \$ 126,697,088 | \$ 136,666,032 |
| Business-Type Activities | | | | | | | | | | |
| Invested in Capital Assets, | | | | | | | | | | |
| Net of Related Debt | \$ 65,466,731 | \$ 65,271,828 | \$ 63,926,597 | \$ 61,597,239 | \$ 56,337,077 | \$ 58,415,826 | \$ 54,636,994 | \$ 49,682,535 | \$ 50,200,502 | \$ 49,976,166 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | 31,989,581 | 24,386,522 | 22,651,308 | 21,120,626 | 24,712,950 | 23,029,865 | 21,479,727 | 24,300,177 | 20,809,501 | 18,376,297 |
| Total Business-Type Activities Net Assets | \$ 97,456,312 | \$ 89,658,350 | \$ 86,577,905 | \$ 82,717,865 | \$ 81,050,027 | \$ 81,445,691 | \$ 76,116,721 | \$ 73,982,712 | \$ 71,010,003 | \$ 68,352,463 |
| Primary Government | | | | | | | | | | |
| Invested in Capital Assets, | | | | | | | | | | |
| Net of Related Debt | \$ 162,125,136 | \$ 159,269,242 | \$ 158,836,838 | \$ 155,067,056 | \$ 131,365,005 | \$ 141,288,088 | \$ 138,261,335 | \$ 148,613,744 | \$ 149,184,123 | \$ 153,452,857 |
| Restricted | 34,583,408 | 38,133,687 | 32,898,704 | 34,630,751 | 20,993,547 | 25,406,034 | 23,251,676 | 23,301,757 | 28,310,363 | 28,052,229 |
| Unrestricted | 27,088,424 | 20,947,237 | 24,549,109 | 23,408,881 | 48,037,025 | 24,964,550 | 28,030,538 | 20,494,876 | 20,212,605 | 23,513,409 |
| Total Primary Government Net Assets | \$ 223,796,968 | \$ 218,350,166 | \$ 216,284,651 | \$ 213,106,688 | \$ 200,395,577 | \$ 191,658,672 | \$ 189,543,549 | \$ 192,410,377 | \$ 197,707,091 | \$ 205,018,495 |

City of Canton, Ohio
Changes in Net Assets
Last Ten Years
(accrual basis of accounting)

| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|--------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | | | | | | | |
| <i>Governmental Activities:</i> | | | | | | | | | | |
| General Government | \$ 17,916,837 | \$ 21,447,525 | \$ 20,109,980 | \$ 20,429,740 | \$ 19,042,092 | \$ 18,585,104 | \$ 16,658,224 | \$ 15,454,089 | \$ 16,975,011 | \$ 18,599,976 |
| Security of Persons and Property | 38,021,732 | 39,741,822 | 39,952,807 | 37,157,956 | 33,635,452 | 33,732,631 | 31,987,242 | 32,018,034 | 32,660,736 | 34,573,006 |
| Public Health | 6,789,047 | 6,503,089 | 6,232,337 | 6,117,315 | 5,368,723 | 5,407,095 | 4,691,879 | 4,847,020 | 4,481,286 | 4,600,280 |
| Transportation | 12,594,651 | 14,551,954 | 11,010,239 | 11,773,016 | 10,159,315 | 14,339,105 | 17,253,856 | 18,775,982 | 16,821,177 | 17,642,325 |
| Community Development | 9,206,391 | 5,393,621 | 6,011,649 | 6,612,057 | 6,554,058 | 7,898,906 | 6,523,014 | 5,002,599 | 6,530,815 | 7,450,015 |
| Leisure Time Activities | 2,919,500 | 2,943,691 | 2,986,053 | 3,041,931 | 2,873,234 | 2,880,704 | 2,470,793 | 2,344,346 | 2,721,562 | 2,904,796 |
| Interest on Long-Term Debt | 815,188 | 925,828 | 1,154,014 | 1,259,708 | 852,785 | 923,542 | 1,140,758 | 1,252,757 | 1,416,115 | 1,308,012 |
| <i>Total Governmental Activities Expenses</i> | <u>88,263,346</u> | <u>91,507,530</u> | <u>87,457,079</u> | <u>86,391,923</u> | <u>78,485,659</u> | <u>83,767,087</u> | <u>80,725,766</u> | <u>79,694,827</u> | <u>81,606,702</u> | <u>87,078,410</u> |
| <i>Business-Type Activities:</i> | | | | | | | | | | |
| Water | 10,975,361 | 11,789,359 | 10,644,920 | 10,434,121 | 11,243,727 | 9,377,995 | 9,801,322 | 9,125,850 | 10,815,081 | 10,379,206 |
| Sewer | 11,135,229 | 11,586,485 | 10,344,713 | 11,688,039 | 10,560,129 | 9,934,130 | 10,472,024 | 9,978,082 | 10,098,802 | 9,099,094 |
| Refuse | 4,948,513 | 5,359,103 | 5,057,233 | 4,516,698 | 4,792,409 | 4,481,498 | 4,662,221 | 4,339,264 | 4,274,006 | 4,308,981 |
| <i>Total Business-Type Activities Expenses</i> | <u>27,059,103</u> | <u>28,734,947</u> | <u>26,046,866</u> | <u>26,638,858</u> | <u>26,596,265</u> | <u>23,793,623</u> | <u>24,935,567</u> | <u>23,443,196</u> | <u>25,187,889</u> | <u>23,787,281</u> |
| Total Primary Government Expenses | <u>\$ 115,322,449</u> | <u>\$ 120,242,477</u> | <u>\$ 113,503,945</u> | <u>\$ 113,030,781</u> | <u>\$ 105,081,924</u> | <u>\$ 107,560,710</u> | <u>\$ 105,661,333</u> | <u>\$ 103,138,023</u> | <u>\$ 106,794,591</u> | <u>\$ 110,865,691</u> |
| Program Revenues | | | | | | | | | | |
| <i>Governmental Activities:</i> | | | | | | | | | | |
| Charges for Service: | | | | | | | | | | |
| EMS Charges | \$ 990,133 | \$ 370,403 | \$ 2,474,214 | \$ 1,985,989 | \$ 1,784,536 | \$ 2,371,411 | \$ 1,395,186 | \$ 1,558,680 | \$ 2,160,994 | \$ 1,879,504 |
| Leisure Activities | 593,174 | 323,320 | 646,817 | 798,451 | 773,910 | 813,852 | 232,984 | 288,023 | 285,019 | 300,007 |
| Licenses & Permits | 1,540,878 | 1,544,394 | 1,548,478 | 905,168 | 1,019,509 | 1,141,214 | 1,534,574 | 1,092,035 | 881,234 | 904,340 |
| Municipal Court Receipts | 4,091,161 | 3,458,692 | 3,350,496 | 3,098,405 | 3,008,935 | 2,851,322 | 2,533,514 | 2,383,706 | 1,808,609 | 1,656,428 |
| Other Activities | 6,949,537 | 7,094,576 | 6,922,471 | 8,568,936 | 5,832,267 | 3,818,855 | 6,276,902 | 6,124,680 | 5,777,392 | 5,435,255 |
| Operating Grants & Contributions | 11,304,031 | 15,211,394 | 7,017,103 | 7,976,893 | 8,754,801 | 7,142,814 | 7,575,379 | 7,317,218 | 6,261,103 | 9,971,475 |
| Capital Grants & Contributions | 6,681,818 | 4,334,246 | 3,743,113 | 5,061,069 | 761,444 | 1,424,710 | 2,527,019 | 865,422 | 1,211,848 | 43,518 |
| <i>Total Governmental Activities Program Revenues</i> | <u>32,150,732</u> | <u>32,337,025</u> | <u>25,702,692</u> | <u>28,394,911</u> | <u>21,935,402</u> | <u>19,564,178</u> | <u>22,075,558</u> | <u>19,629,764</u> | <u>18,386,199</u> | <u>20,190,527</u> |
| <i>Business-Type Activities:</i> | | | | | | | | | | |
| Charges for Service: | | | | | | | | | | |
| Water | 14,679,276 | 11,602,884 | 12,452,723 | 12,210,478 | 11,829,857 | 11,494,324 | 11,184,797 | 10,943,207 | 10,774,701 | 11,372,102 |
| Sewer | 13,061,066 | 10,696,780 | 10,570,525 | 9,877,966 | 9,954,669 | 10,037,212 | 10,058,832 | 10,156,755 | 10,458,396 | 9,469,606 |
| Refuse | 6,511,534 | 5,360,417 | 4,778,453 | 4,316,457 | 4,287,009 | 4,141,408 | 4,158,393 | 4,164,018 | 4,219,995 | 4,222,788 |
| Operating Grants & Contributions | 87,506 | 119,426 | 108,822 | 56,133 | 127,712 | 38,115 | 24,830 | 12,809 | - | - |
| Capital Grants & Contributions | 207,969 | 2,942,090 | 1,939,593 | 1,308,396 | 895,234 | 1,083,890 | 1,492,713 | 1,466,359 | 1,573,931 | 406,770 |
| <i>Total Business-Type Activities Program Revenues</i> | <u>34,547,351</u> | <u>30,721,597</u> | <u>29,850,116</u> | <u>27,769,430</u> | <u>27,094,481</u> | <u>26,794,949</u> | <u>26,919,565</u> | <u>26,743,148</u> | <u>27,027,023</u> | <u>25,471,266</u> |
| Total Primary Government Program Revenues | <u>\$ 66,698,083</u> | <u>\$ 63,058,622</u> | <u>\$ 55,552,808</u> | <u>\$ 56,164,341</u> | <u>\$ 49,029,883</u> | <u>\$ 46,359,127</u> | <u>\$ 48,995,123</u> | <u>\$ 46,372,912</u> | <u>\$ 45,413,222</u> | <u>\$ 45,661,793</u> |

