



**CITY OF NORTH CANTON
STARK COUNTY
Regular Audit
For the Year Ended December 31, 2018**

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OHIO AUDITOR OF STATE
KEITH FABER



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Members of City Council
City of North Canton
145 N. Main Street
North Canton, Ohio 44720

We have reviewed the *Independent Auditor's Report* of the City of North Canton, Stark County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of North Canton is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 5, 2019

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CITY OF NORTH CANTON
STARK COUNTY

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

July 31, 2019

City of North Canton
Stark County
145 North Main Street
North Canton, Ohio 44720

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of North Canton**, Stark County, (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 31, 2019, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

City of North Canton, Ohio



Comprehensive Annual Financial Report For the Year Ended December 31, 2018

CITY OF NORTH CANTON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018



LAURA BROWN
DIRECTOR OF FINANCE

PREPARED BY THE CITY FINANCE DEPARTMENT

Introductory Section



Gold Star Families Memorial

CITY OF NORTH CANTON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018**

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145 North Main St. · North Canton, OH 44720

CITY OF NORTH CANTON

July 31, 2019

Honorable Citizens of North Canton
And Members of City Council
North Canton, Ohio

Transmittal Letter

The Comprehensive Annual Financial Report (CAFR) of the City of North Canton, Ohio (the “City”) is hereby presented. This CAFR represents the official report of the City of North Canton's operations and financial position for the year ended December 31, 2018, and has been developed to accurately detail the status of City finances to North Canton residents and elected officials, investment banks, underwriters and all other interested parties. This report includes the City's implementation of accounting principles generally accepted in the United States of America (GAAP) set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data and 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 are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

State statutes require the City to be subjected to an annual audit by the Auditor of State or by an independent certified public accountant approved by the Auditor of State. The firm of Perry & Associates, CPA's A.C. has performed the City audit as of December 31, 2018 and they have issued an unmodified (“clean”) opinion. The Independent Auditor's Report on the basic financial statements and the combining and individual fund statements and schedules are included financial section of this report.

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 immediately following the Independent Auditor's Report.

As part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's independent audit for the year ended December 31, 2018 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Reporting Entity

The City has reviewed its reporting entity definition in order to ensure conformance with GASB Statement No. 14, "*The Financial Reporting Entity*" as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*" and GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus*". In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City of North Canton (the primary government) and its potential component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of North Canton, this includes the departments and agencies that provide the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, mayor's court and general administrative services. The City has one component unit: The City of North Canton Community Improvement Corporation that is shown as a separate discrete component unit. This component unit is included as part of the reporting entity because the primary government appoints all members of their board of trustees and is able to impose its will on the organization.

Profile of the Government

The City acquired its first existence as a recognized political entity when the Village plat was recorded on February 19, 1831 as New Berlin. As a result of sentiment against Germany during World War I, the name of the Village was changed to North Canton on January 31, 1918. The City gained formal status as a City effective January 1, 1962. The City is located in the northern half of Stark County and is approximately 7.15 square miles in size. The City's population, according to the 2010 census, was 17,488.

The City is a home-rule municipal corporation operating under the laws of the State of Ohio. The City's current charter, its municipal constitution, has been amended seven times since its original adoption on November 8, 1960. The laws of the State of Ohio prevail when conflicts exist between the charter and the State constitution and in matters where the charter is silent. The Charter provides for a "Mayor-Administrator-Council" form of government. The City's charter can only be amended by a majority vote of the City's registered voters.

Legislative authority is vested in a seven-member Council, four of which are elected from wards and three are elected at-large. Council members are elected for two year terms in the odd numbered years through a nonpartisan election process. Their term of office begins December 1. The Council holds an organizational meeting within the first three days of December each year. The Mayor presides over the meeting until President of Council is elected by the members of Council.

The Director of Law, Director of Finance and Clerk to the Council are appointed by, and serve at the pleasure of the Council. Council also appoints the three members of the City's Civil Service Commission. The Council fixes compensation of City officials and employees, and enacts legislation in the form of ordinances and resolutions relative to City services, tax levies, appropriating and borrowing monies, and other municipal purposes.

The Mayor is elected for a two year term to begin on the first day of December following the election. According to the Charter, the Mayor is the executive of the City and is responsible to the electors for enforcement of all laws and ordinances, and for control and proper operation of all administrative departments and divisions. The Mayor appoints a Director of Administration subject to confirmation by a majority vote of Council. The Director of Administration is responsible to the Mayor for the general administration of the affairs of the City.

As authorized by its charter and codes, the City provides the following broad categories of services to its citizens:

- The Department of Service includes the divisions of Streets, Sewer, Water, Engineering, and Parks and Playgrounds.
- The Department of Safety includes the divisions of Police, Fire, Health and Sanitation, Emergency Medical Services, and Inspection and Licensing.
- The City also operates three enterprise activities: a water system, a sewer system, and garbage service. The water service is metropolitan in nature and reaches far beyond the City's incorporated boundaries.

The Council is required to adopt a permanent appropriation measure within ninety days of the beginning of the year covered by such ordinance. The annual budget serves as the foundation for the City of North Canton's financial planning and control. The budget is prepared by fund and department. Transfers between funds, need special approval from Council.

North Canton Local Economy

Background

The City of North Canton is located in Northeast Ohio along the Interstate 77 corridor with convenient access to markets in Cleveland, Akron and Canton. The Akron Canton Regional Airport is located within a five-minute drive from the City's corporate limits and provides nationwide passenger and commercial airfreight services to the region. Major Airlines, such as Allegiant Air, American Airlines, Delta Airlines, Southwest Airlines, Spirit Airlines, and United Airlines, provide passenger service at the facility and the passenger traffic at the airport represents approximately twenty percent of all air travel growth in Ohio. The airport continues to have approximately two million customers annually.

North Canton's location allows business and industry to take advantage of a regional academic cluster that contains six universities/colleges that offer high tech programs in biosciences, bioinformatics, fuel cells and information technology. These colleges and universities include Walsh University, Stark State College, Kent State University, University of Akron, Malone University, and University of Mount Union.

Recent Economic History

The City of North Canton was the home for the Hoover Company for over 100 years and the company employed over 4,000 persons locally at its peak. In 2007, the Hoover Manufacturing Company's parent company, the Maytag Corporation, was purchased by the Whirlpool Corporation as part of a larger acquisition package and then subsequently sold to Techtronic Industries Company Ltd. (TTI) for approximately \$107 million. TTI decided they would close the North Canton Hoover Manufacturing Plant at the end of the third quarter of 2007. At the time of TTI's announcement, the employment levels at the North Canton Hoover facility were about 800 hourly workers. The plant was officially closed on September 27, 2007.

After the closure, California based Industrial Realty Group (IRG) and Industrial Commerce Realty (ICR), national and regional real estate development companies that specialize in redevelopment of older industrial buildings, purchased the former Hoover site on January 28, 2008. The official ownership of the site is Maple Street Commerce, LLC. The City and Developer have renamed the site as the “Hoover District” to connect the past community history with the new marketing efforts to redevelop the site. City officials continue to work with IRG as each phase of the Hoover District project progresses.

Current Local Economy

Since 2008, the partnership between the City of North Canton and Hoover District Developer have continued to bring new employees and increased income tax revenues to the City. Currently fourteen companies call the Hoover District their home and employ over 1,000 people and the total annual income tax revenue for the 2018 calendar year has increased to over \$600,000.

The Hoover District continues to play a big role helping drive the City’s economy. The City and the Developer continue to work together to redevelop the Hoover District site for warehousing, manufacturing, offices, limited retail, and residential housing units that offers a true “live work” community. In addition, the community has several other business clusters including healthcare, insurance services, and education. This includes a significant presence of the Aultman North Medical Care Facility/North Canton Medical Group, the Mercy Medical Center, Akron Children’s Hospital Pediatrics offices, St. Luke’s Lutheran Community, The Windsor, Altercare of Ohio, Heritage Villas, The Danbury and Sanctuary Grande senior living facilities, Northeast Professional Home Care Inc. and numerous medical and dental offices that account for over 1,250 jobs.

The City also has a significant number of jobs involved in insurance services, such as those at Trubridge, located in the Hoover District. Further, employment in education has increased to over 2,600 jobs at both Walsh University and the North Canton City School District.

Long-Term Financial Planning

The City’s income tax ordinance provided for 0.30 percent of the first 1 percent tax rate (after paying all costs associated with the collection of the income tax) be used for capital improvements and 0.70 percent of the first 1 percent be used for general operations of the City. The remaining 0.5 percent tax rate was to be used for either general operations of the City or capital improvements. As the cost of general operations increased at a greater pace than income tax collections, the amount directed to capital improvements had been reduced to the minimum amount allowed. This minimum amount was about 20 percent of the full 1.5 percent tax. As there were fewer funds for capital projects, the City looked at other means to finance equipment purchases and road, curb and gutter improvements. These financing options included capital leasing, grants and zero interest loans. Although the City will continue to explore all financing options, the income tax ordinance was revised in 2017. For 2017 and again in 2018, 30 percent of the full 1.5 percent income tax rate (after paying all costs associated with the collection of the income tax) was used for capital improvements and the remaining 70 percent was used for general operations of the City. This allocation is reviewed each year as the budget is prepared for the following year and can be adjusted to meet the priorities of each year’s budget. For 2019, the City continues to invest 30 percent of income tax in capital improvements.

Relevant Financial Policies

The City maintains several reserve funds to accumulate resources for future needs. One such fund is for the payout of earned vacation and eligible sick leave to employees who terminate employment with the City. In 2017 and again in the 2018 budget, no contributions to this fund were necessary, as the amount in the fund is sufficient to cover anticipated termination payments. In addition, the City is accumulating a reserve for improvements to the police department firing range. The City's newest reserve fund was created so that each department can accumulate unspent budgeted dollars to save money towards future capital needs.

Major Initiatives

The City of North Canton will continue its major initiatives/focus areas it has adopted over the past few years that concentrates its efforts on financial stability and growth. The City has prospered since the end of the "Great Recession" that officially occurred in the period of 2008 through 2009. Job losses, plant closures, and significant cuts in State promised funding substantially effected the City's finances and ability to deliver services to its residential and commercial customers. As a result, the City has adopted several major management issues to assure long-term financial stability, growth, and delivery of superior customer service. These include the following:

1. Lean staffing controls;
2. Controlling expenditures;
3. Improvement of operating efficiencies;
4. Maintenance of a strong general fund and capital improvement fund balances;
5. Development of a capital improvement plans to repair and replace capital assets;
6. Strong investment policies;
7. Aggressive grant seeking for economic development and capital improvement projects;
8. Major focus on economic development and job retention and expansion and,
9. Superior service delivery to residents and business customers.

These measures have been effective in reducing costs and improving efficiencies throughout the City for the 2012 – 2018 fiscal years. Several examples include strong managed operating revenues and expenses with very strong revenue to expense ratios, very strong and improving trends in the general fund, strong job growth during this period evidenced by positive trends and continual increases in income tax revenue during the period, and a defined five-year capital improvement plan. Further, aggressive grant seeking has allowed the replacement and installation of new infrastructure at a fraction of the cost to the City's capital improvement funds.

Awards and Acknowledgements

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 North Canton for its Comprehensive Annual Financial Report for the year ended December 31, 2017. This was the thirtieth consecutive year that the government has achieved this prestigious national award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

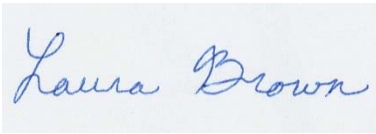
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it the GFOA to determine its eligibility for another certificate.

I would like to thank the Mayor and Members of Council for their support for continued excellence in financial reporting and disclosure. The City would like to express its appreciation to Julian & Grube, Inc. for their assistance with the preparation of this CAFR.

This comprehensive annual financial report was prepared by the Finance Department with the efficient and dedicated services of its entire staff. I express my appreciation to each of them and to many of the City's other employees contributing to this effort.

Finally, thank you to the local photographers who provided the visual representations of the City used throughout the CAFR. From the aerial drone photos of the Memorial Day parade and Dogwood Pool by Justin Deierling, to the Price Park photos by Mike Grimes and Pudge Hammen, the artistic talents of our City residents are appreciated as they bring color to the CAFR as well as our City website and social media.

Respectfully Submitted,

A rectangular box containing a handwritten signature in blue ink that reads "Laura Brown".

Laura Brown
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of North Canton
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

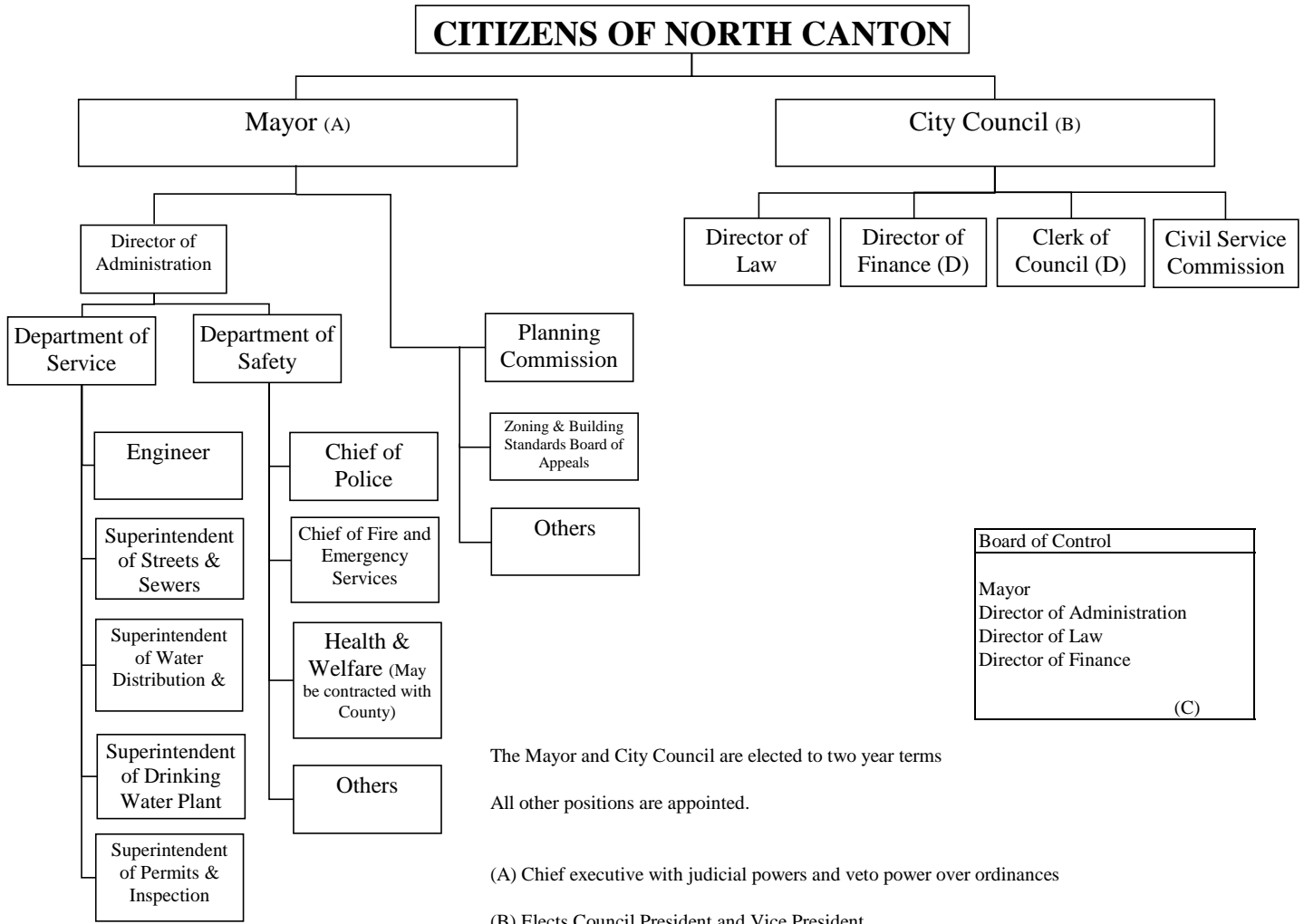
December 31, 2017

Christopher P. Morrill

Executive Director/CEO

CITY OF NORTH CANTON, OHIO

**CHARTER GOVERNMENT
ORGANIZATIONAL CHART**



The Mayor and City Council are elected to two year terms
All other positions are appointed.