City of Canton, Ohio
Changes in Net Assets (Continued)
Last Ten Years
(accrual basis of accounting)

| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|---------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Net (Expenses)/Revenues | | | | | | | | | | |
| Governmental Activities | \$ (56,112,614) | \$ (59,170,505) | \$ (61,754,387) | \$ (57,997,012) | \$ (56,550,257) | \$ (64,202,909) | \$ (58,650,208) | \$ (60,065,063) | \$ (63,220,503) | \$ (66,887,883) |
| Business-Type Activities | 7,488,248 | 1,986,650 | 3,803,250 | 1,130,572 | 498,216 | 3,001,326 | 1,983,998 | 3,299,952 | 1,839,134 | 1,683,985 |
| Total Primary Government | | | | | | | | | | |
| Net Expense | \$ (48,624,366) | \$ (57,183,855) | \$ (57,951,137) | \$ (56,866,440) | \$ (56,052,041) | \$ (61,201,583) | \$ (56,666,210) | \$ (56,765,111) | \$ (61,381,369) | \$ (65,203,898) |

Governmental Revenues and Other Changes in Net Assets
Governmental Activities:

| | | | | | | | | | | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Taxes: | | | | | | | | | | |
| Income Tax | \$ 38,633,612 | \$ 40,915,298 | \$ 43,086,906 | \$ 47,092,829 | \$ 43,149,683 | \$ 41,779,236 | \$ 38,977,012 | \$ 38,169,084 | \$ 37,737,290 | \$ 40,095,014 |
| Property Tax | 3,711,729 | 3,619,130 | 4,475,101 | 4,097,125 | 3,602,511 | 3,711,731 | 3,209,850 | 3,841,736 | 2,380,555 | 4,069,952 |
| Intergovernmental | 8,796,360 | 8,936,287 | 8,938,333 | 10,576,712 | 10,005,403 | 9,992,527 | 9,222,630 | 8,420,742 | 9,845,016 | 10,340,160 |
| Grants and Contributions | - | - | - | 145,890 | 425,686 | 401,785 | 10,513 | 13,811 | 376,555 | 500,000 |
| Interest & Investment Earnings | 235,190 | 662,192 | 1,592,671 | 3,187,667 | 2,048,038 | 1,289,382 | 654,913 | 477,079 | 914,642 | 2,453,323 |
| Other | 2,384,563 | 3,911,451 | 2,979,299 | 3,940,062 | 4,631,537 | 3,814,401 | 1,574,453 | 1,593,280 | 2,461,050 | 2,709,948 |
| Proceeds on Sale of Capital Assets | - | 111,217 | - | - | 148,468 | - | - | 6,182 | 83,122 | 594,847 |
| Transfers | - | - | - | - | - | - | - | - | (420,982) | (173,084) |
| Total Governmental Activities | 53,761,454 | 58,155,575 | 61,072,310 | 69,040,285 | 64,011,326 | 60,989,062 | 53,649,371 | 52,521,914 | 53,377,248 | 60,590,160 |

Business-Type Activities:

| | | | | | | | | | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Intergovernmental | - | - | - | - | 33,167 | 33,167 | 17,992 | - | - | 8,040 |
| Grants and Contributions | - | - | - | - | 137,190 | 95,627 | - | - | - | - |
| Interest & Investment Earnings | 55 | 196 | 40,203 | 144,713 | 17,416 | 10,792 | 7,264 | 7,851 | 10,828 | 294,325 |
| Other | 306,861 | 989,811 | 220,621 | 373,715 | 141,585 | 2,188,058 | 115,130 | 182,873 | 102,496 | 775,704 |
| Proceeds on Sale of Capital Assets | 2,798 | 8,731 | 6,786 | 18,838 | 24,254 | - | 9,625 | - | 59,764 | 32,500 |
| Transfers | - | - | - | - | - | - | - | - | 420,982 | 173,084 |
| Total Business-Type Activities | 309,714 | 998,738 | 267,610 | 537,266 | 353,612 | 2,327,644 | 150,011 | 190,724 | 594,070 | 1,283,653 |
| Total Primary Government | \$ 54,071,168 | \$ 59,154,313 | \$ 61,339,920 | \$ 69,577,551 | \$ 64,364,938 | \$ 63,316,706 | \$ 53,799,382 | \$ 52,712,638 | \$ 53,971,318 | \$ 61,873,813 |

Change in Net Assets

| | | | | | | | | | | |
|---------------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities | \$ (2,351,160) | \$ (1,014,930) | \$ (682,077) | \$ 11,043,273 | \$ 7,461,069 | \$ (3,213,847) | \$ (5,000,837) | \$ (7,543,149) | \$ (9,843,255) | \$ (6,297,723) |
| Business-Type Activities | 7,797,962 | 2,985,388 | 4,070,860 | 1,667,838 | 851,828 | 5,328,970 | 2,134,009 | 3,490,676 | 2,433,204 | 2,967,638 |
| Total Primary Government | \$ 5,446,802 | \$ 1,970,458 | \$ 3,388,783 | \$ 12,711,111 | \$ 8,312,897 | \$ 2,115,123 | \$ (2,866,828) | \$ (4,052,473) | \$ (7,410,051) | \$ (3,330,085) |

City of Canton, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | |
| Reserved | \$ 748,509 | \$ 838,116 | \$ 1,044,522 | \$ 1,009,423 | \$ 908,877 | \$ 750,688 | \$ 790,012 | \$ 1,265,812 |
| Unreserved | 6,947,380 | 8,358,711 | 8,067,957 | 9,662,068 | 8,292,671 | 8,540,085 | 9,306,674 | 12,360,556 |
| Total General Fund | \$ 7,695,889 | \$ 9,196,827 | \$ 9,112,479 | \$ 10,671,491 | \$ 9,201,548 | \$ 9,290,773 | \$ 10,096,686 | \$ 13,626,368 |
| All Other | | | | | | | | |
| Governmental Funds | | | | | | | | |
| Reserved | \$ 10,955,266 | \$ 13,060,640 | \$ 10,532,025 | \$ 8,967,059 | \$ 12,683,479 | \$ 10,820,672 | \$ 9,784,826 | \$ 15,591,292 |
| Unreserved, reported in: | | | | | | | | |
| Special Revenue | | | | | | | | |
| Funds | 3,806,492 | 4,742,049 | 1,633,424 | 2,111,575 | 2,009,268 | 2,206,052 | 2,460,107 | 1,870,544 |
| Capital Projects | | | | | | | | |
| Funds | 10,284,524 | 8,878,112 | 15,670,214 | 2,714,187 | 1,260,394 | 2,442,560 | 4,029,681 | 4,899,720 |
| Debt Service Funds | 6,239 | 6,239 | 141,751 | 3,019 | 3,019 | 21,540 | 21,540 | 21,540 |
| Total All Other | \$ 25,052,521 | \$ 26,687,040 | \$ 27,977,414 | \$ 13,795,840 | \$ 15,956,160 | \$ 15,490,824 | \$ 16,296,154 | \$ 22,383,096 |

| | 2010 | 2009 |
|---------------------------|----------------------|----------------------|
| General Fund | | |
| Nonspendable | \$ 262,064 | \$ 176,964 |
| Restricted | 50,320 | 281,200 |
| Committed | 620,913 | 808,009 |
| Assigned | - | - |
| Unassigned | 3,797,436 | 3,406,438 |
| Total General Fund | \$ 4,730,733 | \$ 4,672,611 |
| All Other | | |
| Governmental Funds | | |
| Nonspendable | \$ 1,864,369 | \$ 1,783,687 |
| Restricted | 16,648,605 | 19,478,655 |
| Committed | 2,744,056 | 3,433,796 |
| Assigned | - | - |
| Unassigned | - | (3,648) |
| Total All Other | \$ 21,257,030 | \$ 24,692,490 |

Note: The City implemented GASB 54 in 2010

City of Canton, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|--------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| Revenues | | | | | |
| Property and Other Taxes | \$ 3,692,536 | \$ 3,710,390 | \$ 4,385,206 | \$ 4,010,683 | \$ 3,610,790 |
| Municipal Income Tax | 39,995,514 | 41,105,833 | 44,532,380 | 44,556,112 | 43,084,333 |
| Charges for Services | 12,277,821 | 11,428,095 | 10,613,296 | 10,878,541 | 10,325,731 |
| Licenses, Permits, and Fees | 1,540,878 | 1,544,393 | 1,548,479 | 1,161,430 | 1,274,175 |
| Fines and Forfeitures | 548,171 | 443,673 | 1,001,384 | 1,582,608 | 412,659 |
| Intergovernmental | 9,246,604 | 9,521,398 | 10,378,440 | 11,375,148 | 10,414,121 |
| Interest | 235,190 | 662,192 | 1,592,671 | 3,187,667 | 2,048,038 |
| Operating Grants and Contributions | 11,635,287 | 9,664,268 | 6,054,006 | 8,091,451 | 9,108,680 |
| Capital Grants and Contributions | 6,639,897 | 4,447,416 | 3,635,597 | 5,065,148 | 1,517,020 |
| Rentals | 414,189 | 450,788 | 413,470 | 452,450 | 425,220 |
| Other | 2,200,776 | 1,874,355 | 1,293,285 | 2,692,726 | 3,033,021 |
| Total Revenues | 88,426,863 | 84,852,801 | 85,448,214 | 93,053,964 | 85,253,788 |
| Expenditures | | | | | |
| General Government | 16,961,740 | 18,597,391 | 18,576,448 | 20,015,769 | 20,031,972 |
| Security of Persons and Property | 35,892,847 | 35,973,764 | 37,208,163 | 36,419,061 | 34,117,057 |
| Public Health | 6,631,976 | 6,136,493 | 6,005,406 | 6,052,678 | 5,513,038 |
| Transportation | 3,730,733 | 3,826,361 | 4,170,057 | 4,447,301 | 3,467,363 |
| Community Environment | 9,176,385 | 5,289,321 | 4,862,896 | 6,613,047 | 6,623,411 |
| Leisure Time Activities | 2,243,340 | 2,204,394 | 2,290,022 | 2,531,251 | 2,383,428 |
| Capital Outlay | 13,286,944 | 13,859,942 | 11,554,194 | 13,986,290 | 10,616,931 |
| Debt Service: | | | | | |
| Principal | 3,159,790 | 3,039,749 | 3,166,213 | 3,672,211 | 2,731,941 |
| Interest and Fiscal Charges | 815,188 | 925,828 | 1,154,014 | 1,259,708 | 852,785 |
| Total Expenditures | 91,898,943 | 89,853,243 | 88,987,413 | 94,997,316 | 86,337,926 |
| Excess of Revenues Over (Under) Expenditures | (3,472,080) | (5,000,442) | (3,539,199) | (1,943,352) | (1,084,138) |
| Other Financing Sources (Uses) | | | | | |
| Proceeds from Sale of Capital Assets | 40,101 | 223,066 | 54,166 | 54,020 | 652,505 |
| Issuance of Refunding Bonds | - | 8,575,000 | - | - | - |
| Refunded Bonds Redeemed | - | (8,560,000) | - | - | - |
| Bond Issuance Costs | - | (433,203) | - | - | (236,199) |
| Bond Premiums | - | 418,203 | - | - | 236,199 |
| Issuance of Debt/Capital Lease | 54,641 | 1,415,910 | 360,534 | 643,788 | 13,350,000 |
| Transfers In | 40,000 | 40,000 | 40,000 | 62,776 | 55,000 |
| Transfers Out | (40,000) | (40,000) | (40,000) | (62,776) | (55,000) |
| Total Other Financing Sources (Uses) | 94,742 | 1,638,976 | 414,700 | 697,808 | 14,002,505 |
| Net Change in Fund Balances | \$ (3,377,338) | \$ (3,361,466) | \$ (3,124,499) | \$ (1,245,544) | \$ 12,918,367 |
| <i>Debt Service as a Percentage of Noncapital Expenditures</i> | 4.82% | 4.89% | 5.43% | 5.87% | 4.61% |

(continued)