(A) Chief executive with judicial powers and veto power over ordinances

(B) Elects Council President and Vice President

(C) Awards contracts over Ohio Revised Code bidding limit

(D) May be combined

CITY OF NORTH CANTON, OHIO

LIST OF PRINCIPAL OFFICIALS
AS OF DECEMBER 31, 2018

ELECTED CITY OFFICIALS

MAYOR

HONORABLE DAVID J. HELD

CITY COUNCIL

DANIEL J. PETERS, PRESIDENT, WARD 2
DOUGLAS V. FOLTZ, VICE PRESIDENT, WARD 1
MARCIA KIESLING, AT-LARGE
MARK CERRETA, AT-LARGE
DARYL REVOLDT, AT-LARGE
STEPHANIE S. WERREN, WARD 3
DOMINIC FONTE, WARD 4

APPOINTED CITY OFFICIALS

DIRECTOR OF ADMINISTRATION

PATRICK A. DE ORIO

DIRECTOR OF FINANCE

LAURA E. BROWN

DIRECTOR OF LAW

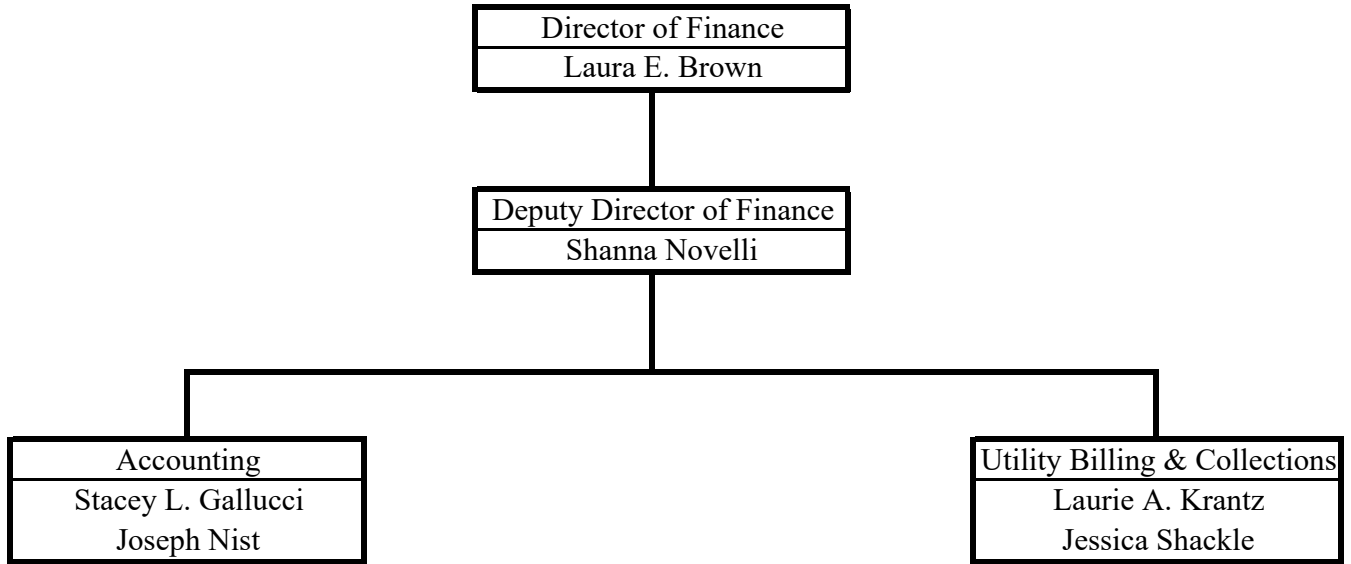
TIMOTHY L. FOX

CLERK OF COUNCIL

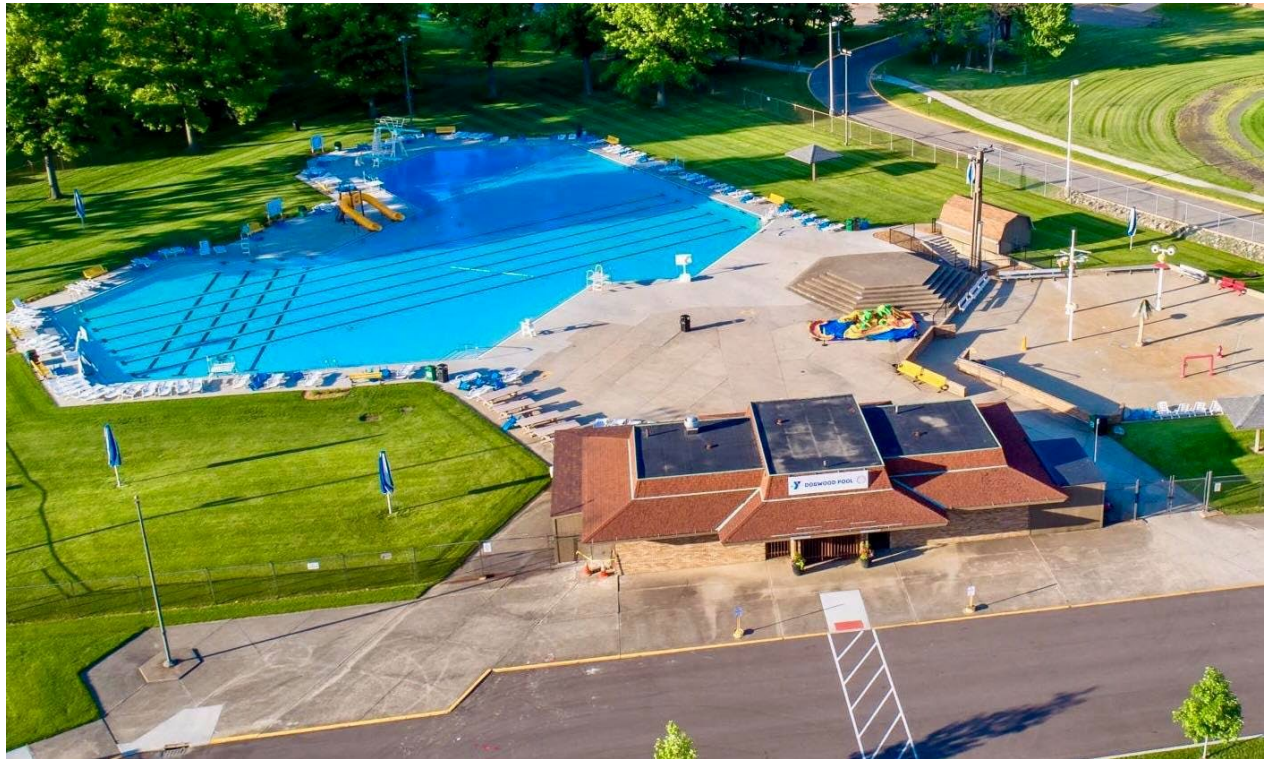
MARY BETH BAILEY

CITY OF NORTH CANTON, OHIO

DEPARTMENT OF FINANCE
ORGANIZATIONAL CHART
AS OF DECEMBER 31, 2018



Financial Section



Aerial View of Dogwood Pool



Certified Public Accountants, A.C.

313 Second St.
Marietta, OH 45750
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Vienna, WV 26105
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740.435.3417

INDEPENDENT AUDITOR'S REPORT

July 31, 2019

City of North Canton
Stark County
145 North Main Street
North Canton, Ohio 44720

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of North Canton**, Stark County, Ohio (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North Canton, Stark County, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Emergency Medical Services Levy funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, schedules of net pension and OPEB liabilities and pension and OPEB contributions 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on 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 present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 UNAUDITED

The Management's Discussion and Analysis for the City of North Canton's (the "City") financial statements provides an overview of the City's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter, the notes to the basic financial statements and the basic financial statements.

Financial Highlights

Key financial highlights for 2018 are as follows:

- The total net position of the City increased \$1,920,430. Net position of governmental activities increased \$761,472 or 1.92% over 2017's net position and business-type activities increased \$1,158,958 or 3.12% over 2017's net position.
- General revenues accounted for \$11,318,489 or 78.75% of total governmental activities revenue. Program specific revenues accounted for \$3,054,761 or 21.25% of total governmental activities revenue.
- The City had \$13,611,778 in expenses related to governmental activities; \$3,054,761 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$10,557,017 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$11,318,489.
- The general fund had revenues of \$8,003,983 in 2018. The expenditures and other financing uses of the general fund totaled \$6,961,782 in 2018. The net increase in the fund balance for the general fund was \$1,051,492 or 11.78%, from \$8,923,620 to \$9,812,729.
- The emergency medical services levy fund had revenues and other financing sources of \$1,768,947 in 2018. The emergency medical services levy fund had expenditures of \$1,715,707. The fund balance of the emergency medical services levy fund increased \$53,240 from \$465,030 to \$518,270.
- The capital improvement major fund had revenues and other financing sources of \$2,391,842 and expenditures of \$3,446,181 in 2018. The fund balance for the capital improvement fund decreased \$1,054,339 or 35.66%, from \$2,954,658 to \$1,900,319.
- The issue II fund had \$154,691 in revenues and \$675,686 in expenditures in 2018. The fund deficit for the issue II fund increased \$520,995 or 54.84%, from \$9,500 to \$530,495.
- Net position for the business-type activities, which are made up of the water, sewer, and garbage funds, increased \$1,146,054 from a net position of \$37,110,570 to \$38,269,528 in 2018.
- The water fund had \$7,164,119 in operating revenues and \$5,489,737 in operating expenses in 2018. The water fund also had nonoperating expenses of \$232,138. The net position of the water fund increased \$1,442,244 or 5.16%.
- The sewer fund had \$3,015,177 in operating revenues and \$3,253,850 in operating expenses in 2018. The sewer fund also had non-operating expenses of \$58,906. The net position of the sewer fund decreased \$297,579 or 3.48%.
- The garbage fund had \$978,744 in operating revenues and \$1,011,433 in operating expenses in 2018. The garbage fund also had non-operating revenues of \$59,964. The net position of the garbage fund increased \$27,275 or 1.13%.

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 UNAUDITED

Using this Comprehensive Annual Financial Report (CAFR)

The City's annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City of North Canton as a total financial and operating entity. The individual statements provide a detailed look at specific financial activities.

The City's basic financial statements are comprised of three components: 1) City-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell the reader how services were financed in the short-term, as well as the amount of funds remaining for future spending. The fund financial statements also look at the City's major funds with all other non-major funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and Statement of Activities

The analysis of the City as a whole begins on page 8. One of the most important questions asked about the City's finances is, "How did the City perform financially during 2018?" The Statement of Net Position and the Statement of Activities provide information concerning the City as a whole and its financial activities that will assist the reader in answering this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual method of accounting similar to the accounting used by most private-sector businesses. This method of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in the net position. The change in net position is important because it allows the reader to judge in many respects as to whether or not the City's financial position has improved or diminished over the past year. The causes of any change in financial position for the City may be related to, or the result of, many factors, some of which may be directly financial, and others which may be only indirectly related to the City's finances. Indirect financial factors include changes in the City's tax or revenue base, changes in general tax law in Ohio or the City, variations in economic conditions, the condition of the City's capital assets and other related factors which may impact revenues or expenses.

In the Statement of Net Position and the Statement of Activities, the City operation is divided into two distinct types of activities as follows:

- **Governmental Activities** - Most of the City's programs and services are considered to be governmental activities, including general government, security of persons and property, public health and welfare, transportation, community environment, leisure time activities and basic utility services. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided.

The City-wide financial statements can be found on pages 23-25 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like the State and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 UNAUDITED

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds, not on the City as a whole. The City's major governmental funds are the general fund, the emergency medical services levy fund, the capital improvement fund and issue II fund. The City's major proprietary funds are the water fund, the sewer fund and the garbage fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on events that produce near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the year. This information is useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the City's governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental Statement of Revenues, Expenditures, and Changes in Fund Balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 26-34 of this report.

The City adopts an annual appropriation budget for its general fund and other funds. Budgetary statements and schedules have been provided for all annually budgeted funds to demonstrate compliance.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water system, sewer and garbage. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-insurance programs for medical-related employee benefits. The basic proprietary fund statements can be found on pages 35-38 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the City's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds. The basic fiduciary fund financial statement can be found on page 39 of this report.

Notes to the Basic Financial Statements

The financial statement notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the basic financial statements can be found on pages 41-98 of this report.

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
UNAUDITED

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability and net OPEB liability. The required supplementary information can be found on pages 100-112 of this report.

Government-Wide Financial Analysis

The Statement of Net Position provides the perspective of the City as a whole.

The table below provides a summary of the City's net position at December 31, 2018 compared to December 31, 2017. The net position at December 31, 2017 has been restated as described in Note 3.

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
<u>Assets</u>						
Current assets	\$ 22,571,170	\$ 22,562,032	\$ 9,304,504	\$ 9,820,337	\$ 31,875,674	\$ 32,382,369
Capital assets, net	37,523,438	35,462,297	44,000,727	44,076,512	81,524,165	79,538,809
Total assets	<u>60,094,608</u>	<u>58,024,329</u>	<u>53,305,231</u>	<u>53,896,849</u>	<u>113,399,839</u>	<u>111,921,178</u>
<u>Deferred outflows of resources</u>						
Unamortized deferred charges	62,140	67,354	133,607	144,819	195,747	212,173
Pension	2,300,371	3,029,495	540,419	1,141,763	2,840,790	4,171,258
OPEB	977,784	34,700	131,858	18,851	1,109,642	53,551
Total deferred outflows of resources	<u>3,340,295</u>	<u>3,131,549</u>	<u>805,884</u>	<u>1,305,433</u>	<u>4,146,179</u>	<u>4,436,982</u>
<u>Liabilities</u>						
Current liabilities	1,329,125	1,061,681	589,837	1,590,674	1,918,962	2,652,355
Long-term liabilities:						
Due within one year	240,912	279,132	1,164,664	1,122,469	1,405,576	1,401,601
Net pension liability	8,229,543	9,040,865	2,001,300	2,840,929	10,230,843	11,881,794
Net OPEB liability	7,091,216	5,731,344	1,431,919	1,289,721	8,523,135	7,021,065
Other amounts	2,255,672	2,365,091	10,019,850	11,135,748	12,275,522	13,500,839
Total liabilities	<u>19,146,468</u>	<u>18,478,113</u>	<u>15,207,570</u>	<u>17,979,541</u>	<u>34,354,038</u>	<u>36,457,654</u>
<u>Deferred inflows of resources</u>						
Property taxes	2,517,849	2,432,627	-	-	2,517,849	2,432,627
Pension	1,238,633	666,699	530,480	112,171	1,769,113	778,870
OPEB	192,042	-	116,441	-	308,483	-
Total deferred inflows of resources	<u>3,948,524</u>	<u>3,099,326</u>	<u>646,921</u>	<u>112,171</u>	<u>4,595,445</u>	<u>3,211,497</u>
<u>Net Position</u>						
Net investment in capital assets	35,525,631	33,955,258	33,212,578	31,587,314	68,738,209	65,542,572
Restricted	2,062,174	3,186,980	-	-	2,062,174	3,186,980
Unrestricted	2,752,106	2,436,201	5,056,950	5,523,256	7,809,056	7,959,457
Total net position	<u>\$ 40,339,911</u>	<u>\$ 39,578,439</u>	<u>\$ 38,269,528</u>	<u>\$ 37,110,570</u>	<u>\$ 78,609,439</u>	<u>\$ 76,689,009</u>

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 UNAUDITED

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 UNAUDITED

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$45,275,083 to \$39,578,439 for governmental activities and \$38,381,440 to \$37,110,570 for business-type activities.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2018, the City's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$78,580,824. At year-end, net position was \$40,339,911 and \$38,269,528 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At December 31, 2018, capital assets represented 71.89% of total assets. Capital assets include land, easements and rights of way, construction in progress (CIP), land improvements, buildings, equipment, software, sewer rights and infrastructure. Net investment in capital assets at December 31, 2018, was \$35,525,631 and \$33,212,578 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Assets of governmental activities increased \$2,070,279 or 3.45%. This increase can mainly be attributed to an increase capital assets. The increase in capital assets was the result of new construction in progress and street programs that were purchased during the year. Liabilities of the governmental activities increased by \$668,355 or 3.62% which is due primarily to an increase in the net OPEB liabilities related to the City's proportionate share of the Ohio Police & Fire (OP&F) net OPEB liability which was partially offset by a decrease in the City's proportionate share of the net pension liability.