City of Canton, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)-continued

| | 2005 | 2004 | 2003 | 2002 | 2001 |
|--------------------------------------------------------------------|---------------------|-------------------|-----------------------|-----------------------|---------------------|
| Revenues | | | | | |
| Property and Other Taxes | \$ 3,277,108 | \$ 3,365,270 | \$ 3,796,530 | \$ 1,798,881 | \$ 4,388,193 |
| Municipal Income Tax | 41,602,373 | 39,412,489 | 37,675,217 | 37,994,777 | 39,865,721 |
| Charges for Services | 9,575,642 | 8,912,605 | 8,543,008 | 8,056,371 | 7,136,779 |
| Licenses, Permits, and Fees | 1,390,410 | 1,763,050 | 1,304,683 | 1,075,767 | 1,094,256 |
| Fines and Forfeitures | 447,482 | 684,146 | 865,628 | 640,344 | 563,440 |
| Intergovernmental | 10,276,283 | 9,917,733 | 9,198,241 | 10,958,112 | 12,365,535 |
| Interest | 1,242,630 | 527,075 | 475,363 | 912,257 | 2,453,323 |
| Operating Grants and Contributions | 8,873,767 | 8,418,812 | 6,537,512 | 8,073,254 | 9,039,142 |
| Capital Grants and Contributions | 2,004,520 | 1,131,680 | 865,422 | 1,244,749 | 34,300 |
| Rentals | 395,741 | 240,364 | 197,605 | 172,880 | 310,190 |
| Other | 1,575,116 | 1,308,413 | 1,468,410 | 1,891,633 | 2,046,065 |
| Total Revenues | <u>80,661,072</u> | <u>75,681,637</u> | <u>70,927,619</u> | <u>72,819,025</u> | <u>79,296,944</u> |
| Expenditures | | | | | |
| General Government | 17,522,987 | 15,863,178 | 15,087,910 | 16,786,625 | 18,123,377 |
| Security of Persons and Property | 31,771,722 | 31,834,597 | 31,208,197 | 32,844,347 | 32,859,014 |
| Public Health | 5,233,094 | 4,834,353 | 4,705,880 | 4,406,174 | 4,110,072 |
| Transportation | 3,388,270 | 3,190,067 | 3,073,759 | 3,672,284 | 3,851,048 |
| Community Environment | 7,858,937 | 6,537,550 | 4,988,427 | 6,597,736 | 7,652,400 |
| Leisure Time Activities | 2,414,290 | 1,945,545 | 1,909,681 | 2,306,005 | 2,355,592 |
| Capital Outlay | 9,765,750 | 7,546,563 | 7,708,011 | 13,646,316 | 8,252,011 |
| Debt Service: | | | | | |
| Principal | 2,978,916 | 2,846,457 | 2,678,898 | 2,636,815 | 3,051,820 |
| Interest and Fiscal Charges | 923,542 | 1,140,758 | 1,252,757 | 1,416,115 | 1,308,012 |
| Total Expenditures | <u>81,857,508</u> | <u>75,739,068</u> | <u>72,613,520</u> | <u>84,312,417</u> | <u>81,563,346</u> |
| Excess of Revenues Over (Under) Expenditures | (1,196,436) | (57,431) | (1,685,901) | (11,493,392) | (2,266,402) |
| Other Financing Sources (Uses) | | | | | |
| Proceeds from Sale of Capital Assets | 34,849 | 364,314 | 33,955 | 513,021 | 594,847 |
| Issuance of Refunding Bonds | - | - | - | - | - |
| Refunded Bonds Redeemed | - | - | - | - | - |
| Bond Issuance Costs | - | - | - | - | - |
| Bond Premiums | - | - | - | - | - |
| Issuance of Debt | 245,611 | 237,935 | 197,266 | - | 5,670,347 |
| Transfers In | 100,783 | 78,377 | 55,000 | 7,113,205 | 6,193,051 |
| Transfers Out | (100,783) | (78,377) | (55,000) | (5,761,399) | (5,367,163) |
| Total Other Financing Sources (Uses) | <u>280,460</u> | <u>602,249</u> | <u>231,221</u> | <u>1,864,827</u> | <u>7,091,082</u> |
| Net Change in Fund Balances | <u>\$ (915,976)</u> | <u>\$ 544,818</u> | <u>\$ (1,454,680)</u> | <u>\$ (9,628,565)</u> | <u>\$ 4,824,680</u> |
| <i>Debt Service as a Percentage of Noncapital Expenditures</i> | 5.27% | 5.74% | 5.81% | 5.71% | 5.94% |

City of Canton, Ohio
Income Tax Revenue Base and Collections
Last Ten Years
(cash basis of accounting)

| Tax Year | Tax Rate * | Total Tax Collected | Percentage of Taxes from | | Percentage of Taxes from | | Percentage of Taxes from | | Percentage of Taxes from | |
|----------|------------|---------------------|--------------------------|-------------|--------------------------|--------------|--------------------------|-------------|--------------------------------|---------------------|
| | | | Taxes from Withholding | Withholding | Taxes from Corporations | Corporations | Taxes from Individuals | Individuals | Taxes from Delinquent Accounts | Delinquent Accounts |
| 2010 | 2.00 % | \$ 40,464,283 | \$ 34,373,674 | 84.95 % | \$ 2,434,182 | 6.02 % | \$ 2,315,207 | 5.72 % | \$ 1,341,220 | 3.31 % |
| 2009 | 2.00 | 42,313,527 | 35,240,263 | 83.28 | 3,341,617 | 7.90 | 2,530,425 | 5.98 | 1,201,222 | 2.84 |
| 2008 | 2.00 | 45,535,181 | 37,560,808 | 82.49 | 4,027,322 | 8.84 | 2,534,879 | 5.57 | 1,412,172 | 3.10 |
| 2007 | 2.00 | 45,750,000 | 36,943,041 | 80.75 | 4,946,090 | 10.81 | 2,503,996 | 5.47 | 1,356,873 | 2.97 |
| 2006 | 2.00 | 43,790,171 | 36,222,083 | 82.72 | 3,798,488 | 8.67 | 2,401,463 | 5.48 | 1,368,137 | 3.12 |
| 2005 | 2.00 | 42,124,201 | 34,617,380 | 82.18 | 3,152,772 | 7.48 | 2,649,296 | 6.29 | 1,704,753 | 4.05 |
| 2004 | 2.00 | 38,841,304 | 32,302,994 | 83.17 | 1,751,090 | 4.51 | 2,671,442 | 6.88 | 2,115,778 | 5.45 |
| 2003 | 2.00 | 39,077,338 | 32,998,125 | 84.44 | 1,971,188 | 5.04 | 2,777,089 | 7.11 | 1,330,936 | 3.41 |
| 2002 | 2.00 | 39,388,494 | 33,149,784 | 84.16 | 2,109,187 | 5.35 | 3,012,244 | 7.65 | 1,117,279 | 2.84 |
| 2001 | 2.00 | 39,760,207 | 33,304,873 | 83.76 | 2,070,375 | 5.21 | 3,104,528 | 7.81 | 1,280,431 | 3.22 |

* = Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

City of Canton, Ohio
Income Tax Filers by Income Level
Tax Years 2010 and 2001

Tax Year 2010

| Income Range | Number of Filers | Percent of Filers | Taxable Income | Percent of Taxable Income |
|--------------------|------------------|-------------------|----------------|---------------------------|
| Over \$100,000 | 628 | 1.97 % | \$ 92,835,864 | 13.89 % |
| \$75,001-\$100,000 | 901 | 2.83 | 77,041,554 | 11.52 |
| \$50,001-\$75,000 | 2,466 | 7.75 | 149,132,950 | 22.31 |
| \$25,001-\$50,000 | 6,034 | 18.96 | 212,423,414 | 31.77 |
| Under \$25,000 | 21,797 | 68.49 | 137,141,543 | 20.51 |
| Total | 31,826 | 100.00 | \$ 668,575,325 | 100.00 |

Tax Year 2001

| Income Range | Number of Filers | Percent of Filers | Taxable Income | Percent of Taxable Income |
|--------------------|------------------|-------------------|----------------|---------------------------|
| Over \$100,000 | 550 | 1.76 % | \$ 94,459,732 | 12.02 % |
| \$75,001-\$100,000 | 833 | 2.66 | 71,018,152 | 9.04 |
| \$50,001-\$75,000 | 2,743 | 8.77 | 164,299,633 | 20.92 |
| \$25,000-\$50,000 | 7,587 | 24.25 | 271,213,810 | 34.53 |
| Under \$25,000 | 19,568 | 62.56 | 184,499,971 | 23.49 |
| Total | 31,281 | 100.00 | \$ 785,491,298 | 100.00 |

(1) Source: City of Canton Income Tax Department

City of Canton, Ohio
Ratios of Outstanding Debt by Type
Last Ten Years

| | Governmental Activities | | | | | Business-Type Activities | | | | | Percent of Personal Income | Pop. (1) | Per Capita |
|------|--------------------------|--------------|---------------|---------------|--------------------------|--------------------------|---------------|--------------------------|-----------------------|--------|----------------------------|----------|------------|
| | General Obligation Bonds | Loans | Notes Payable | Capital Lease | General Obligation Bonds | Loans | Capital Lease | Total Primary Government | Total Personal Income | | | | |
| 2010 | \$ 16,714,810 | \$ 2,323,489 | \$ 1,800,000 | \$ 938,159 | \$ 6,029,677 | \$ 23,630,645 | \$ 13,124 | \$ 51,449,904 | \$ 1,834,444,050 | 2.80 % | 73,007 | \$ 705 | |
| 2009 | 19,483,363 | 2,527,704 | - | 1,070,540 | 6,961,124 | 21,736,915 | 24,227 | 51,803,873 | 2,004,784,350 | 2.58 | 78,362 | \$ 661 | |
| 2008 | 21,656,948 | 2,568,042 | - | 465,455 | 7,857,538 | 17,569,394 | 36,339 | 50,153,716 | 2,004,784,350 | 2.50 | 78,319 | \$ 640 | |
| 2007 | 23,865,120 | 3,115,974 | - | 515,030 | 10,294,366 | 16,982,328 | 48,450 | 54,821,268 | 1,972,351,850 | 2.78 | 78,924 | 695 | |
| 2006 | 26,865,000 | 3,659,547 | - | - | 12,735,000 | 16,131,342 | - | 59,390,889 | 1,931,177,300 | 3.08 | 79,478 | 747 | |
| 2005 | 15,710,000 | 4,196,488 | - | - | 12,335,000 | 17,663,967 | - | 49,905,455 | 1,863,333,800 | 2.68 | 79,478 | 628 | |
| 2004 | 18,120,000 | 4,519,793 | - | - | 14,480,000 | 19,502,793 | - | 56,622,586 | 1,748,721,800 | 3.24 | 79,946 | 708 | |
| 2003 | 20,420,000 | 4,828,315 | - | - | 16,555,000 | 20,976,695 | - | 62,780,010 | 1,788,760,700 | 3.51 | 80,243 | 782 | |
| 2002 | 22,580,000 | 5,149,947 | - | - | 18,570,000 | 19,940,180 | - | 66,240,127 | 1,808,101,400 | 3.66 | 80,369 | 824 | |
| 2001 | 24,700,000 | 5,666,762 | - | - | 20,430,000 | 16,435,764 | - | 67,232,526 | 1,820,470,050 | 3.69 | 80,604 | 834 | |

(1) Source: US Census Bureau.

City of Canton, Ohio
Ratios of General Bonded Debt Outstanding
Last Ten Years

| | General Bonded Debt Outstanding | | | Estimated True Value of Taxable Property (1) | Ratio of Net Bonded Debt to Estimated True Value of Taxable Property | Net Bonded Debt per Capita |
|------|---------------------------------|-----------------------------|---------------|-------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------|
| | Governmental Obligation | Business-Type Obligation | Total | | | |
| 2010 | \$ 16,714,810 | \$ 6,029,677 | \$ 22,744,487 | \$ 2,570,000,309 | 0.88 % | \$ 311.54 |
| 2009 | 19,483,363 | 6,961,124 | 26,444,487 | 2,754,356,786 | 0.96 | 337.65 |
| 2008 | 21,656,948 | 7,857,538 | 29,514,486 | 3,519,099,073 | 0.84 | 376.85 |
| 2007 | 23,865,120 | 10,294,366 | 34,159,486 | 3,584,977,264 | 0.95 | 432.81 |
| 2006 | 26,865,000 | 12,735,000 | 39,600,000 | 3,276,005,877 | 1.21 | 498.25 |
| 2005 | 15,710,000 | 12,335,000 | 28,045,000 | 3,253,043,207 | 0.86 | 352.86 |
| 2004 | 18,120,000 | 14,480,000 | 32,600,000 | 3,178,195,614 | 1.03 | 407.78 |
| 2003 | 20,420,000 | 16,555,000 | 36,975,000 | 2,930,018,677 | 1.26 | 460.79 |
| 2002 | 22,580,000 | 18,570,000 | 41,150,000 | 3,121,013,277 | 1.32 | 512.01 |
| 2001 | 24,700,000 | 20,430,000 | 45,130,000 | 3,026,159,601 | 1.49 | 559.90 |

(1) Source: Stark County Auditor's Office

City of Canton, Ohio
Direct and Overlapping Government Activities Debt
As of December 31, 2010

| | General Obligation Debt Outstanding (1) | Percentage Applicable to City (2) | Amount Applicable to City of Canton |
|-------------------------------|--------------------------------------------|-----------------------------------------|-------------------------------------------|
| Direct | | | |
| City of Canton | \$ 16,714,810 | 100.00% | \$ 16,714,810 |
| Overlapping Debt | | | |
| Stark County | - | 12.36% | - |
| Canton City Schools | 44,431,000 | 91.82% | 40,796,544 |
| Plain Local Schools | 54,445,940 | 21.61% | 11,765,768 |
| Canton Local Schools | 752,274 | 2.35% | 17,678 |
| Osnaburg Local Schools | 8,595,246 | 0.60% | 51,571 |
| Total Overlapping Debt | <u>108,224,460</u> | | <u>52,631,562</u> |
| Total | <u>\$ 124,939,270</u> | | <u>\$ 69,346,372</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
Legal Debt Margin Information
Last Ten Years

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|-------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Overall Debt Limitation (10.5% of Assessed Valuation) | \$ 91,928,124 | \$ 98,857,297 | \$ 104,291,997 | \$ 110,800,481 | \$ 106,126,404 |
| Net Debt Within 10.5% Limitations | <u>18,567,954</u> | <u>19,483,363</u> | <u>17,573,728</u> | <u>19,461,900</u> | <u>21,976,356</u> |
| Overall Legal Debt Margin Within 10.5% Limitations | <u>\$ 73,360,170</u> | <u>\$ 79,373,934</u> | <u>\$ 86,718,269</u> | <u>\$ 91,338,581</u> | <u>\$ 84,150,048</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 20.20% | 19.71% | 16.85% | 17.56% | 20.71% |
| Unvoted Debt Limitation (5.5% of Assessed Valuation) | \$ 48,152,827 | \$ 51,782,394 | \$ 54,629,141 | \$ 58,038,347 | \$ 55,590,021 |
| Net Debt Within 5.5% Limitations | <u>18,567,954</u> | <u>19,483,363</u> | <u>17,573,728</u> | <u>19,461,900</u> | <u>21,976,356</u> |
| Unvoted Legal Debt Margin Within 5.5% Limitations | <u>\$ 29,584,873</u> | <u>\$ 32,299,031</u> | <u>\$ 37,055,413</u> | <u>\$ 38,576,447</u> | <u>\$ 33,613,665</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 38.56% | 37.63% | 32.17% | 33.53% | 39.53% |

Note: Under State of Ohio finance law, the City of Canton's outstanding general obligation debt should not exceed 10.5% of total assessed property value. In addition, the outstanding general obligation debt net voted debt should not exceed 5.5% of total assessed property value. By law, the general obligation debt subject to the limitation is offset by amounts set aside for repaying general obligation bonds.