Assets of business-type activities decreased \$591,618 or 1.11%. This decrease was the result of a decrease in equity in pooled cash and investments due to increased spending in comparison to the previous year. Liabilities of the business-type activities decreased by \$2,771,971. This decrease was due to a decrease in contracts payable and the City's net pension liability.

As of December 31, 2018, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's governmental net position, \$2,062,174, represents resources that are subject to external restriction on how they may be used. This is a decrease of \$1,124,806 from 2017. In the governmental activities, the remaining balance of unrestricted net position of \$2,752,106 may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
UNAUDITED

Statement of Activities

The table below shows the changes in net position for years 2018 and 2017. The net position at December 31, 2017 has been restated as described in Note 3.

	Change in Net Position					
	Governmental	Restated Governmental	Business-Type	Restated Business-Type		Restated
	Activities <u>2018</u>	Activities <u>2017</u>	Activities <u>2018</u>	Activities <u>2017</u>	2018 <u>Total</u>	2017 <u>Total</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,289,791	\$ 1,531,976	\$ 11,095,444	\$ 11,008,971	\$ 12,385,235	\$ 12,540,947
Operating grants and contributions	948,751	788,165	59,964	62,960	1,008,715	851,125
Capital grants and contributions	<u>816,219</u>	<u>192,500</u>	<u>-</u>	<u>-</u>	<u>816,219</u>	<u>192,500</u>
Total program revenues	<u>3,054,761</u>	<u>2,512,641</u>	<u>11,155,408</u>	<u>11,071,931</u>	<u>14,210,169</u>	<u>13,584,572</u>
General revenues:						
Taxes	10,439,425	10,824,556	-	-	10,439,425	10,824,556
Grants and entitlements	476,600	641,490	-	-	476,600	641,490
Investment earnings	293,553	143,590	-	-	293,553	143,590
Miscellaneous	<u>108,911</u>	<u>59,843</u>	<u>62,596</u>	<u>77,047</u>	<u>171,507</u>	<u>136,890</u>
Total general revenues	<u>11,318,489</u>	<u>11,669,479</u>	<u>62,596</u>	<u>77,047</u>	<u>11,381,085</u>	<u>11,746,526</u>
Total revenues	<u>14,373,250</u>	<u>14,182,120</u>	<u>11,218,004</u>	<u>11,148,978</u>	<u>25,591,254</u>	<u>25,331,098</u>

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CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
UNAUDITED

Change in Net Position - (Continued)

	Governmental Activities <u>2018</u>	Restated Governmental Activities <u>2017</u>	Business-type Activities <u>2018</u>	Restated Business-type Activities <u>2017</u>	<u>2018</u> Total	Restated <u>2017</u> Total
Expenses:						
General government	1,841,378	2,139,358	-	-	1,841,378	2,139,358
Security of persons and property:						
Police	4,069,125	3,623,736	-	-	4,069,125	3,623,736
Fire	980,977	610,936	-	-	980,977	610,936
Public health and welfare	1,959,758	1,812,729	-	-	1,959,758	1,812,729
Transportation	2,654,652	2,808,748	-	-	2,654,652	2,808,748
Community environment	579,143	559,672	-	-	579,143	559,672
Leisure time activities	912,839	702,842	-	-	912,839	702,842
Basic utility services	567,192	553,272	-	-	567,192	553,272
Interest and fiscal charges	46,714	50,163	-	-	46,714	50,163
Water	-	-	5,730,748	5,472,143	5,730,748	5,472,143
Sewer	-	-	3,316,532	3,584,577	3,316,532	3,584,577
Garbage	-	-	1,011,766	1,006,131	1,011,766	1,006,131
Total expenses	<u>13,611,778</u>	<u>12,861,456</u>	<u>10,059,046</u>	<u>10,062,851</u>	<u>23,670,824</u>	<u>22,924,307</u>
Excess before transfers	761,472	1,320,664	1,158,958	1,086,127	1,920,430	2,251,996
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	761,472	1,320,664	1,158,958	1,086,127	1,920,430	2,251,996
Net position at beginning of year (restated)	<u>39,578,439</u>	<u>N/A</u>	<u>37,110,570</u>	<u>N/A</u>	<u>76,689,009</u>	<u>N/A</u>
Net position at end of year	<u>\$ 40,339,911</u>	<u>\$ 39,578,439</u>	<u>\$ 38,269,528</u>	<u>\$ 37,110,570</u>	<u>\$ 78,609,439</u>	<u>\$ 76,689,009</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$53,551 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$1,549,279. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Total 2018 program expenses under GASB 75	\$ 13,611,778	\$ 10,059,046
OPEB expense under GASB 75	(623,768)	(925,511)
2018 contractually required contributions	<u>14,938</u>	<u>2,253</u>
Adjusted 2018 program expenses	13,002,948	9,135,788
Total 2017 program expenses under GASB 45	<u>12,861,456</u>	<u>10,062,851</u>
Increase (decrease) in program expenses not related to OPEB	<u>\$ 141,492</u>	<u>\$ (927,063)</u>

CITY OF NORTH CANTON, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
UNAUDITED**

Governmental Activities

Governmental activities net position increased \$761,472 in 2018.

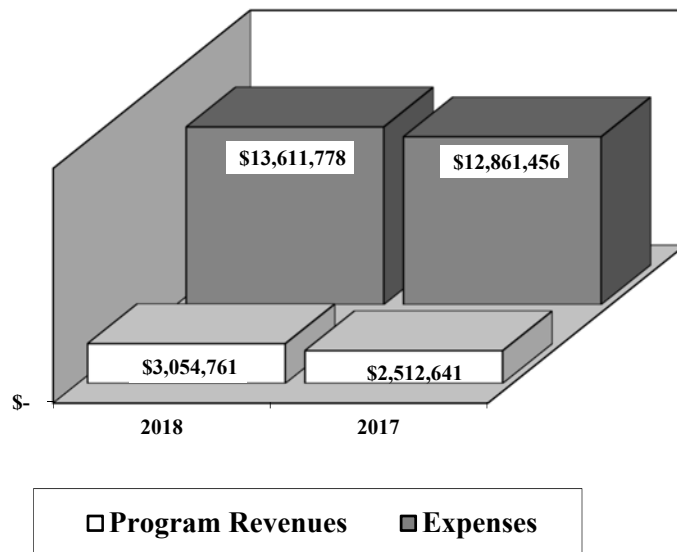
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$5,050,102 of the total expenses of the City. These expenses were partially funded by \$20,792 in direct charges to users of the services. General government expenses totaled \$1,841,378. General government expenses were partially funded by \$122,045 in direct charges to users of the services.

The State and federal government contributed to the City a total of \$1,764,970 in operating grants and contributions. Capital grants and contributions increased due to money being received from the Ohio Public Works Commission (OPWC) during the year.

General revenues totaled \$11,318,489 and amounted to 78.75% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$10,439,425. This increase was the result of greater than expected income tax collections compared to the previous year. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government, local government revenue assistance, homestead and rollback, making up \$476,600.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities – Program Revenues vs. Total Expenses



CITY OF NORTH CANTON, OHIO

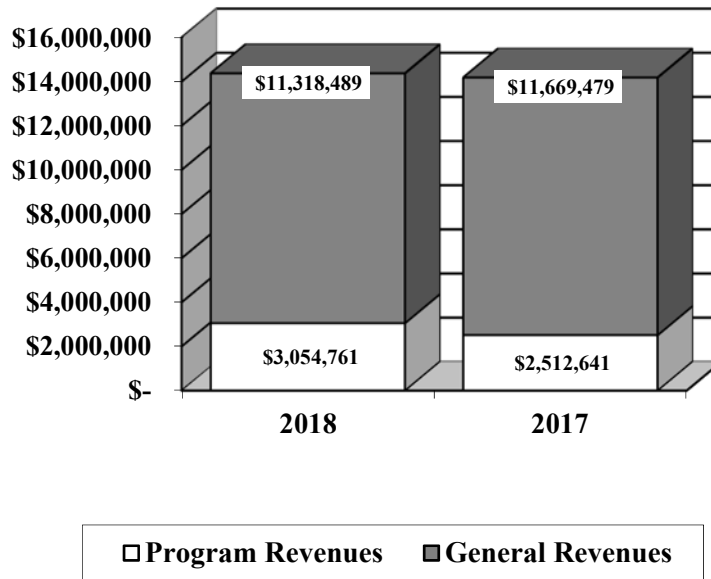
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
UNAUDITED

Governmental Activities

	Total Cost of Services <u>2018</u>	Net Cost of Services <u>2018</u>	Total Cost of Services <u>2017</u>	Net Cost of Services <u>2017</u>
Program Expenses:				
General government	\$ 1,841,378	\$ 1,718,461	\$ 2,139,358	\$ 1,718,605
Security of persons and property:				
Police	4,069,125	4,047,761	3,623,736	3,589,307
Fire	980,977	923,031	610,936	607,545
Public health and welfare	1,959,758	1,321,983	1,812,729	1,187,150
Transportation	2,654,652	989,979	2,808,748	1,849,038
Community environment	579,143	232,816	559,672	234,258
Leisure time activities	912,839	709,080	702,842	559,477
Basic utility services	567,192	567,192	553,272	553,272
Interest and fiscal charges	<u>46,714</u>	<u>46,714</u>	<u>50,163</u>	<u>50,163</u>
Total Expenses	<u>\$ 13,611,778</u>	<u>\$ 10,557,017</u>	<u>\$ 12,861,456</u>	<u>\$ 10,348,815</u>

The dependence upon general revenues for governmental activities is apparent, with 78.25% of expenses supported through taxes and other general revenues in 2018 and 80.46% in 2017.

Governmental Activities – General and Program Revenues



CITY OF NORTH CANTON, OHIO

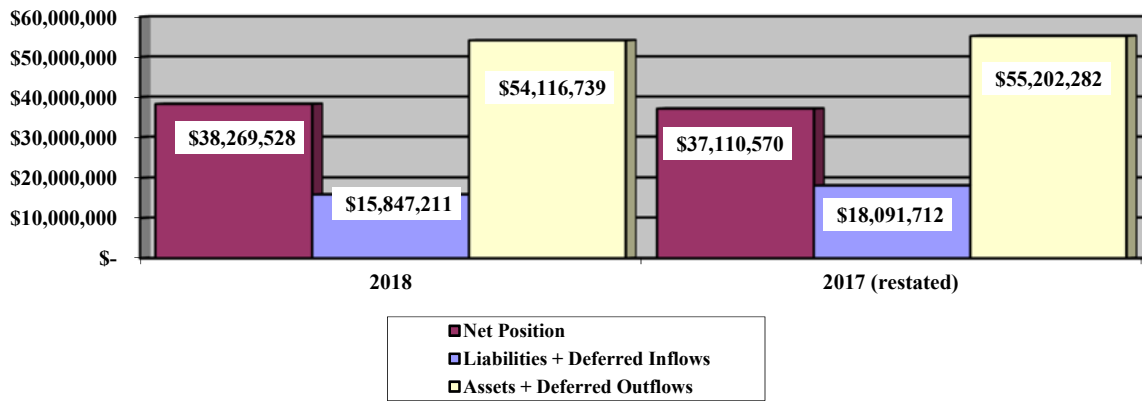
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
UNAUDITED

Business-Type Activities

Business-type activities include the water, sewer, and garbage enterprise funds. These programs had program revenues of \$11,155,408, expenses of \$10,059,046 and general revenues of \$62,596 for 2018. Additional discussion on the enterprise funds can be found on the subsequent pages.

The graph below shows the business-type activities assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at December 31, 2018 and 2017. The net position at December 31, 2017 has been restated as described in Note 3.

Net Position in Business - Type Activities



Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds reported a combined fund balance of \$14,512,103 which is \$778,967 lower than last year's total of \$15,291,070. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2018 for all major and nonmajor governmental funds.

	Fund Balances 12/31/18	Fund Balances 12/31/17	Change
Major Funds:			
General	\$ 9,975,112	\$ 8,923,620	\$ 1,051,492
Emergency Medical Services Levy	518,270	465,030	53,240
Capital Improvement	1,900,319	2,954,658	(1,054,339)
Issue II	(530,495)	-	(530,495)
Other Nonmajor Governmental Funds	<u>2,648,897</u>	<u>2,947,762</u>	<u>(298,865)</u>
Total	<u>\$ 14,512,103</u>	<u>\$ 15,291,070</u>	<u>\$ (778,967)</u>

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
UNAUDITED

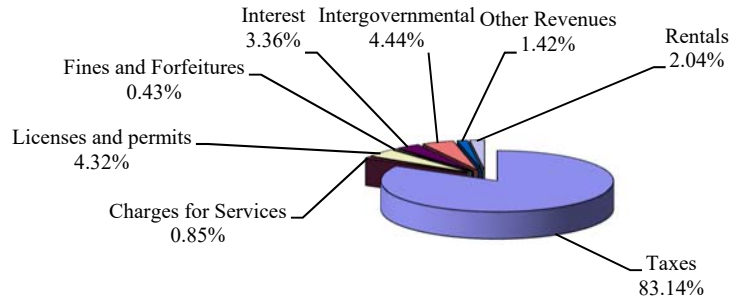
General Fund

The City's general fund balance increased \$1,051,492. The table that follows assists in illustrating the revenues of the general fund.

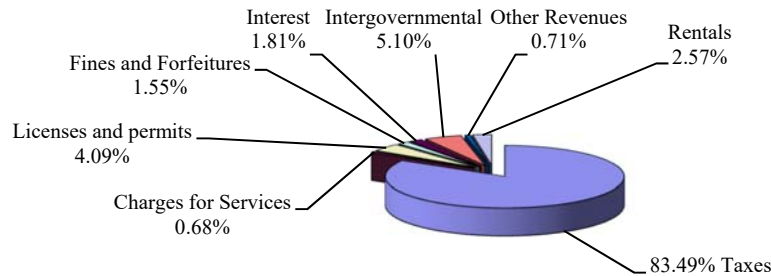
	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
Revenues				
Taxes	\$ 6,661,811	\$ 6,646,983	\$ 14,828	0.22 %
Charges for services	68,444	53,990	14,454	26.77 %
Licenses and permits	346,327	325,414	20,913	6.43 %
Fines and forfeitures	34,242	123,727	(89,485)	(72.32) %
Intergovernmental	355,715	405,808	(50,093)	(12.34) %
Interest	269,411	144,192	125,219	86.84 %
Rentals	163,844	204,375	(40,531)	(19.83) %
Other	113,480	56,731	56,749	100.03 %
Total	<u>\$ 8,013,274</u>	<u>\$ 7,961,220</u>	<u>\$ 52,054</u>	0.65 %

Revenues of the general fund increased \$52,054 or 0.65%. The largest revenue source, tax revenues, increased by only \$14,828 or 0.22%. This increase was the result of better income tax collections compared to the prior year. Interest increased \$125,219 or 86.84%. This increase was due to an increase in interest rates earned on investments. The decrease in fines and forfeitures was the result less fines collected from the Mayor's Court. All other major revenue remained comparable to 2017.