| <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 109,151,590 | \$ 106,935,582 | \$ 97,338,180 | \$ 102,180,167 | \$ 104,920,357 |
| <u>10,710,000</u> | <u>12,835,000</u> | <u>14,841,477</u> | <u>22,561,477</u> | <u>24,681,477</u> |
| <u>\$ 98,441,590</u> | <u>\$ 94,100,582</u> | <u>\$ 82,496,703</u> | <u>\$ 79,618,690</u> | <u>\$ 80,238,880</u> |
| 9.81% | 12.00% | 15.25% | 22.08% | 23.52% |
| \$ 57,174,642 | \$ 56,013,876 | \$ 50,986,666 | \$ 53,522,945 | \$ 54,958,282 |
| <u>10,710,000</u> | <u>12,835,000</u> | <u>14,841,477</u> | <u>22,561,477</u> | <u>24,681,477</u> |
| <u>\$ 46,464,642</u> | <u>\$ 43,178,876</u> | <u>\$ 36,145,189</u> | <u>\$ 30,961,468</u> | <u>\$ 30,276,805</u> |
| 18.73% | 22.91% | 29.11% | 42.15% | 44.91% |

City of Canton, Ohio
Computation of Legal Debt Margin
As of December 31, 2010

| | |
|----------------------------------------------------------|----------------|
| Total Assessed Property Value | \$ 875,505,940 |
| Overall Debt Limitation (10 1/2 % of Assessed Valuation) | \$ 91,928,124 |
| Gross Indebtedness | 51,449,904 |
| Less: Enterprise Funds' G.O. Bonds | (6,029,677) |
| OWDA Loans | (23,565,905) |
| OPWC Loan | (941,949) |
| SIB Loan | (706,128) |
| Millennium Parking Deck | (686,589) |
| Capital Lease | (951,283) |
| Debt Service Fund Balance | (419) |
| Net Debt Within 10 1/2 % Limitations | 18,567,954 |
| Legal Debt Margin Within 10 1/2 % Limitations | \$ 73,360,170 |
| | |
| Unvoted Debt Limitation (5 1/2 % of Assessed Valuation) | \$ 48,152,827 |
| Gross Indebtedness | 51,449,904 |
| Less: Enterprise Funds' G.O. Bonds | (6,029,677) |
| OWDA Loans | (23,565,905) |
| OPWC Loan | (941,949) |
| SIB Loan | (706,128) |
| Millennium Parking Deck | (686,589) |
| Capital Lease | (951,283) |
| Debt Service Fund Balance | (419) |
| Net Debt Within 5 1/2 % Limitations | 18,567,954 |
| Legal Debt Margin Within 5 1/2 % Limitations | \$ 29,584,873 |

Source: Stark County, Ohio: County Auditor

City of Canton, Ohio
Pledged Revenue Coverage-Water
Last Ten Years

| Year | Water Operating Revenues | Water Operating Expenses (1) | Net Available Revenues | Debt Service (2) | | Coverage |
|------|--------------------------------|------------------------------------|------------------------------|------------------|------------|----------|
| | | | | Principal | Interest | |
| 2010 | \$ 14,722,587 | \$ 8,710,422 | \$ 6,012,165 | \$ 877,648 | \$ 554,061 | 4.20 |
| 2009 | 12,012,071 | 9,739,900 | 2,272,171 | 639,403 | 423,296 | 2.14 |
| 2008 | 12,803,465 | 8,718,793 | 4,084,672 | 536,889 | 303,144 | 4.86 |
| 2007 | 12,636,294 | 8,523,683 | 4,112,611 | 454,831 | 260,446 | 5.75 |
| 2006 | 11,949,721 | 9,098,828 | 2,850,893 | 400,767 | 244,735 | 4.42 |
| 2005 | 11,638,498 | 7,212,194 | 4,426,304 | 381,700 | 263,803 | 6.86 |
| 2004 | 11,590,939 | 6,712,965 | 4,877,974 | 351,007 | 274,182 | 7.80 |
| 2003 | 11,473,063 | 6,826,676 | 4,646,387 | 329,557 | 288,012 | 7.52 |
| 2002 | 11,663,776 | 8,797,197 | 2,866,579 | 115,822 | 95,803 | 13.55 |
| 2001 | 11,994,325 | 8,174,684 | 3,819,641 | 679,600 | 89,900 | 4.96 |

(1) Direct operating expenses do not include depreciation expense.

(2) Revenue debt only includes OWDA loans payable solely from net revenues in the water enterprise fund.

City of Canton, Ohio
Pledged Revenue Coverage-Sewer
Last Ten Years

| Year | Sewer Operating Revenues | Sewer Operating Expenses (1) | Net Available Revenues | Debt Service (2) | | Coverage |
|------|--------------------------------|------------------------------------|------------------------------|------------------|------------|----------|
| | | | | Principal | Interest | |
| 2010 | \$ 13,314,535 | \$ 8,234,557 | \$ 5,079,978 | \$ 759,602 | \$ 229,202 | 5.14 |
| 2009 | 11,713,312 | 8,767,929 | 2,945,383 | 762,748 | 249,423 | 2.91 |
| 2008 | 11,087,091 | 7,551,028 | 3,536,063 | 766,440 | 269,098 | 3.41 |
| 2007 | 10,603,629 | 8,768,381 | 1,835,248 | 1,162,952 | 298,256 | 1.26 |
| 2006 | 10,682,423 | 7,768,104 | 2,914,319 | 1,131,858 | 329,885 | 1.99 |
| 2005 | 10,913,729 | 7,091,988 | 3,821,741 | 1,457,126 | 372,734 | 2.09 |
| 2004 | 11,164,680 | 6,881,006 | 4,283,674 | 1,372,546 | 395,904 | 2.42 |
| 2003 | 11,081,552 | 7,069,693 | 4,011,859 | 1,373,083 | 468,593 | 2.18 |
| 2002 | 11,245,738 | 7,324,071 | 3,921,667 | 969,387 | 440,054 | 2.78 |
| 2001 | 10,086,502 | 6,397,955 | 3,688,547 | 1,163,418 | 200,947 | 2.70 |

(1) Direct operating expenses do not include depreciation expense.

(2) Revenue debt only includes OWDA and OPWC loans payable solely from net revenues in the sewer enterprise fund.

City of Canton, Ohio
Demographic and Economic Statistics
Last Ten Years

| | <u>Population (1)</u> | <u>Total Personal Income</u> | <u>Per Capita Income</u> | <u>Unemployment Rate</u> |
|------|-----------------------|----------------------------------|----------------------------------|------------------------------|
| 2010 | 73,007 | \$ 1,834,444,050 | \$ 25,127 | 11.2% |
| 2009 | 78,362 | 1,888,534,400 | 24,100 | 11.4 |
| 2008 | 78,319 | 2,004,784,350 | 25,598 | 6.9 |
| 2007 | 78,924 | 1,972,351,850 | 24,991 | 5.9 |
| 2006 | 79,478 | 1,931,177,300 | 24,298 | 5.6 |
| 2005 | 79,478 | 1,863,333,800 | 23,445 | 6.4 |
| 2004 | 79,946 | 1,748,721,800 | 21,874 | 6.6 |
| 2003 | 80,243 | 1,788,760,700 | 22,292 | 6.8 |
| 2002 | 80,369 | 1,808,101,400 | 22,497 | 5.6 |
| 2001 | 80,604 | 1,820,470,050 | 22,585 | 6.4 |

(1) Source: US Census Bureau.