Revenues – 2018



Revenues – 2017



CITY OF NORTH CANTON, OHIO

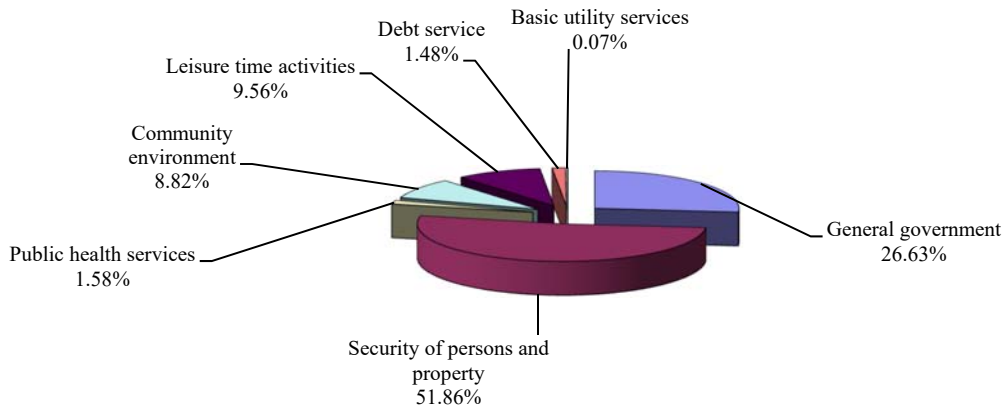
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
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The table that follows assists in illustrating the expenditures of the general fund.

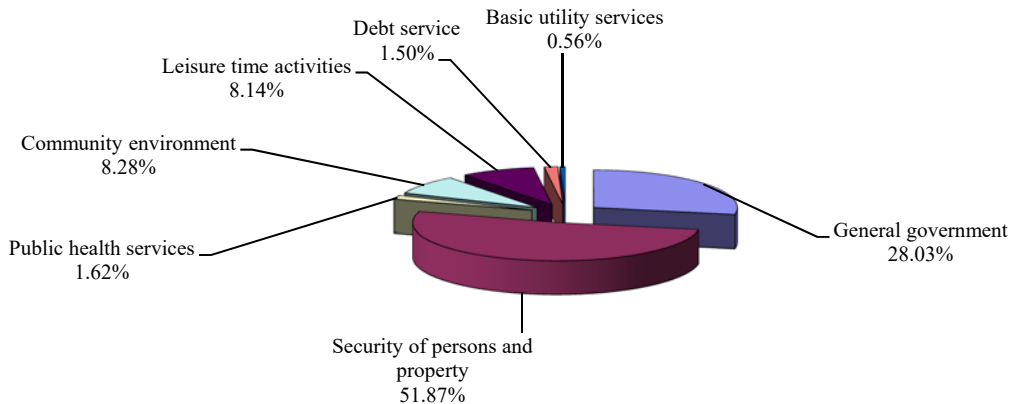
	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>				
General government	\$ 1,694,141	\$ 1,739,838	\$ (45,697)	(2.63) %
Security of persons and property:				
Police	3,299,408	3,220,357	79,051	2.45 %
Public health and welfare	100,828	100,652	176	0.17 %
Community environment	561,002	514,138	46,864	9.12 %
Leisure time activities	607,950	505,092	102,858	20.36 %
Basic utility services	4,155	34,905	(30,750)	(88.10) %
Debt service	<u>94,298</u>	<u>93,148</u>	<u>1,150</u>	1.23 %
Total	<u>\$ 6,361,782</u>	<u>\$ 6,208,130</u>	<u>\$ 153,652</u>	2.48 %

Expenditures of the general fund increased \$153,652 or 2.48%. While a few of the categories showed decreases, the largest increase was in the area of leisure time activities which increased \$102,858 and security of persons and property. The increase in leisure time activities is due primarily to an increase in costs associated with the swimming pool, parks and recreation. The increase in security of persons and property is due to an increase in personal services expenditures paid to police officers.

Expenditures – 2018



Expenditures – 2017



CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 UNAUDITED

Emergency Medical Services Levy

The emergency medical services levy fund had revenues and other financing sources of \$1,768,947. The emergency medical services levy fund had expenditures of \$1,715,707. The fund balance of the emergency medical services levy fund increased \$43,600 during 2018 from \$465,030 to \$508,630. The fund balance increased due to a transfer in from the general fund that was required to supplement the fund due to additional personal service costs.

Capital Improvement Fund

The capital improvement major fund had \$2,391,842 in revenues and other financing sources and \$3,446,181 in expenditures in 2018. The fund balance for the capital improvement fund decreased \$1,054,339, or 35.68%, from \$2,954,658 to \$1,900,319 in 2018. The decrease in fund balance was the result of the City increasing its capital spending.

Issue II Fund

The issue II major fund had \$154,691 in revenues and \$675,686 in expenditures in 2018. The fund balance for the issue II fund decreased (\$520,995), or 54.84%, from (\$9,500) to (\$530,495) in 2018. The decrease in fund balance was the result of the City increasing its capital spending and not receiving grant money within the available period.

Budgeting Highlights – General Fund

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund. In the general fund, the actual revenues and other financing sources of \$7,469,018 were higher than the final budget amount by \$350,642. This increase is due primarily to property taxes, interest income and rental income coming in \$62,919, \$239,834 and \$70,690, respectively, higher than originally projected.

Actual expenditures and other financing uses of \$6,773,537 were lower than the final budget amount by \$816,338. This decrease was primarily due to conservative spending in the police department, economic development and other general government. Final appropriations were \$787 higher than original appropriations. The City was able to reallocate costs between departments and lower other amounts in order to stay on budget as well as increase the City's transfers out.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds. The only interfund activities reported in the government-wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

The City's business-type funds reported a combined net position of \$37,884,459, which is \$111,834 below last year's total of \$37,996,293.

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
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The schedule below indicates the net position and the total change in net position as of December 31, 2018 and December 31, 2017 for all major business-type funds. The net position at December 31, 2017 has been restated as described in Note 3.

	Net Position <u>12/31/18</u>	Restated Net Position <u>12/31/17</u>	<u>Change</u>
Major Funds:			
Water	\$ 29,376,823	\$ 27,934,579	\$ 1,442,244
Sewer	8,252,850	8,550,429	(297,579)
Garbage	<u>267,690</u>	<u>240,415</u>	<u>27,275</u>
Total	<u>\$ 37,897,363</u>	<u>\$ 36,725,423</u>	<u>\$ 1,171,940</u>

Water Fund

The water fund had \$7,164,119 in operating revenues and \$5,489,737 in operating expenses during 2018. The water fund also had \$232,138 in nonoperating expenses. The net position of the water fund increased \$1,442,244 from \$27,934,579 to \$29,376,823. This increase was the result of water rates being sufficient to cover the costs needing to operate the water department.

Sewer Fund

The sewer fund had \$3,015,177 in operating revenues and \$3,253,850 in operating expenses during 2018. The sewer fund also had \$58,906 in nonoperating expenses. The net position of the sewer fund decreased \$297,579 from \$8,550,429 to \$8,252,850. This decrease is the result of operating expenses exceeding operating revenues. The sewer fund showed an increase in personal service costs but offset those by decreasing spending in the area of contract services.

Garbage Fund

The garbage fund had \$978,744 in operating revenues and \$1,011,433 in operating expenses in 2018. The garbage fund also had non-operating revenues of \$59,964. The net position of the garbage fund increased \$27,275 from \$240,415 to \$267,690. The fund balance increased due primarily to a few waste and recycling grants received during the year.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2018, the City had \$81,524,165 (net of accumulated depreciation) invested in land, easements and right of ways, construction in progress (CIP), land improvements, buildings, equipment, software, sewer rights and infrastructure. Of this total, \$37,523,438 was reported in governmental activities and \$44,000,727 was reported in business-type activities. See Note 11 in the basic financial statements for additional capital asset disclosure. The table on the following page shows December 31, 2018 balances compared to December 31, 2017.

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
UNAUDITED

**Capital Assets at December 31
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 5,117,189	\$ 5,117,189	\$ 1,023,702	\$ 1,023,702	\$ 6,140,891	\$ 6,140,891
Easements and right of ways	658,336	626,999	-	-	658,336	626,999
Construction in progress	1,148,206	242,707	3,321,889	2,665,812	4,470,095	2,908,519
Land improvements	1,916,352	1,871,766	340,487	341,722	2,256,839	2,213,488
Buildings	3,503,584	2,917,443	8,367,422	8,817,832	11,871,006	11,735,275
Equipment	3,040,646	2,810,421	1,946,722	2,211,642	4,987,368	5,022,063
Software	27,095	14,435	30,523	12,190	57,618	26,625
Sewer rights	-	-	817,188	878,981	817,188	878,981
Infrastructure	<u>22,112,030</u>	<u>21,861,337</u>	<u>28,152,794</u>	<u>28,124,631</u>	<u>50,264,824</u>	<u>49,985,968</u>
Totals	<u>\$ 37,523,438</u>	<u>\$ 35,462,297</u>	<u>\$ 44,000,727</u>	<u>\$ 44,076,512</u>	<u>\$ 81,524,165</u>	<u>\$ 79,538,809</u>

Debt

The City had the following long-term obligations outstanding at December 31, 2018 and 2017.

	<u>Governmental Activities 2018</u>	<u>Governmental Activities 2017</u>
General obligation bonds	\$ 1,281,492	\$ 1,441,356
Capital leases	<u>4,967</u>	<u>10,661</u>
Total governmental activities long-term obligations	<u>\$ 1,286,459</u>	<u>\$ 1,452,017</u>
	<u>Business-type Activities 2018</u>	<u>Business-type Activities 2017</u>
OWDA loans	\$ 4,762,646	\$ 5,397,382
Intergovernmental loans	1,637,538	1,627,081
OPWC loans	1,427,151	1,543,051
General obligation bonds	<u>3,078,508</u>	<u>3,388,644</u>
Total business-type activities long-term obligations	<u>\$ 10,905,843</u>	<u>\$ 11,956,158</u>

See Note 16 in the basic financial statements for additional disclosures and detail regarding the City's debt activity.

Economic Factors and Next Year's Budget

About ten years after the great recession and the closure of the Hoover Company, the City of North Canton has rebounded and the local and regional economy has continued to grow in several key sectors.

The educational sector is led by Walsh University and North Canton City School District. Walsh University is the City's largest employer, both by income tax dollars and number of employees.

CITY OF NORTH CANTON, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 UNAUDITED

The University continues to increase enrollment, with almost 3,000 students studying at the North Canton main campus or the satellite campus in Rome, Italy. The University opened a new 44,000 square foot signature building on its main campus known as the "Marlene and Joe Toot Global Learning Center". The University invested approximately \$20,000,000 to construct classroom and office space with a heavy emphasis on digital and high technology. It is anticipated that this facility will draw more technology companies to the region and provide potential employees to local software development companies such as Prime Pro Data and Squirrels Inc.

North Canton City School District is the City's second largest employer and has been recognized for numerous awards in the past year, including an Overall A Award on the State report card for Northwood Elementary School, a Momentum Award for Orchard Hill Intermediate School, and a Momentum Award for the School District as a whole. The School District was one of only 51 school districts in the Ohio to receive this recognition. In addition to their academic success, the School District also partnered with the City to increase school safety by implementing a School Resource Officer program staffed by two City police officers. The City and the School District share the costs of these officers, increasing safety in the school buildings and the community.

2018 saw continued growth in the medical sector. In early 2018, Akron Children's Hospital broke ground on a \$13,800,000 project to expand pediatric services in North Canton. The Hospital and the City signed a 10-year Industrial and Commercial Job Creation Incentive Grant Agreement for this project. The City will return a portion of new income tax generated by the facility to the Hospital to provide for further capital investments in equipment for the facility, and the Hospital will donate a new park shelter to the City at Dogwood Park. This facility opened in May of 2019.

The City continues to see investment in new construction projects as well as smaller businesses filling in existing space along Main Street and beyond. In 2018, Goodwill Industries opened a new retail store and drive-thru donation center, more than doubling the space of their current location. New residential development continues at an even pace as new lots in the Sanctuary development have come online in 2018.

As the general economy continued to improve, the City's income tax revenue was at an all-time high in 2018. Income tax revenues (net of the cost of tax collection) are to be split 70 percent to the general fund and 30 percent to the capital improvement fund. Dedicating 30 percent of the City's largest revenue source to capital improvements demonstrates the City's commitment to keeping infrastructure well-maintained.

A significant infrastructure project to reconstruct and waterproof of the portico along the front of City Hall begun in 2017 and continued into early 2018. This project was undertaken to address water damage to the lower level of the building and expanded to include landscaping and cosmetic updates to the courtyard area just to the south of City Hall. In addition, a pull-in lane was added in front of the building to allow for short-term parking for customers wishing to quickly pay a utility bill, rent a park shelter, pull a building permit, or visit other City offices.

Other infrastructure projects were ongoing during 2018 such as street improvements, storm sewer replacements, and upgrading the walking path in Price Park. Although the capital improvement fund is primarily used for governmental capital assets such as these, the City is committed to the repair and maintenance of business-type capital assets as well. Water rates increased each year since June 2013 and had a final planned increase in June of 2017. An increase in rates was not necessary in 2018, but the City is currently analyzing water and sewer operations to determine the future utility rates that will be necessary to keep the systems strong.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for City officials, members of the public and others who may have an interest in the City's financial standing. It also is designed to demonstrate the City's accountability for the money it receives from all sources, particularly the taxpayers of North Canton. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Laura Brown, Director of Finance, City of North Canton, 145 North Main Street, North Canton, Ohio 44720.

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CITY OF NORTH CANTON, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	North Canton Community Improvement Corporation
Assets:				
Equity in pooled cash and investments	\$ 15,615,559	\$ 7,363,814	\$ 22,979,373	\$ -
Cash and cash equivalents				
In segregated accounts	178,876	-	178,876	-
With fiscal agents	-	-	-	793,063
Receivables:				
Property taxes	2,603,419	-	2,603,419	-
Municipal income taxes	2,527,466	-	2,527,466	-
Accounts	142,678	1,213,576	1,356,254	-
Intergovernmental	1,341,312	15,745	1,357,057	-
Special assessments	8,398	43,317	51,715	-
Accrued interest	52,756	-	52,756	-
Materials and supplies inventory	306,386	209,674	516,060	-
Prepayments	112,502	41,872	154,374	-
Net pension asset	53,983	44,341	98,324	-
Internal balance	(372,165)	372,165	-	-
Capital assets:				
Non-depreciable capital assets	6,923,731	4,345,591	11,269,322	201,669
Depreciable capital assets, net	30,599,707	39,655,136	70,254,843	392,845
Total capital assets, net	<u>37,523,438</u>	<u>44,000,727</u>	<u>81,524,165</u>	<u>594,514</u>
Total assets	<u>60,094,608</u>	<u>53,305,231</u>	<u>113,399,839</u>	<u>1,387,577</u>
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	62,140	133,607	195,747	-
Pension	2,300,371	540,419	2,840,790	-
OPEB	977,784	137,482	1,115,266	-
Total deferred outflows of resources	<u>3,340,295</u>	<u>811,508</u>	<u>4,151,803</u>	<u>-</u>
Liabilities:				
Accounts payable	141,646	228,520	370,166	-
Contracts payable	643,951	-	643,951	-
Accrued wages and benefits payable	254,280	62,470	316,750	-
Intergovernmental payable	150,504	204,805	355,309	-
Accrued interest payable	3,866	94,042	97,908	-
Claims payable	134,878	-	134,878	-
Long-term liabilities:				
Due within one year	240,912	1,164,664	1,405,576	-
Due in more than one year:				
Net pension liability	8,229,543	2,001,300	10,230,843	-
Net OPEB liability	7,091,216	1,431,919	8,523,135	-
Other amounts	2,255,672	10,019,850	12,275,522	-
Total liabilities	<u>19,146,468</u>	<u>15,207,570</u>	<u>34,354,038</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	2,517,849	-	2,517,849	-
Pension	1,238,633	530,480	1,769,113	-
OPEB	192,042	109,161	301,203	-
Total deferred inflows of resources	<u>3,948,524</u>	<u>639,641</u>	<u>4,588,165</u>	<u>-</u>
Net position:				
Net investment in capital assets	35,525,631	33,212,578	68,738,209	594,514
Restricted for:				
Capital projects	44,788	-	44,788	-
Computer systems	25,800	-	25,800	-
Security of persons and property - police	91,861	-	91,861	-
Public health and welfare	3,229	-	3,229	-
Transportation	1,338,449	-	1,338,449	-
Basic utilities	437,168	-	437,168	-
General trust	117,353	-	117,353	-
Mayors court	3,526	-	3,526	-
Unrestricted	<u>2,752,106</u>	<u>5,056,950</u>	<u>7,809,056</u>	<u>793,063</u>
Total net position	<u>\$ 40,339,911</u>	<u>\$ 38,269,528</u>	<u>\$ 78,609,439</u>	<u>\$ 1,387,577</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Current:				
General government	\$ 1,841,378	\$ 122,045	\$ 872	\$ -
Security of persons and property:				
Police	4,069,125	20,792	572	-
Fire	980,977	1,600	56,346	-
Public health and welfare	1,959,758	637,739	36	-
Transportation	2,654,652	-	878,454	786,219
Community environment	579,143	346,327	-	-
Leisure time activities	912,839	161,288	12,471	30,000
Basic utility services	567,192	-	-	-
Interest and fiscal charges	46,714	-	-	-
Total governmental activities	<u>13,611,778</u>	<u>1,289,791</u>	<u>948,751</u>	<u>816,219</u>
Business-type activities:				
Water	5,730,748	7,112,496	-	-
Sewer	3,316,532	3,004,204	-	-
Garbage	1,011,766	978,744	59,964	-
Total business-type activities	<u>10,059,046</u>	<u>11,095,444</u>	<u>59,964</u>	<u>-</u>
Total primary government	<u>\$ 23,670,824</u>	<u>\$ 12,385,235</u>	<u>\$ 1,008,715</u>	<u>\$ 816,219</u>
Component Unit:				
North Canton Community Improvement Corporation	<u>\$ 16,580</u>	<u>\$ -</u>	<u>\$ 57,000</u>	<u>\$ -</u>