City of Canton, Ohio
Principal Employers
Current Year and Ten Years Ago

2010

| Employer | Nature of Activity | Employees | Percentage of Total City Employment |
|-----------------------------------------|-----------------------------------------------------------------|---------------|-------------------------------------------|
| Aultman Hospital | Health Services | 4,143 | 13.02 % |
| Stark County | County government | 2,526 | 7.94 |
| Mercy Medical Center | Health Services | 2,356 | 7.40 |
| The Timken Company | Tapered roller bearings and steel | 2,355 | 7.40 |
| Canton City School District | Education | 1,359 | 4.27 |
| City of Canton | Municipal government | 1,041 | 3.27 |
| Fresh Mark Inc. | Meat processing | 859 | 2.70 |
| Nationwide Insurance | Insurance Provider | 815 | 2.56 |
| Republic Engineered Steels, Inc. | Hot-rolled and cold finished steel bars and specialty steels | 788 | 2.48 |
| United States Postal Service | Federal Government | 514 | 1.62 |
| Total | | 16,756 | 52.66 |
| Total Employment within the City | | 31,826 | |

2001

| Employer | Nature of Activity | Employees | Percentage of Total City Employment |
|-----------------------------------------|-----------------------------------------------------------------|---------------|-------------------------------------------|
| The Timken Company | Tapered roller bearings and steel | 5,249 | 14.93 % |
| Aultman Hospital | Health Services | 3,500 | 9.96 |
| Stark County | County government | 2,852 | 8.11 |
| Mercy Medical Center | Health Services | 2,600 | 7.40 |
| Republic Engineered Steels, Inc. | Hot-rolled and cold finished steel bars and specialty steels | 2,222 | 6.32 |
| Canton City School District | Education | 1,850 | 5.26 |
| City of Canton | Municipal government | 1,083 | 3.08 |
| Diebold, Inc. | Bank security and systems equipment | 800 | 2.28 |
| Fresh Mark Inc. | Meat processing | 740 | 2.10 |
| Nationwide Insurance | Insurance Provider | 650 | 1.85 |
| Total | | 21,546 | 61.29 |
| Total Employment within the City | | 35,158 | |

Source: Survey of Employers performed by City Community Development Department
and City Income Tax Department

City of Canton, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years

| Function/Program | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|--------------------------------------|------------|------------|--------------|--------------|------------|------------|------------|------------|------------|--------------|
| Governmental Employees | | | | | | | | | | |
| General Government | 183 | 181 | 193 | 194 | 196 | 187 | 193 | 193 | 197 | 219 |
| Security of Persons and Property | 396 | 409 | 434 | 428 | 423 | 400 | 407 | 416 | 424 | 462 |
| Public Health | 51 | 50 | 53 | 52 | 51 | 53 | 50 | 51 | 53 | 52 |
| Transportation | 45 | 50 | 49 | 50 | 44 | 42 | 43 | 44 | 50 | 60 |
| Community Development | 23 | 23 | 22 | 17 | 18 | 20 | 22 | 23 | 22 | 25 |
| Leisure Time Activities | 21 | 21 | 27 | 27 | 26 | 28 | 26 | 23 | 26 | 36 |
| Total Governmental Employees | 719 | 734 | 778 | 768 | 758 | 730 | 741 | 750 | 772 | 854 |
| Business-Type Employees | | | | | | | | | | |
| Water | 87 | 91 | 96 | 101 | 97 | 97 | 94 | 89 | 93 | 93 |
| Sewer | 73 | 80 | 79 | 79 | 76 | 76 | 76 | 75 | 68 | 70 |
| Refuse | 54 | 58 | 58 | 58 | 59 | 58 | 59 | 57 | 54 | 56 |
| Total Business-Type Employees | 214 | 229 | 233 | 238 | 232 | 231 | 229 | 221 | 215 | 219 |
| Total Employees | 933 | 963 | 1,011 | 1,006 | 990 | 961 | 970 | 971 | 987 | 1,073 |

Method: Part-time and seasonal employees are not included

Source: City of Canton Auditor's Office

City of Canton, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

| Function/Program | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|----------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| General Government | | | | | | | | | | |
| Departmental Vehicles | 22 | 22 | 23 | 24 | 21 | 18 | 16 | 16 | 20 | 18 |
| Security of Persons and Property | | | | | | | | | | |
| Police Stations | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 3 | 3 | 3 |
| Police Department Vehicles | 124 | 129 | 110 | 124 | 124 | 85 | 87 | 89 | 110 | 107 |
| Fire Stations | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 |
| Fire Department Vehicles | 40 | 40 | 37 | 39 | 36 | 32 | 30 | 30 | 33 | 32 |
| Intersections with Traffic Lights | 224 | 226 | 227 | 228 | 230 | 232 | 231 | 230 | 230 | 230 |
| Traffic Department Vehicles | 17 | 19 | 20 | 29 | 23 | 21 | 21 | 20 | 19 | 21 |
| Public Health | | | | | | | | | | |
| Departmental Vehicles | 12 | 14 | 14 | 23 | 24 | 22 | 18 | 18 | 17 | 12 |
| Transportation | | | | | | | | | | |
| Area (in square miles) | 25.70 | 25.50 | 25.40 | 25.40 | 25.30 | 23.94 | 23.94 | 23.29 | 20.99 | 20.99 |
| Miles of Streets | 414.30 | 414.40 | 413.83 | 413.87 | 411.39 | 412.19 | 409.50 | 408.96 | 405.79 | 405.39 |
| Bridges | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |
| Miles of Storm Sewers | 217.40 | 214.56 | 214.33 | 214.09 | 211.92 | 211.70 | 209.40 | 209.40 | 208.82 | 205.60 |
| Departmental Vehicles | 112 | 114 | 110 | 124 | 116 | 114 | 108 | 114 | 119 | 124 |
| Leisure Time Activities | | | | | | | | | | |
| Number of Parks | 61 | 61 | 61 | 61 | 61 | 60 | 60 | 60 | 60 | 60 |
| Park Acreage | 812 | 812 | 800 | 710 | 710 | 700 | 700 | 700 | 700 | 700 |
| Number of Shelters | 23 | 22 | 22 | 22 | 21 | 21 | 21 | 21 | 21 | 21 |
| Number of Baseball Fields | 43 | 43 | 43 | 43 | 42 | 43 | 43 | 43 | 43 | 43 |
| Walking Tracks | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Walking Bridges | 16 | 14 | 14 | 14 | 13 | 13 | 13 | 13 | 13 | 13 |
| Play Equipment Sets | 37 | 37 | 36 | 36 | 35 | 35 | 35 | 34 | 34 | 34 |
| Restrooms | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Number of Tennis Courts | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 7 |
| Swimming Pools | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| Departmental Vehicles | 46 | 47 | 44 | 46 | 47 | 46 | 43 | 43 | 45 | 41 |
| Water | | | | | | | | | | |
| Miles of Water Mains | 658.80 | 658.69 | 658.68 | 655.89 | 651.36 | 649.58 | 646.27 | 642.32 | 632.34 | 609.63 |
| Water Treatment Plants | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Maximum Daily Capacity in Gallons (in millions) | 40,500 | 40,500 | 39,000 | 39,000 | 39,000 | 39,000 | 39,000 | 40,800 | 40,800 | 40,800 |
| Number of Fire Hydrants | 3,252 | 3,252 | 3,243 | 3,212 | 3,163 | 3,141 | 3,094 | 3,063 | 3,002 | 2,739 |
| Departmental Vehicles | 68 | 62 | 59 | 60 | 56 | 60 | 58 | 60 | 62 | 64 |
| Sewer | | | | | | | | | | |
| Miles of Sanitary Sewers | 363.00 | 362.83 | 360.10 | 359.70 | 357.51 | 357.26 | 357.08 | 356.27 | 355.95 | 352.98 |
| Sewer Treatment Plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Maximum Daily Capacity in Gallons (in millions) | | | | | | | | | | |
| Wet Weather | 67,000 | 67,000 | 67,000 | 67,000 | 67,000 | 67,000 | 67,000 | 67,000 | 67,000 | 67,000 |
| Dry Weather | 39,000 | 39,000 | 39,000 | 39,000 | 39,000 | 39,000 | 39,000 | 39,000 | 39,000 | 39,000 |
| Departmental Vehicles | 63 | 52 | 59 | 59 | 47 | 40 | 30 | 30 | 27 | 28 |
| Refuse | | | | | | | | | | |
| Departmental Vehicles | 23 | 25 | 28 | 37 | 35 | 32 | 30 | 31 | 33 | 33 |

Source: Various City of Canton Departments

City of Canton, Ohio
Operating Indicators by Function/Program
Last Ten Years

| Function/Program | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|-----------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Government | | | | | | | | | | |
| Auditor | | | | | | | | | | |
| Purchase Orders Issued | 7,228 | 6,988 | 6,811 | 7,141 | 6,787 | 6,551 | 6,440 | 6,078 | 6,438 | 7,354 |
| Checks Issued | 16,431 | 16,817 | 17,513 | 18,195 | 18,545 | 19,735 | 16,780 | 16,256 | 17,764 | 18,637 |
| Payroll Checks Issued | 29,027 | 30,031 | 31,847 | 30,540 | 29,844 | 30,401 | 33,796 | 30,424 | 33,008 | 34,149 |
| Civil Service | | | | | | | | | | |
| Tests Administered | 12 | 12 | 21 | 13 | 18 | 17 | 13 | 15 | 15 | 17 |
| Courts | | | | | | | | | | |
| Cases Heard | 39,557 | 32,403 | 32,201 | 36,014 | 34,457 | 30,730 | 29,351 | 31,444 | 32,824 | 32,803 |
| Trials Held | 290 | 217 | 208 | 218 | 270 | 256 | 234 | 234 | 218 | 222 |
| Probation Cases | 395 | 423 | 513 | 388 | 413 | 354 | 393 | 294 | 383 | 332 |
| Community Service | | | | | | | | | | |
| Cases | 2,681 | 2,578 | 2,416 | 2,494 | 2,197 | 2,488 | 2,510 | 2,689 | 3,017 | 3,190 |
| House Arrest Cases | 120 | 183 | 694 | 155 | 164 | 292 | 243 | 489 | 616 | 351 |
| Income Tax | | | | | | | | | | |
| Refunds Issued | 2,870 | 3,182 | 3,332 | 3,145 | 3,378 | 3,965 | 3,486 | 5,922 | 5,793 | 5,119 |
| Tax Booklets Mailed | 32,693 | 35,484 | 34,258 | 36,347 | 35,091 | 34,884 | 35,089 | 35,365 | 34,672 | 35,961 |
| Law Department | | | | | | | | | | |
| Claims | 176 | 127 | 216 | 180 | 131 | 276 | 282 | 236 | 155 | 196 |
| Trials Conducted | 22 | 44 | 116 | 121 | 143 | 112 | 93 | 102 | 124 | 110 |
| Pretrials Conducted | 7,735 | 7,428 | 7,719 | 8,102 | 7,401 | 6,515 | 7,092 | 7,182 | 8,077 | 8,071 |
| Prosecutor Hearings | 121 | 109 | 151 | 307 | 297 | 278 | 411 | 626 | 643 | 689 |
| Criminal Intakes | 2,107 | 2,241 | 2,188 | 1,987 | 2,086 | 2,468 | 2,306 | 2,400 | 2,904 | 2,961 |
| Security of Persons and Property | | | | | | | | | | |
| Code Enforcement | | | | | | | | | | |
| Building Permits Issued | 819 | 4,097 | 2,449 | 1,364 | 4,715 | 5,506 | 5,415 | 1,469 | 1,450 | 4,393 |
| Building Permits Estimated | | | | | | | | | | |
| Value (in millions) | \$ 42,510 | \$ 73,781 | \$ 59,247 | \$ 90,644 | \$ 103,290 | \$ 174,606 | \$ 122,004 | \$ 104,411 | \$ 86,955 | \$ 60,784 |
| Police | | | | | | | | | | |
| Physical Arrests | 4,201 | 4,466 | 5,228 | 5,218 | 4,620 | 4,964 | 4,758 | 4,606 | 4,368 | 3,155 |
| Traffic Violations | 15,328 | 6,162 | 6,189 | 6,429 | 8,638 | 5,971 | 7,287 | 5,212 | 7,230 | 7,263 |
| Parking Violations | 10,422 | 10,789 | 9,966 | 10,188 | 8,000 | 14,949 | 19,282 | 18,523 | 22,771 | 24,324 |
| Fire | | | | | | | | | | |
| Calls Answered | 20,687 | 12,602 | 12,952 | 15,904 | 10,475 | 5,639 | 14,467 | 14,376 | 13,666 | 12,494 |
| Public Health | | | | | | | | | | |
| Birth Certificates Issued | 12,413 | 14,859 | 16,136 | 20,653 | 18,442 | 16,673 | 16,854 | 17,294 | 19,754 | 19,146 |
| Death Certificates Issued | 7,875 | 9,715 | 10,040 | 9,321 | 9,572 | 10,180 | 10,661 | 11,653 | 11,819 | 12,362 |
| Nursing | | | | | | | | | | |
| Home Vists | 408 | 425 | 350 | 267 | 49 | 62 | 112 | 114 | 160 | 151 |
| Air Pollution Complaints | | | | | | | | | | |
| Investigated | 63 | 167 | 222 | 486 | 1,999 | 222 | 339 | 257 | 384 | 327 |
| Food Service Inspections | 971 | 1,240 | 926 | 1,429 | 966 | 1,319 | 1,193 | 1,296 | 1,440 | 1,251 |
| Transportation | | | | | | | | | | |
| Road Salt Expense | \$ 516,835 | \$ 681,366 | \$ 630,012 | \$ 353,321 | \$ 456,317 | \$ 366,801 | \$ 496,357 | \$ 445,584 | \$ 404,192 | \$ 302,324 |
| Leisure Time Activies | | | | | | | | | | |
| Shelter Permits Issued | 453 | 520 | 371 | 481 | 470 | 534 | 592 | 604 | N/A | N/A |
| Water | | | | | | | | | | |
| Number of Service | | | | | | | | | | |
| Connections | 44,171 | 44,179 | 44,200 | 44,152 | 43,961 | 43,777 | 43,285 | 42,878 | 42,495 | 41,404 |
| Daily Average Consumption | | | | | | | | | | |
| in Gallons (in millions) | 19,970 | 19,983 | 23,660 | 22,475 | 21,763 | 22,468 | 22,151 | 22,577 | 22,226 | 22,305 |
| Sewer | | | | | | | | | | |
| Number of Active | | | | | | | | | | |
| Sewer Accounts | 27,000 | 27,178 | 27,274 | 28,354 | 27,624 | 28,066 | 28,241 | 33,046 | 28,995 | 28,995 |
| Daily Average Treatment | | | | | | | | | | |
| in Gallons (in millions) | 30,326 | 27,800 | 29,230 | 28,330 | 30,120 | 30,760 | 33,290 | 31,460 | 26,350 | 25,956 |

Source: Various City of Canton Departments

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Dave Yost • Auditor of State

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
SEPTEMBER 29, 2011