General revenues:

Property taxes levied for:

- General purposes
- Fire operating levy
- Emergency medical services levy
- Storm sewer levy
- Street levy

Income taxes levied for:

- General purposes
- Capital improvement
- Grants and entitlements not restricted
to specific programs
- Investment earnings
- Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year (restated)

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position			Component Unit North Canton Community Improvement Corporation
Primary Government			
Governmental Activities	Business-type Activities	Total	
\$ (1,718,461)	\$ -	\$ (1,718,461)	\$ -
(4,047,761)	-	(4,047,761)	-
(923,031)	-	(923,031)	-
(1,321,983)	-	(1,321,983)	-
(989,979)	-	(989,979)	-
(232,816)	-	(232,816)	-
(709,080)	-	(709,080)	-
(567,192)	-	(567,192)	-
(46,714)	-	(46,714)	-
<u>(10,557,017)</u>	<u>-</u>	<u>(10,557,017)</u>	<u>-</u>
-	1,381,748	1,381,748	-
-	(312,328)	(312,328)	-
-	26,942	26,942	-
<u>-</u>	<u>1,096,362</u>	<u>1,096,362</u>	<u>-</u>
<u>(10,557,017)</u>	<u>1,096,362</u>	<u>(9,460,655)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>40,420</u>
872,168	-	872,168	-
171,411	-	171,411	-
857,106	-	857,106	-
342,874	-	342,874	-
342,873	-	342,873	-
5,734,156	-	5,734,156	-
2,118,837	-	2,118,837	-
476,600	-	476,600	-
293,553	-	293,553	14,822
108,911	62,596	171,507	-
<u>11,318,489</u>	<u>62,596</u>	<u>11,381,085</u>	<u>14,822</u>
761,472	1,158,958	1,920,430	55,242
<u>39,578,439</u>	<u>37,110,570</u>	<u>76,689,009</u>	<u>1,332,335</u>
<u>\$ 40,339,911</u>	<u>\$ 38,269,528</u>	<u>\$ 78,609,439</u>	<u>\$ 1,387,577</u>

CITY OF NORTH CANTON, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Emergency Medical Services Levy	Capital Improvement	Issue II
Assets:				
Equity in pooled cash and investments	\$ 9,688,209	\$ 543,922	\$ 1,734,642	\$ 27,719
Cash and cash equivalents:				
In segregated accounts	-	-	-	-
Receivables:				
Property taxes	923,128	840,146	-	-
Municipal income taxes	1,769,245	-	740,847	-
Accounts	10,662	126,564	-	-
Intergovernmental	220,690	55,279	-	661,020
Special assessments	8,398	-	-	-
Interfund loans	30,000	-	-	-
Accrued interest	52,756	-	-	-
Materials and supplies inventory	34,974	6,468	-	-
Prepayments	77,355	15,685	-	-
Total assets	<u>\$ 12,815,417</u>	<u>\$ 1,588,064</u>	<u>\$ 2,475,489</u>	<u>\$ 688,739</u>
Liabilities:				
Accounts payable	\$ 78,255	\$ 8,794	\$ 20,241	\$ -
Contracts payable	-	-	-	643,951
Accrued wages and benefits payable	179,207	55,427	-	-
Compensated absences payable	4,155	-	-	-
Interfund loans payable	-	-	-	30,000
Intergovernmental payable	103,129	36,560	-	-
Total liabilities	<u>364,746</u>	<u>100,781</u>	<u>20,241</u>	<u>673,951</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	892,861	812,495	-	-
Delinquent property tax revenue not available	30,267	27,651	-	-
Accrued interest not available	36,701	-	-	-
Special assessments revenue not available	8,398	-	-	-
Miscellaneous revenue not available	-	73,588	-	-
Income tax revenue not available	1,325,222	-	554,929	-
Intergovernmental revenues not available	182,110	55,279	-	545,283
Total deferred inflows of resources	<u>2,475,559</u>	<u>969,013</u>	<u>554,929</u>	<u>545,283</u>
Fund balances:				
Nonspendable	118,328	22,153	-	-
Restricted	-	496,117	-	-
Committed	5,108,426	-	1,900,319	-
Assigned	298,783	-	-	-
Unassigned (deficit)	4,449,575	-	-	(530,495)
Total fund balances	<u>9,975,112</u>	<u>518,270</u>	<u>1,900,319</u>	<u>(530,495)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,815,417</u>	<u>\$ 1,588,064</u>	<u>\$ 2,475,489</u>	<u>\$ 688,739</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 2,184,779	\$ 14,179,271
178,876	178,876
840,145	2,603,419
17,374	2,527,466
180	137,406
404,323	1,341,312
-	8,398
-	30,000
-	52,756
264,944	306,386
19,462	112,502
<u>\$ 3,910,083</u>	<u>\$ 21,477,792</u>
\$ 34,356	\$ 141,646
-	643,951
19,646	254,280
-	4,155
-	30,000
10,815	150,504
<u>64,817</u>	<u>1,224,536</u>
812,493	2,517,849
27,652	85,570
-	36,701
-	8,398
-	73,588
13,014	1,893,165
343,210	1,125,882
<u>1,196,369</u>	<u>5,741,153</u>
284,406	424,887
2,110,131	2,606,248
254,360	7,263,105
-	298,783
-	3,919,080
<u>2,648,897</u>	<u>14,512,103</u>
<u>\$ 3,910,083</u>	<u>\$ 21,477,792</u>

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CITY OF NORTH CANTON, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

Total governmental fund balances		\$ 14,512,103
<i>Amounts reported for governmental activities on the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		37,523,438
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 85,570	
Municipal income taxes receivable	1,893,165	
Accounts receivable	73,588	
Special assessments receivable	8,398	
Intergovernmental receivable	36,701	
Accrued interest receivable	1,125,882	
Total	<u>3,223,304</u>	3,223,304
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the Statement of Net Position.		1,306,682
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		(372,165)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(3,866)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		62,140
Unamortized premiums on bond issuances are not recognized in the funds.		(111,738)
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Net pension asset	53,983	
Deferred outflows of resources	2,300,371	
Deferred inflows of resources	(1,238,633)	
Net pension liability	(8,229,543)	
Total	<u>(7,113,822)</u>	(7,113,822)
The net OPEB liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.		
Net OPEB asset	-	
Deferred outflows of resources	977,784	
Deferred inflows of resources	(192,042)	
Net OPEB liability	(7,091,216)	
Total		(6,305,474)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(1,094,232)	
Capital lease payable	(4,967)	
General obligation bonds payable	(1,281,492)	
Total	<u>(2,380,691)</u>	(2,380,691)
Net position of governmental activities		<u>\$ 40,339,911</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Emergency Medical Services Levy	Capital Improvement	Issue II
Revenues:				
Property taxes	\$ 876,474	\$ 860,697	\$ -	\$ -
Municipal income taxes	5,785,337	-	2,105,597	-
Charges for services.	68,444	652,045	-	-
Licenses and permits	346,327	-	-	-
Fines and forfeitures	34,242	-	-	-
Intergovernmental.	355,715	56,205	86,245	154,691
Interest	269,411	-	-	-
Rentals	163,844	-	-	-
Contributions and donations.	-	-	-	-
Other	113,480	-	-	-
Total revenues	8,013,274	1,568,947	2,191,842	154,691
Expenditures:				
Current:				
General government	1,694,141	-	-	-
Security of persons and property:				
Police	3,299,408	-	-	-
Fire	-	-	-	-
Public health and welfare.	100,828	1,715,707	-	-
Transportation	-	-	-	-
Community environment	561,002	-	-	-
Leisure time activities	607,950	-	-	-
Basic utility services.	4,155	-	-	-
Capital outlay	-	-	3,322,298	675,686
Debt service:				
Principal retirement.	80,694	-	84,864	-
Interest and fiscal charges	13,604	-	39,019	-
Total expenditures	6,361,782	1,715,707	3,446,181	675,686
Excess (deficiency) of revenues over (under) expenditures.	1,651,492	(146,760)	(1,254,339)	(520,995)
Other financing sources (uses):				
Transfers in	-	200,000	200,000	-
Transfers out.	(600,000)	-	-	-
Total other financing sources (uses)	(600,000)	200,000	200,000	-
Net change in fund balances	1,051,492	53,240	(1,054,339)	(520,995)
Fund balances (deficit) at beginning of year	8,923,620	465,030	2,954,658	(9,500)
Fund balances (deficit) at end of year	\$ 9,975,112	\$ 518,270	\$ 1,900,319	\$ (530,495)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 860,748	\$ 2,597,919
49,282	7,940,216
1,600	722,089
-	346,327
33,835	68,077
994,715	1,647,571
-	269,411
-	163,844
44,065	44,065
4,131	117,611
<u>1,988,376</u>	<u>13,917,130</u>
54,316	1,748,457
9,925	3,309,333
528,205	528,205
280	1,816,815
1,224,303	1,224,303
-	561,002
96,540	704,490
583,172	587,327
-	3,997,984
-	165,558
-	52,623
<u>2,496,741</u>	<u>14,696,097</u>
<u>(508,365)</u>	<u>(778,967)</u>
200,000	600,000
-	(600,000)
<u>200,000</u>	<u>-</u>
(308,365)	(778,967)
2,957,262	15,291,070
<u>\$ 2,648,897</u>	<u>\$ 14,512,103</u>

CITY OF NORTH 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, 2018

Net change in fund balances - total governmental funds	\$	(778,967)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 4,674,920	
Current year depreciation	<u>(2,574,945)</u>	
Total		2,099,975
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(38,834)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	(11,487)	
Municipal income taxes	(87,223)	
Charges for services	(20,851)	
Special assessments	3,760	
Intergovernmental	547,779	
Interest	24,142	
Other	<u>-</u>	
Total		456,120
Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Position.		
		165,558
In the Statement of Activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.		
Accrued interest payable	485	
Amortization of deferred amounts on refunding	(5,214)	
Amortization of bond premiums	<u>10,638</u>	
Total		5,909
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(59,307)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
Pension	802,225	
OPEB	<u>14,938</u>	
		817,163
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the Statement of Activities.		
Pension	(1,258,338)	
OPEB	<u>(623,768)</u>	
		(1,882,106)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide Statement of Activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>(24,039)</u>
Change in net position of governmental activities	\$	<u>761,472</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 813,555	\$ 813,556	\$ 876,475	\$ 62,919
Municipal income taxes	5,091,241	5,091,240	5,091,240	-
Charges for services.	16,725	16,725	68,444	51,719
Licenses and permits	305,759	305,759	346,327	40,568
Fines and forfeitures	123,797	123,797	47,097	(76,700)
Intergovernmental.	422,838	422,838	355,439	(67,399)
Interest	181,923	181,923	421,757	239,834
Rentals	93,154	93,154	163,844	70,690
Other	69,384	69,384	98,395	29,011
Total revenues	<u>7,118,376</u>	<u>7,118,376</u>	<u>7,469,018</u>	<u>350,642</u>
Expenditures:				
Current:				
General government	1,818,502	1,811,755	1,519,190	292,565
Security of persons and property:				
Police	3,476,621	3,469,335	3,324,231	145,104
Public health and welfare.	103,000	103,000	100,828	2,172
Community environment	774,663	782,162	520,542	261,620
Leisure time activities	729,676	735,423	620,546	114,877
Debt service:				
Principal retirement.	75,000	75,000	75,000	-
Interest and fiscal charges	13,200	13,200	13,200	-
Total expenditures	<u>6,990,662</u>	<u>6,989,875</u>	<u>6,173,537</u>	<u>816,338</u>
Excess of revenues over expenditures	<u>127,714</u>	<u>128,501</u>	<u>1,295,481</u>	<u>1,166,980</u>
Other financing uses:				
Transfers out.	(600,000)	(600,000)	(600,000)	-
Total other financing uses	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
Net change in fund balances	<u>(472,286)</u>	<u>(471,499)</u>	<u>695,481</u>	<u>1,166,980</u>
Fund balances at beginning of year	<u>3,735,401</u>	<u>3,735,401</u>	<u>3,735,401</u>	<u>-</u>
Prior year encumbrances appropriated	<u>184,498</u>	<u>184,498</u>	<u>184,498</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,447,613</u>	<u>\$ 3,448,400</u>	<u>\$ 4,615,380</u>	<u>\$ 1,166,980</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 EMERGENCY MEDICAL SERVICES LEVY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 798,807	\$ 798,807	\$ 860,697	\$ 61,890
Charges for services.	568,036	568,036	660,772	92,736
Intergovernmental.	119,546	119,546	56,205	(63,341)
Total revenues	<u>1,486,389</u>	<u>1,486,389</u>	<u>1,577,674</u>	<u>91,285</u>
Expenditures:				
Current:				
Public health and welfare.	<u>1,734,555</u>	<u>1,734,233</u>	<u>1,732,674</u>	<u>1,559</u>
Total expenditures	<u>1,734,555</u>	<u>1,734,233</u>	<u>1,732,674</u>	<u>1,559</u>
Excess of expenditures over revenues.	<u>(248,166)</u>	<u>(247,844)</u>	<u>(155,000)</u>	<u>92,844</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balances	(248,166)	(47,844)	45,000	92,844
Fund balance at beginning of year	475,909	475,909	475,909	-
Prior year encumbrances appropriated . . .	<u>14,015</u>	<u>14,015</u>	<u>14,015</u>	<u>-</u>
Fund balance at end of year	<u>\$ 241,758</u>	<u>\$ 442,080</u>	<u>\$ 534,924</u>	<u>\$ 92,844</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Garbage	Total	Activities - Internal Service Fund
Assets:					
Current assets:					
Equity in pooled cash and investments	\$ 5,609,413	\$ 1,340,880	\$ 413,521	\$ 7,363,814	\$ 1,436,288
Receivables:					
Accounts	904,813	305,470	3,293	1,213,576	5,272
Special assessments	965	42,352	-	43,317	-
Intergovernmental	-	-	15,745	15,745	-
Materials and supplies inventory	194,017	15,657	-	209,674	-
Prepayments	30,927	8,840	2,105	41,872	-
Total current assets	6,740,135	1,713,199	434,664	8,887,998	1,441,560
Noncurrent assets:					
Net pension asset	31,594	11,712	1,035	44,341	-
Capital assets:					
Non-depreciable capital assets	2,400,941	1,944,650	-	4,345,591	-
Depreciable capital assets, net	32,070,724	7,584,412	-	39,655,136	-
Total capital assets, net	34,471,665	9,529,062	-	44,000,727	-
Total noncurrent assets	34,503,259	9,540,774	1,035	44,045,068	-
Total assets	41,243,394	11,253,973	435,699	52,933,066	1,441,560
Deferred outflows of resources:					
Unamortized deferred charges on debt refunding	133,607	-	-	133,607	-
Pension	359,210	169,627	11,582	540,419	-
OPEB	78,904	56,066	2,512	137,482	-
Total deferred outflows of resources	571,721	225,693	14,094	811,508	-
Liabilities:					
Current liabilities:					
Accounts payable	140,455	11,536	76,529	228,520	-
Accrued wages and benefits payable	50,685	11,785	-	62,470	-
Intergovernmental payable	28,953	175,165	687	204,805	-
Accrued interest payable	92,086	1,956	-	94,042	-
General obligation bonds payable	327,484	-	-	327,484	-
OWDA loans payable	649,679	8,242	-	657,921	-
OPWC loans payable	100,932	14,968	-	115,900	-
Intergovernmental loans payable	-	63,359	-	63,359	-
Claims and judgements payable	-	-	-	-	134,878
Total current liabilities	1,390,274	287,011	77,216	1,754,501	134,878
Long-term liabilities:					
General obligation bonds payable	3,029,695	-	-	3,029,695	-
OWDA loans payable	3,998,932	105,793	-	4,104,725	-
OPWC loans payable	1,116,673	194,578	-	1,311,251	-
Intergovernmental loans payable	-	1,574,179	-	1,574,179	-
Net pension liability	1,425,983	528,617	46,700	2,001,300	-
Net OPEB liability	1,020,283	378,222	33,414	1,431,919	-
Total long-term liabilities	10,591,566	2,781,389	80,114	13,453,069	-
Total liabilities	11,981,840	3,068,400	157,330	15,207,570	134,878
Deferred inflows of resources:					
Pension	380,448	130,241	19,791	530,480	-
OPEB	76,004	28,175	4,982	109,161	-
Total deferred inflows of resources	456,452	158,416	24,773	639,641	-
Net position:					
Net investment in capital assets	25,644,635	7,567,943	-	33,212,578	-
Unrestricted	3,732,188	684,907	267,690	4,684,785	1,306,682
Total net position	\$ 29,376,823	\$ 8,252,850	\$ 267,690	37,897,363	\$ 1,306,682
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.				372,165	
Net position of business-type activities				\$ 38,269,528	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>	<u>Activities - Internal Service Funds</u>
Operating revenues:					
Charges for services	\$ 7,038,640	\$ 2,969,704	\$ 978,744	\$ 10,987,088	\$ 1,256,329
Tap-in fees	73,856	34,500	-	108,356	-
Other operating revenues	51,623	10,973	-	62,596	5,272
Total operating revenues.	<u>7,164,119</u>	<u>3,015,177</u>	<u>978,744</u>	<u>11,158,040</u>	<u>1,261,601</u>
Operating expenses:					
Personal services	1,934,572	763,120	58,880	2,756,572	-
Contract services.	1,301,428	2,055,259	907,933	4,264,620	315,204
Materials and supplies.	568,475	25,412	44,620	638,507	-
Claims expense	-	-	-	-	983,418
Depreciation.	1,683,563	410,059	-	2,093,622	-
Other	1,699	-	-	1,699	-
Total operating expenses.	<u>5,489,737</u>	<u>3,253,850</u>	<u>1,011,433</u>	<u>9,755,020</u>	<u>1,298,622</u>
Operating income (loss)	<u>1,674,382</u>	<u>(238,673)</u>	<u>(32,689)</u>	<u>1,403,020</u>	<u>(37,021)</u>
Nonoperating revenues (expenses):					
Interest and fiscal charges	(232,138)	(58,906)	-	(291,044)	-
Intergovernmental	-	-	59,964	59,964	-
Total nonoperating revenues (expenses).	<u>(232,138)</u>	<u>(58,906)</u>	<u>59,964</u>	<u>(231,080)</u>	<u>-</u>
Change in net position	1,442,244	(297,579)	27,275	1,171,940	(37,021)
Net position at beginning of year (restated)	<u>27,934,579</u>	<u>8,550,429</u>	<u>240,415</u>		<u>1,343,703</u>
Net position at end of year	<u>\$ 29,376,823</u>	<u>\$ 8,252,850</u>	<u>\$ 267,690</u>		<u>\$ 1,306,682</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(12,982)	
Change in net position of business-type activities.				<u>\$ 1,158,958</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Fund</u>
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>	
Cash flows from operating activities:					
Cash received from customers	\$ 7,021,327	\$ 2,927,981	\$ 979,586	\$ 10,928,894	\$ -
Cash received from interfund services	-	-	-	-	1,256,329
Cash received from tap-in fees	73,856	34,500	-	108,356	-
Cash received from other operations	53,334	11,590	-	64,924	-
Cash payments for personal services.	(1,758,269)	(651,609)	(59,001)	(2,468,879)	(318,314)
Cash payments for contractual services	(1,319,988)	(2,350,826)	(910,185)	(4,580,999)	-
Cash payments for materials and supplies	(554,551)	(26,052)	(44,620)	(625,223)	(1,028,746)
Cash payments for claims	-	-	-	-	-
Cash payments for other expenses	(1,699)	-	-	(1,699)	-
Net cash provided by (used in) operating activities	<u>3,514,010</u>	<u>(54,416)</u>	<u>(34,220)</u>	<u>3,425,374</u>	<u>(90,731)</u>
Cash flows from noncapital financing activities:					
Cash received from grants and subsidies.	-	-	59,615	59,615	-
Net cash provided by noncapital financing activities.	<u>-</u>	<u>-</u>	<u>59,615</u>	<u>59,615</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(2,105,893)	(606,562)	-	(2,712,455)	-
Intergovernmental loan proceeds	-	139,767	-	139,767	-
Principal payments - bonds	(310,136)	-	-	(310,136)	-
Principal payments - OWDA loans	(626,769)	(7,967)	-	(634,736)	-
Principal payments - OPWC loans	(100,932)	(14,968)	-	(115,900)	-
Principal payments - intergovernmental loans	-	(129,310)	-	(129,310)	-
Interest and fiscal charges - bonds.	(102,589)	-	-	(102,589)	-
Interest and fiscal charges - OWDA loans.	(153,594)	(3,601)	-	(157,195)	-
Interest and fiscal charges - intergovernment loans	-	(55,441)	-	(55,441)	-
Net cash used in capital and related financing activities.	<u>(3,399,913)</u>	<u>(678,082)</u>	<u>-</u>	<u>(4,077,995)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	114,097	(732,498)	25,395	(593,006)	(90,731)
Cash and cash equivalents at beginning of year	5,495,316	2,073,378	388,126	7,956,820	1,527,019
Cash and cash equivalents at end of year	<u>\$ 5,609,413</u>	<u>\$ 1,340,880</u>	<u>\$ 413,521</u>	<u>\$ 7,363,814</u>	<u>\$ 1,436,288</u>

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CITY OF NORTH CANTON, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Fund</u>
	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,674,382	\$ (238,673)	\$ (32,689)	\$ 1,403,020	\$ (37,021)
Adjustments:					
Depreciation	1,683,563	410,059	-	2,093,622	-
Changes in assets, deferred outflows, liabilities and deferred inflows:					
Accounts receivable	(18,651)	(52,621)	774	(70,498)	(5,272)
Special assessments receivable	1,236	10,898	-	12,134	-
Intergovernmental receivable	1,813	617	68	2,498	-
Materials and supplies inventory	25,028	(7,390)	-	17,638	-
Prepayments	(16,490)	(5,488)	(1,628)	(23,606)	-
Net pension asset	(19,605)	(7,772)	(595)	(27,972)	-
Deferred outflows - Pension	469,178	113,322	18,844	601,344	-
Deferred outflows - OPEB	(65,099)	(51,528)	(2,004)	(118,631)	-
Accounts payable	(13,219)	(116,506)	(624)	(130,349)	(3,110)
Accrued wages and benefits	3,371	520	-	3,891	-
Intergovernmental payable	(21)	(167,668)	(67)	(167,756)	-
Net pension liability	(654,732)	(155,177)	(29,720)	(839,629)	-
Net OPEB liability	75,780	67,728	(1,310)	142,198	-
Deferred inflows - Pension	291,472	117,088	9,749	418,309	-
Deferred inflows - OPEB	76,004	28,175	4,982	109,161	-
Claims payable	-	-	-	-	(45,328)
Net cash provided by (used in) operating activities	<u>\$ 3,514,010</u>	<u>\$ (54,416)</u>	<u>\$ (34,220)</u>	<u>\$ 3,425,374</u>	<u>\$ (90,731)</u>

Noncash transactions:

During 2018 and 2017, the water fund purchased \$10,219 and \$551,088 in capital assets on account, respectively.

During 2018 and 2017, the sewer fund purchased \$3,915 and \$157,664 in capital assets on account, respectively.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
DECEMBER 31, 2018

	<u>Agency</u>
Assets:	
Cash in segregated accounts	\$ 116,934
Total assets	<u>\$ 116,934</u>
Liabilities:	
Deposits held and due to others	\$ 116,934
Total liabilities	<u>\$ 116,934</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 - DESCRIPTION OF THE CITY

The City was incorporated as a village in 1831 and became a city in 1962. The City of North Canton (the "City") is a charter municipal corporation, incorporated under the laws of the State of Ohio. The City operates under a "Mayor-Administrator-Council" form of government. Elected officials include seven council members and a mayor.

Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus". The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of North Canton this includes the departments that provide the following services: police, fire, emergency medical, parks and recreation, water and sewer, rubbish collection, street construction, maintenance and repair and general administrative services.

The Mayor is an elected official who has a fiduciary responsibility for the collection and disbursement of Mayor's Court fees and fines. This activity has been included in the City's financial statements as a special revenue fund.

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; (2) the City is legally entitled to or can otherwise access the organization's resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. The City has one component unit.

Community Improvement Corporation (CIC) - The City of North Canton Community Improvement Corporation was formed pursuant to Ordinance 103-80 passed October 28, 1980. The CIC was designated as the not-for-profit agency of the City for industrial, commercial, distribution and research development. The membership of the CIC was expanded in 2005 and now includes the Mayor, Director of Administration, Director of Finance, President of Council, Chairperson of Council's Community and Economic Development Committee, one additional member appointed by Council and two members appointed by the Mayor. The CIC is also dependent on the City for financial support and is therefore presented as a component unit of the City. Financial statements can be obtained from the Director of Finance, Community Improvement Corporation, 145 North Main Street, North Canton, Ohio 44720.

The City participates in three jointly governed organizations: the Stark Council of Governments, the Stark County Combined General Health District and the Regional Income Tax Agency (RITA). These organizations are described in Note 20 of the Basic Financial Statements.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the component unit is presented in Note 23.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements - The Statement of Net Position 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 statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The Statement of Net Position 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 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 program is self-financing or draws from the general revenues of the City. The City does not eliminate interfund services provided and used when consolidating activities.

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

B. 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. The City's funds are classified as either governmental, proprietary or fiduciary.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Emergency medical services levy fund - The emergency medical services levy fund accounts for property taxes levied that are restricted for the partial operation of the emergency medical service department.

Capital improvement fund - The capital improvement fund accounts for City income tax revenue that is committed and bond proceeds that are restricted for various capital projects.

Issue II fund - This fund accounts for grant monies received from the Ohio Public Works Commission plus City matching funds. Expenditures are restricted to specific projects within the City.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, 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 City's major enterprise funds are:

Water fund - This fund accounts for the treatment and provision of water to the residents and commercial users of the City and certain residents of the County.

Sewer fund - This fund accounts for the sanitary sewer services provided to the residents and commercial users of the City and certain residents of the County.

Garbage fund - This fund accounts for the garbage and recycling service provided by a successful bidder for the residential users of the City.

Internal service fund - The internal service fund accounts 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 only internal service fund accounts for a self-insurance program for employee medical/surgical benefits.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. 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 individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are purely custodial (assets equal

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

liabilities) and thus do not involve measurement of results of operations. The City's only agency fund is used to keep track of required deposits.

C. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

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, current deferred outflows of resources, current liabilities and current deferred inflows of resources 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, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Agency funds do not report a measurement focus as they do not report operations.

D. 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; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of year end.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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 and motor vehicle license fees), fines and forfeitures, interest, grants and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, see Notes 12 and 13 for deferred outflows of resources related the City's net pension liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Notes 12 and 13 for deferred inflows of resources related to the City's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. Budgetary information for the Mayor's Court special revenue fund is not maintained because it is not included in the entity for which the "appropriated budget" is adopted. The major documents prepared are the alternate tax budget, the Certificate of Estimated Resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternate tax budget demonstrates a need for existing or increased tax rates. The Certificate of Estimated Resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund function level for all funds. Budgetary modification may only be made by resolution of the City Council at the legal level of control. Budgetary statements are presented beyond that legal level of control for information purposes only.

The Certificate of Estimated Resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the Certificate of Estimated Resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended Certificate of Estimated Resources in effect at the time final appropriations were passed by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

F. Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds, including the proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and investments".

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

Funding of the Community Improvement Corporation (CIC) is included on the financial statements as "cash and cash equivalents with escrow agent".

During 2018, investments were limited to Federal National Mortgage Association (FNMA) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Farm Credit Bank (FFCB) securities, a U.S. Government money market, negotiable certificates of deposit, City of Cincinnati municipal bonds, U.S. Treasury Notes and State Treasury Asset Reserve of Ohio (STAR Ohio).

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

During 2018, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 non-negotiable certificates of deposit, are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2018 amounted to \$269,411, which includes \$221,613 assigned from other City funds.

Investments with an original maturity of three months or less and investments of the cash management pool are presented on the financial statements as cash equivalents.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed. At year end, because prepayments are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies. On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

I. Capital Assets

Governmental 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 Position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City’s capitalization threshold is \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Land Improvements	20 years	10 - 40 years
Buildings	20 - 50 years	20 - 50 years
Equipment	10 - 15 years	3 - 15 years
Software	10 - 15 years	3 - 15 years
Infrastructure	20 - 50 years	40 years
Sewer Rights	n/a	40 years

The City’s infrastructure consists of a streets subsystem, a storm sewers subsystem, a bridge subsystem, and water and sewer lines including infrastructure acquired before December 31, 1980.

J. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables". Receivables and payables resulting from negative cash balances are classified as “due to/due from other funds”. These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. 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 City 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 employees with more than one year of service.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for employees after one year of service with the City.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

L. 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 funds 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 are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. 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 classification includes amounts that cannot be spent because they are not in spendable form or legally 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 loans receivable.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). 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. 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 nor 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 policies (resolutions) of City Council, which includes giving the Director of Finance the authority to constrain monies for intended purposes.

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 only used to report a deficit fund 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 restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

N. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is 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. None of the restricted net position on the government-wide Statement of Net Position is restricted by enabling legislation.

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

O. 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 for water, sewer, garbage and recycling and self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the funds. All revenues and expenses not meeting these definitions are reported as non-operating.

P. Contributions of Capital

Contributions of capital in governmental activities and 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, from grants or outside contributions of resources restricted to capital acquisition and construction, or from other funds within the City.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Q. Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. 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.

S. Unamortized Bond Premiums, Unamortized Accounting Loss and Bond Issuance Costs

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, bond premiums are recognized in the current period. The reconciliation between the bonds face value and the amount reported on the Statement of Net Position is presented in Note 16.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

Bond issuance costs are expensed when they occur.

T. 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 2018.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

U. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net pension asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

V. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2018, the City has implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishments".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 effected the City's postemployment benefit plan disclosures, as presented in Note 13 to the basic financial statements and added required supplementary information which is presented after the notes to the basic financial statements.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the City.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the City.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

A net position restatement is required in order to implement GASB Statement No. 75. The governmental activities and business-type activities at January 1, 2018 have been restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage Fund</u>
Net position as previously reported	\$ 45,275,083	\$ 38,381,440	\$ 28,865,277	\$ 8,856,385	\$ 274,631
Deferred outflows - payments subsequent to measurement date	34,700	18,851	13,805	4,538	508
Net OPEB liability	<u>(5,731,344)</u>	<u>(1,289,721)</u>	<u>(944,503)</u>	<u>(310,494)</u>	<u>(34,724)</u>
Restated net position at January 1, 2018	<u>\$ 39,578,439</u>	<u>\$ 37,110,570</u>	<u>\$ 27,934,579</u>	<u>\$ 8,550,429</u>	<u>\$ 240,415</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement has no effect on fund balances.

B. Deficit Fund Balances

Fund balances at December 31, 2018 included the following individual fund deficit:

<u>Major funds</u>	<u>Deficit</u>
Issue II	\$ 530,495

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

Monies held by the City are classified by State Statute into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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 five year period of designation of depositories. Inactive deposits must 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 in 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.

Interim monies may be deposited or invested in the following:

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 or interest by the United States;

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 agreement 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 items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. High grade commercial paper for a period not to exceed 180 and 270 days, respectively, in an amount not to exceed forty percent of the City's interim monies available for investment; and,
8. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
3. Obligations of the City.

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 deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Investments in stripped principal or interest obligations, 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash in Segregated Accounts

At year end, the City had monies held outside of the City treasury. These depository accounts were established for the general trust fund (a nonmajor governmental fund), the law enforcement trust fund (a nonmajor governmental fund), Mayor’s Court fund (a nonmajor governmental fund) and for deposit and construction escrow (agency fund). These depository accounts are included in “deposits with financial institutions” below.

B. Deposits with Financial Institutions

At December 31, 2018, the carrying amount of all City deposits was \$5,236,507. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2018, \$2,357,122 of the City’s bank balance of \$5,354,637 was exposed to custodial risk as discussed below, while \$2,997,515 was covered by the FDIC and the remaining was either covered by the Ohio Pooled Collateral System or exposed to custodial credit risk as described below.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City’s and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the City’s financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

C. Investments

As of December 31, 2018, the City had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	Investment Maturities				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
<i>Fair value:</i>						
FHLB	\$ 3,147,004	\$ -	\$ 819,066	\$ -	\$ 793,751	\$ 1,534,187
FFCB	495,680	-	495,680	-	-	-
FHLMC	3,428,084	-	-	-	392,752	3,035,332
FNMA	2,518,322	-	989,420	-	785,239	743,663
Negotiable CD's	5,259,553	791,487	1,396,808	98,718	1,853,187	1,119,353
City of Cincinnati bonds	268,804	-	-	-	-	268,804
U.S. Government money market	32,380	32,380	-	-	-	-
U.S Treasury Notes	789,647	-	789,647	-	-	-
<i>Amortized cost:</i>						
STAR Ohio	<u>2,099,202</u>	<u>2,099,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 18,038,676</u>	<u>\$ 2,923,069</u>	<u>\$ 4,490,621</u>	<u>\$ 98,718</u>	<u>\$ 3,824,929</u>	<u>\$ 6,701,339</u>

The weighted average of maturity of investments is 1.74 years.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The City's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in federal agency securities (FHLB, FNMA, FHLMC, FFCB), U.S. Treasury notes, negotiable CD's and City of Cincinnati bonds are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The City's investments in federal agency securities, were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's investment in the City of Cincinnati's bonds were rated AAA by Standards & Poor's. Standards & Poor's has assigned the U.S. Government money market and STAR Ohio an AAAM rating. The City limits its investments to those authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Director of Finance or qualified trustee.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2018:

<u>Measurement/ Investment type</u>	<u>Measurement</u>	
	<u>Value</u>	<u>% of Total</u>
<i>Fair value:</i>		
FHLB	\$ 3,147,004	17.45%
FFCB	495,680	2.75%
FHLMC	3,428,084	19.00%
FNMA	2,518,322	13.96%
Negotiable CD's	5,259,553	29.16%
City of Cincinnati bonds	268,804	1.49%
U.S. Government money market	32,380	0.18%
U.S. Treasury Notes	789,647	4.38%
<i>Amortized cost:</i>		
STAR Ohio	<u>2,099,202</u>	<u>11.64%</u>
Total	<u>\$ 18,038,676</u>	<u>100.00%</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the Statement of Net Position as of December 31, 2018:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,236,507
Investments	<u>18,038,676</u>
Total	<u>\$ 23,275,183</u>
 <u>Cash and investments per Statement of Net Position</u>	
Governmental activities	\$ 15,794,435
Business-type activities	7,363,814
Agency fund	<u>116,934</u>
Total	<u>\$ 23,275,183</u>

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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.

Public utility real taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of North Canton. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2018 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2018 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 5 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2018 was \$7.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 304,844,140
Commercial/industrial/mineral	88,783,290
Public utility	<u>8,113,160</u>
Total assessed value	<u>\$ 401,740,590</u>

NOTE 6 - RECEIVABLES

Receivables at December 31, 2018, consisted primarily of municipal income taxes, property and other taxes and intergovernmental receivables arising from grants, entitlements, and shared revenues, special assessments, accrued interest on investments and accounts (billings for utility service).

An allowance for doubtful accounts in the amount of \$62,163 has been recorded for accounts that are expected to be uncollectible. All receivables except for delinquent property taxes and special assessments are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$45,017. At December 31, 2018, the amount of delinquent special assessments was \$6,698.

A. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Governmental activities:

Local government	\$ 144,696
Homestead and rollback	60,234
Due from North Canton schools	15,760
Street construction, maintenance and repair	349,043
Fire operating levy	11,056
Emergency medical services	55,279
Storm sewer levy	22,112
Street levy	22,112
Issue II	<u>661,020</u>

Total governmental activities \$ 1,341,312

Business-type activities:

Garbage	<u>15,745</u>
Total business-type activities	<u>\$ 15,745</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 6 - RECEIVABLES - (Continued)

B. Municipal Income Taxes

The City levies a municipal income tax of 1.5 percent on all income earned within the City as well as on income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent on the income earned outside of the City and paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City either on a monthly basis or quarterly basis, depending on the tax liability. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually.

According to the City's Income Tax Ordinance, income tax revenues are to be allocated as follows: (1) Such part thereof as shall be necessary to defray all costs of collection, administration and enforcement of the entire tax imposed by this Ordinance, (2) the balance of the one percent shall be allocated as follows: three-tenths to the Capital Improvement Fund and seven-tenths for general operating purposes, for uses, in each case, as determined by Council and (3) the remaining one-half percent so imposed shall be allocated for general municipal operations and capital improvements in amounts and for uses, in each case, as determined by Council. Additional increases in the income tax rate would require voter approval.

NOTE 7 - RISK MANAGEMENT

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. During 2018, the City contracted with Public Entities Pool of Ohio for the following coverages:

Legal Liability	\$6,000,000
Automobile Liability	\$6,000,000
Law Enforcement Operations	\$6,000,000
Wrongful Acts	\$6,000,000
Property Coverage/Equipment Breakdown	\$52,829,525
Earthquake Coverage	\$1,000,000
Flood Coverage	\$1,000,000
Employee Dishonesty	\$100,000
Automobile Physical Damage	\$6,000,000

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

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The City is part of the group rating plan through the Ohio Association of Public Treasurers with CompManagement as the Third Party Administrator.

The City has elected to provide employee medical/surgical benefits 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. This plan provides a medical/surgical plan with a \$100 single and \$200 family deductible for in-network providers and a \$500 single and \$1,000 family deductible for out-of-network providers. The City uses a third party administrator to review, process and pay all claims on behalf of the City.

The City purchases stop-loss coverage for claims in excess of \$50,000 per employee per year and an aggregate of \$1,000,000. The City pays into the self-insurance internal service fund \$1,316 for family coverage or \$506 for individual coverage per employee per month which represents the entire premium required. This premium is paid by the fund that pays the salary of the employee and is based on historical cost information.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 7 - RISK MANAGEMENT - (Continued)

The claims liability of \$134,878 reported in the internal service fund at December 31, 2018 is estimated by a third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims 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 the fund's claims liability amounts in 2018 and 2017 are:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2018	\$ 180,206	\$ 983,418	\$ (1,028,746)	\$ 134,878
2017	53,625	813,161	(686,580)	180,206

NOTE 8 - OPERATING LEASE

In July 2003, the City acquired the premises known as The Fairways (formerly Arrowhead Country Club) for \$4.2 million. This area, approximately 105 acres, includes a golf course, clubhouse and pool. The City intends to keep the property operating as a golf course. The property is insured by the operating tenant with certificate of insurance provided to the City which is provided protection as an additional insured on the liability section and loss payee on the property section.

In December 2003, the City entered into a triple-net lease agreement with a golf course operator effective January 1, 2004. A triple-net lease means the lessee is responsible for operations, insurance and taxes. The initial lease agreement was for five years with an option to extend. Upon the expiration of the original agreement, a new lease agreement was entered into in December 2008 with a golf course operator, R&S Golf Properties, Inc. The new lease agreement is for an initial term of three years with an option to extend it an additional three years. On December 12, 2011, the lease agreement was extended for another three years. In July 2014, the lease agreement was extended for another three years. The lessee is responsible for the complete operations of the golf course and clubhouse. The lessee is also required to make \$80,000 in capital improvements in each of the lease. As of December 31, 2018, R&S Golf Properties, Inc. has not made the lease payment related to 2018. The City has selected a new operator for the golf course (See Note 24).

The assets involved in the lease are as follows:

	Governmental Activities
Asset:	
Land	\$ 1,780,214
Buildings	1,648,340
Land improvements	592,759
Equipment	176,749
Subtotal	4,198,062
Less: accumulated depreciation	(1,335,523)
Total	<u>\$ 2,862,539</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 9 - CONTRACTUAL COMMITMENTS

The City had the following contractual commitments outstanding at December 31, 2018:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Amount Outstanding</u>
Central Allied Enterprises Inc	\$ 1,070,800	\$ -	\$ 1,070,800
Civica CMI	100,000	(24,240)	75,760
Core and Main	1,300,000	-	1,300,000
Concord Road Equipment	84,091	-	84,091
D&M Painting Corporation	419,220	(368,851)	50,369
Easton Construction Inc	600,000	-	600,000
Morton Salt Inc	200,000	(30,137)	169,863
Superior Paving Inc	300,000	-	300,000
Trane Inc	46,298	-	46,298
Total Contractual Commitments	<u>\$ 4,120,409</u>	<u>\$ (423,228)</u>	<u>\$ 3,697,181</u>

NOTE 10 - OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year End Encumbrances</u>
General fund	\$ 48,864
Emergency medical service levy fund	204
Capital improvement fund	433,660
Issue II fund	1,125,519
Other governmental	<u>297,092</u>
Total	<u>\$ 1,905,339</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities

Governmental capital asset activity for the year ended December 31, 2018, was as follows:

	Balance			Balance
<u>Governmental activities:</u>	<u>12/31/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/18</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 5,117,189	\$ -	\$ -	\$ 5,117,189
Easements and rights-of-way	626,999	31,337	-	658,336
Construction in progress	<u>242,707</u>	<u>1,515,950</u>	<u>(610,451)</u>	<u>1,148,206</u>
Total capital assets, not being depreciated	<u>5,986,895</u>	<u>1,547,287</u>	<u>(610,451)</u>	<u>6,923,731</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,732,303	182,707	-	2,915,010
Buildings	8,527,156	781,697	-	9,308,853
Equipment	8,303,814	863,988	(132,217)	9,035,585
Software	135,670	27,996	-	163,666
Infrastructure - streets subsystem	37,775,466	1,534,621	-	39,310,087
Infrastructure - storm sewers subsystem	10,467,970	347,075	-	10,815,045
Infrastructure - bridge subsystem	<u>203,000</u>	<u>-</u>	<u>-</u>	<u>203,000</u>
Total capital assets, being depreciated	<u>68,145,379</u>	<u>3,738,084</u>	<u>(132,217)</u>	<u>71,751,246</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(860,537)	(138,121)	-	(998,658)
Buildings	(5,609,713)	(195,556)	-	(5,805,269)
Equipment	(5,493,393)	(594,929)	93,383	(5,994,939)
Software	(121,235)	(15,336)	-	(136,571)
Infrastructure - streets subsystem	(21,017,646)	(1,398,100)	-	(22,415,746)
Infrastructure - storm sewers subsystem	(5,401,353)	(229,828)	-	(5,631,181)
Infrastructure - bridge subsystem	<u>(166,100)</u>	<u>(3,075)</u>	<u>-</u>	<u>(169,175)</u>
Total accumulated depreciation	<u>(38,669,977)</u>	<u>(2,574,945)</u>	<u>93,383</u>	<u>(41,151,539)</u>
Total capital assets, being depreciated, net	<u>29,475,402</u>	<u>1,163,139</u>	<u>(38,834)</u>	<u>30,599,707</u>
Governmental activities capital assets, net	<u>\$ 35,462,297</u>	<u>\$ 2,710,426</u>	<u>\$ (649,285)</u>	<u>\$ 37,523,438</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 188,341
Police	135,930
Fire	180,485
Public health and welfare	82,818
Transportation	1,555,962
Leisure time activities	201,187
Basic utility services	<u>230,222</u>
Total depreciation expense - governmental activities	<u>\$ 2,574,945</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 11 - CAPITAL ASSETS – (Continued)

B. Business-Type Activities

Business-type activities capital asset activity for 2018 is as follows.

<u>Business-type activities:</u>	<u>Balance</u> <u>12/31/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/18</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,023,702	\$ -	\$ -	\$ 1,023,702
Construction in progress	<u>2,665,812</u>	<u>1,343,572</u>	<u>(687,495)</u>	<u>3,321,889</u>
Total capital assets, not being depreciated	<u>3,689,514</u>	<u>1,343,572</u>	<u>(687,495)</u>	<u>4,345,591</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	621,620	18,885	-	640,505
Buildings	18,190,360	-	-	18,190,360
Equipment	7,379,974	141,499	(47,236)	7,474,237
Software	22,538	24,240	-	46,778
Infrastructure - water lines	36,715,012	888,474	-	37,603,486
Infrastructure - sewer lines	14,861,395	288,662	-	15,150,057
Sewer rights	<u>3,578,153</u>	<u>-</u>	<u>-</u>	<u>3,578,153</u>
Total capital assets, being depreciated	<u>81,369,052</u>	<u>1,361,760</u>	<u>(47,236)</u>	<u>82,683,576</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(279,898)	(20,120)	-	(300,018)
Buildings	(9,372,528)	(450,410)	-	(9,822,938)
Equipment	(5,168,332)	(406,419)	47,236	(5,527,515)
Software	(10,348)	(5,907)	-	(16,255)
Infrastructure - water lines	(14,905,580)	(864,815)	-	(15,770,395)
Infrastructure - sewer lines	(8,546,196)	(284,158)	-	(8,830,354)
Sewer rights	<u>(2,699,172)</u>	<u>(61,793)</u>	<u>-</u>	<u>(2,760,965)</u>
Total accumulated depreciation	<u>(40,982,054)</u>	<u>(2,093,622)</u>	<u>47,236</u>	<u>(43,028,440)</u>
Total capital assets, being depreciated, net	<u>40,386,998</u>	<u>(731,862)</u>	<u>-</u>	<u>39,655,136</u>
Business-type activities capital assets, net	<u>\$ 44,076,512</u>	<u>\$ 611,710</u>	<u>\$ (687,495)</u>	<u>\$ 44,000,727</u>

Depreciation expense was charged to the business-type activities as follows:

Water	\$ 1,683,563
Sewer	<u>410,059</u>
Total depreciation expense - business-type activities:	<u>\$ 2,093,622</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes any net pension liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 2.25%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS’s Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections.

Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City’s contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$555,697 for 2018. Of this amount, \$83,799 is reported as intergovernmental payable.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2018 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$497,127 for 2018. Of this amount, \$92,163 is reported as intergovernmental payable.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Net Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2017, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.02807100%	0.06586500%	0.01697900%	0.08695100%	
Proportion of the net pension liability/asset current measurement date	<u>0.02828800%</u>	<u>0.07171400%</u>	<u>0.01998300%</u>	<u>0.09438800%</u>	
Change in proportionate share	<u>0.00021700%</u>	<u>0.00584900%</u>	<u>0.00300400%</u>	<u>0.00743700%</u>	
Proportionate share of the net pension liability	\$ 4,437,839	\$ -	\$ -	\$ 5,793,004	\$ 10,230,843
Proportionate share of the net pension asset	-	(97,627)	(697)	-	(98,324)
Pension expense	820,858	15,761	(227)	824,597	1,660,989

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ 4,532	\$ -	\$ 1,355	\$ 87,912	\$ 93,799
Changes of assumptions	530,351	8,532	83	252,432	791,398
Changes in employer's proportionate percentage/difference between employer contributions	46,956	-	-	855,813	902,769
City contributions subsequent to the measurement date	509,885	33,323	12,489	497,127	1,052,824
Total deferred outflows of resources	\$ 1,091,724	\$ 41,855	\$ 13,927	\$ 1,693,284	\$ 2,840,790
Deferred inflows of resources					
Differences between expected and actual experience	\$ 87,458	\$ 29,084	\$ -	\$ 10,480	\$ 127,022
Net difference between projected and actual earnings on pension plan investments	952,743	15,403	196	200,393	1,168,735
Changes in employer's proportionate percentage/difference between employer contributions	121,595	-	-	351,761	473,356
Total deferred inflows of resources	\$ 1,161,796	\$ 44,487	\$ 196	\$ 562,634	\$ 1,769,113

\$1,052,824 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2019.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2019	\$ 314,269	\$ (4,897)	\$ 155	\$ 284,054	\$ 593,581
2020	(83,192)	(5,317)	151	231,370	143,012
2021	(419,537)	(8,769)	126	19,566	(408,614)
2022	(391,497)	(8,406)	129	(61,633)	(461,407)
2023	-	(2,999)	188	127,511	124,700
Thereafter	-	(5,567)	493	32,655	27,581
Total	\$ (579,957)	\$ (35,955)	\$ 1,242	\$ 633,523	\$ 18,853

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.20 %
Domestic equities	19.00	6.37
Real estate	10.00	5.26
Private equity	10.00	8.97
International equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.50%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.50%, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 7,880,471	\$ 4,437,839	\$ 1,567,721
Combined Plan	(53,068)	(97,627)	(128,368)
Member-Directed Plan	(400)	(697)	(999)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future.

Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations.

Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below. The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the investment rate of return from 8.25% to 8.00%, (b) projected salary increases decreased from 4.25% - 11.00% to 3.75% - 10.50%, (c) payroll increases decreased from 3.75% to 3.25%, (d) inflation assumptions decreased from 3.25% to 2.75% and (e) Cost of Living Adjustments (COLAs) decreased from 2.60% to 2.20%.

Valuation date	1/1/17 with actuarial liabilities rolled forward to 12/31/17
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%
Cost of living adjustments	2.20% and 3.00% for increases based on the lessor of the increase in CPI and 3.00% simple

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OP&F's Board and were effective beginning with the January 1, 2017 actuarial valuation.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy and Guidelines. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return **</u>	<u>30 Year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.22 %	5.39 %
Non-US Equity	16.00	4.41	5.59
Private Markets	8.00	6.67	8.08
Core Fixed Income *	23.00	1.57	2.71
High Yield Fixed Income	7.00	2.94	4.71
Private Credit	5.00	6.93	7.26
Global Inflation			
Protected Securities *	17.00	0.98	2.52
Master Limited Partnerships	8.00	7.50	7.93
Real Assets	8.00	6.88	7.24
Private Real Estate	12.00	5.58	6.34
Total	<u>120.00 %</u>		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability/asset was calculated using the discount rate of 8.00%. A discount rate of 8.25% was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability/asset.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
- Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 8,030,642	\$ 5,793,004	\$ 3,968,031

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$4,996 for 2018. Of this amount, \$753 is reported as intergovernmental payable.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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 health care coverage to eligible participants and to establish and amend benefits is 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. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – 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 employer units, respectively. The Ohio Revised Code states that 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. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care 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.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was \$12,195 for 2018. Of this amount, \$2,261 is reported as intergovernmental payable.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.02865000%	0.08695100%	
Proportion of the net OPEB liability current measurement date	<u>0.02924000%</u>	<u>0.09438800%</u>	
Change in proportionate share	<u>0.00059000%</u>	<u>0.00743700%</u>	
Proportionate share of the net OPEB liability	\$ 3,175,249	\$ 5,347,886	\$ 8,523,135
OPEB expense	\$ 317,506	\$ 1,231,773	\$ 1,549,279

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 2,473	\$ -	\$ 2,473
Changes of assumptions	231,194	521,841	753,035
Changes in employer's proportionate percentage/ difference between employer contributions	40,318	302,249	342,567
City contributions subsequent to the measurement date	4,996	12,195	17,191
Total deferred outflows of resources	<u>\$ 278,981</u>	<u>\$ 836,285</u>	<u>\$ 1,115,266</u>
	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 26,973	\$ 26,973
Net difference between projected and actual earnings on pension plan investments	236,535	35,202	271,737
Changes in employer's proportionate percentage/ difference between employer contributions	2,493	-	2,493
Total deferred inflows of resources	<u>\$ 239,028</u>	<u>\$ 62,175</u>	<u>\$ 301,203</u>

\$17,191 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2019	\$ 70,666	\$ 107,737	\$ 178,403
2020	70,666	107,737	178,403
2021	(47,244)	107,737	60,493
2022	(59,131)	107,739	48,608
2023	-	116,538	116,538
Thereafter	-	214,427	214,427
Total	\$ 34,957	\$ 761,915	\$ 796,872

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent.

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$ 4,218,455	\$ 3,175,249	\$ 2,331,305

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 3,038,036	\$ 3,175,249	\$ 3,316,986

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class.

The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income*	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

Note: Assumptions are geometric.

*levered 2x

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$ 6,684,929	\$ 5,347,886	\$ 4,319,100

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
Year					
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	<u>1% Decrease</u>	Current Health Care Trend Rate <u>Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 4,154,339	\$ 5,347,886	\$ 6,956,398

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS

A. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. In the event of separation, an employee is paid for accumulated vacation and sick leave at various rates.

Vacation leave is earned at rates which vary depending upon length of service. Current policy credits vacation leave on January 1 of each year for all full time employees. Vacation accumulation may not exceed three weeks accrual at year end. Any unused excess is eliminated from the employee's leave balance. In case of death, termination, lay-off, or retirement, an employee (or his estate) is paid for his unused vacation to a maximum of three weeks carry-over from the previous year plus any current year accrual.

Sick leave is earned for all full time employees at the rate of 4.6 hours per pay with the exception of full time employees of emergency medical services who receive 6.15 hours per pay. Employees, at the time of retirement, are paid for 50 percent of their accumulated sick leave.

B. Insurance

The City provides life insurance and accidental death and dismemberment insurance to its employees through Sun Life Assurance Company of Canada.

NOTE 15 - CAPITAL LEASE

In a prior year, the City entered into a lease for copier equipment. Assets acquired through a capital lease were capitalized at the present value of the minimum lease payments at the time the lease was entered into.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Equipment	\$ 22,062
Less: accumulated depreciation	<u>(15,443)</u>
Total	<u>\$ 6,619</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 15 - CAPITAL LEASE - (Continued)

The lease provided for minimum annual lease payments as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental</u> <u>Activities</u>
2019	\$ 5,082
Total minimum lease payments	5,082
Less: amount representing interest	<u>(115)</u>
Present value of future minimum lease payments	<u>\$ 4,967</u>

NOTE 16 - LONG-TERM OBLIGATIONS

<u>Debt Issued</u>	<u>Interest Rate</u>	<u>Original</u> <u>Issue Amount</u>	<u>Date of</u> <u>Maturity</u>
Governmental activities:			
General obligation bonds			
Real Estate Acquisition - Series 2011B	3.50 - 5.50	700,000	December 1, 2020
Series 2016 Refunding	2.00 - 4.00	1,233,180	December 1, 2026
Business-type activities:			
OWDA loans			
Water treatment plant improvement 2003	3.65	6,789,904	July 1, 2024
Water treatment plant improvement 2004	3.76	3,022,687	July 1, 2025
Water treatment backwash tank 2005	3.25	1,670,933	January 1, 2026
Portage St./W. Park sanitary sewer 2010	3.43	173,849	January 1, 2030
Intergovernmental loans			
Sewer rights - City of Canton #2717	2.64	755,666	July 1, 2020
Sewer rights - City of Canton #2190	2.81	123,858	July 1, 2020
Sewer rights - City of Canton #3290	3.16	19,436	July 1, 2020
Sewer rights - City of Canton #6699	3.38	n/a	n/a
Sewer rights - City of Canton #6556	3.39	n/a	n/a
OPWC loans			
Booster pump station 2007	0	1,020,904	January 1, 2028
Applegrove waterline 2008	0	419,088	January 1, 2039
North Main St. waterline 2010	0	320,335	January 1, 2032
Water Tower #1 exterior painting	0	398,000	January 1, 2033
Lynbrook sanitary sewer	0	299,354	January 1, 2033
Other long-term liabilities			
Raw waterline - Series 2011A	2.00 - 5.50	915,000	December 1, 2030
Frank/Applegrove waterline - Series 2011A	2.00 - 5.50	600,000	December 1, 2030
Series 2016 Refunding	2.00 - 4.00	3,691,820	December 1, 2030

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)

The changes in governmental activities long-term obligations during the year were as follows. The long-term obligations at December 31, 2017 have been restated as described in Note 3.

	Restated Balance <u>12/31/2017</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>12/31/2018</u>	Amounts Due <u>in One Year</u>
Governmental activities:					
General obligation bonds					
Real Estate Acquisition - Series 2011B	\$ 240,000	\$ -	\$ (75,000)	\$ 165,000	\$ 80,000
Series 2016 Refunding	<u>1,201,356</u>	<u>-</u>	<u>(84,864)</u>	<u>1,116,492</u>	<u>87,516</u>
Total GO bonds	<u>1,441,356</u>	<u>-</u>	<u>(159,864)</u>	<u>1,281,492</u>	<u>167,516</u>
Other long-term liabilities					
Compensated absences	1,069,830	369,741	(341,184)	1,098,387	68,429
Net pension liability	9,040,865	285,658	(1,096,980)	8,229,543	-
Net OPEB liability	5,731,344	1,359,872	-	7,091,216	-
Capital lease	<u>10,661</u>	<u>-</u>	<u>(5,694)</u>	<u>4,967</u>	<u>4,967</u>
Total governmental activities	<u>\$ 17,294,056</u>	<u>\$ 2,015,271</u>	<u>\$ (1,603,722)</u>	17,705,605	<u>\$ 240,912</u>
				Add: unamortized premiums	111,738
				Total on Statement of Net Position	<u>\$ 17,817,343</u>

On April 19, 2016, the City issued a total of \$4,925,000 in Series 2016 Refunding Bonds to advance refund \$1,220,000 of the Series 2011A governmental activities General Obligation Bonds, \$2,660,000 in the Series 2007 Water Bonds and \$1,080,000 in the water General Obligation Bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The refunding bonds are comprised of current interest bonds, par value \$4,925,000. Principal and interest payments are made from the water fund and are due on June 1 and December 1 of each year. The refunding bonds carry interest rates ranging from 2.00-4.00% and have a final maturity date of December 1, 2030.

The reacquisition price of the Series 2016 bonds exceeded the net carrying amount of the old debt by \$250,432. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which equal to the life of the Series 2016 issued. This advance refunding was undertaken to reduce the combined total debt service payments by \$617,846 and resulted in an economic gain of \$550,842.

The compensated absences liability will be paid out of the general fund.

Net pension liability and net OPEB liability: See Notes 12 and 13 for details. The City pays obligation related to employee compensation, the net pension liability and net OPEB liability from the fund benefitting from their service which, for governmental activities, is primarily the general fund and for business-type activities is primarily the water and sewer funds.

Capital lease: See Note 15 for details.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)

The changes in business-type activities long-term obligations during the year were as follows. The long-term obligations at December 31, 2017 have been restated as described in Note 3.

	Restated				
	Balance			Balance	Amounts Due
	<u>12/31/2017</u>	<u>Issued</u>	<u>Retired</u>	<u>12/31/2018</u>	<u>in One Year</u>
Business-type activities:					
OWDA loans					
Water treatment plant improvement	\$ 2,949,643	\$ -	\$ (377,059)	\$ 2,572,584	\$ 390,947
Water treatment plant improvement	1,482,955	-	(162,120)	1,320,835	168,273
Water treatment backwash tank	842,782	-	(87,590)	755,192	90,459
Portage St./W. Park sanitary	<u>122,002</u>	<u>-</u>	<u>(7,967)</u>	<u>114,035</u>	<u>8,242</u>
Total OWDA loans	<u>5,397,382</u>	<u>-</u>	<u>(634,736)</u>	<u>4,762,646</u>	<u>657,921</u>
Intergovernmental loans					
Sewer rights - City of Canton #2717	104,916	-	(51,770)	53,146	53,146
Sewer rights - City of Canton #2190	17,401	-	(8,579)	8,822	8,822
Sewer rights - City of Canton #3290	2,739	-	(1,348)	1,391	1,391
Sewer rights - City of Canton #6699	1,025,320	91,478	(43,158)	1,073,640	-
Sewer rights - City of Canton #6556	<u>476,705</u>	<u>48,289</u>	<u>(24,455)</u>	<u>500,539</u>	<u>-</u>
Total intergovernmental loans	<u>1,627,081</u>	<u>139,767</u>	<u>(129,310)</u>	<u>1,637,538</u>	<u>63,359</u>
OPWC loans					
Booster pump station	510,454	-	(51,045)	459,409	51,045
Applegrove waterline	293,358	-	(13,970)	279,388	13,970
North Main St. waterline	216,225	-	(16,017)	200,208	16,017
Water Tower #1 exterior painting	298,500	-	(19,900)	278,600	19,900
Lynbrook sanitary sewer	<u>224,514</u>	<u>-</u>	<u>(14,968)</u>	<u>209,546</u>	<u>14,968</u>
Total OPWC loans	<u>1,543,051</u>	<u>-</u>	<u>(115,900)</u>	<u>1,427,151</u>	<u>115,900</u>
General obligation bonds					
Series 2016 Refunding	1,063,644	-	(75,136)	988,508	77,484
Series 2016 Refunding	<u>2,325,000</u>	<u>-</u>	<u>(235,000)</u>	<u>2,090,000</u>	<u>250,000</u>
Total general obligation bonds	<u>3,388,644</u>	<u>-</u>	<u>(310,136)</u>	<u>3,078,508</u>	<u>327,484</u>
Net pension liability	<u>2,840,929</u>	<u>-</u>	<u>(839,629)</u>	<u>2,001,300</u>	<u>-</u>
Net OPEB liability	<u>1,289,721</u>	<u>142,198</u>	<u>-</u>	<u>1,431,919</u>	<u>-</u>
Total business-type activities	<u>\$ 14,797,087</u>	<u>\$ 281,965</u>	<u>\$ (2,029,711)</u>	14,339,062	<u>\$ 1,164,664</u>
				278,671	
				<u>\$ 14,617,733</u>	

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)

In January 2003, the City was approved for a construction loan through the Water Supply Revolving Loan Fund, which is administered by the Ohio Environmental Protection Agency, for the purpose of funding the improvements and upgrades to the City's Water Treatment Plant. The loan, which is administered by the Ohio Water Development Authority, is at a rate of 3.65 percent and is to be repaid over 20 years. The total amount of the loan, including capitalized interest, was \$7.2 million. In January, 2004, the City received a construction loan through the Water Supply Revolving Loan Fund for the purpose of funding the expansion to the City's Water Treatment Plant. The loan is at a rate of 3.76 percent and is to be repaid over 20 years. The total amount of the loan was for \$3.0 million, repayments began in 2005. In July, 2005, the City received a construction loan through the Water Supply Revolving Loan Fund for the purpose of funding the expansion to the City's Water Treatment Plant. The loan is at a rate of 3.25 percent for \$1.7 million and is to be repaid over 20 years.

The City has pledged future water and sewer revenues to repay OWDA loans. The loans are payable solely from water and sewer fund revenues and are payable through 2026. Annual principal and interest payments on the loans are expected to require 23.35 percent of net revenues and 8.10 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$5,398,464. Principal and interest paid for the current year were \$824,039, total net revenues were \$3,529,331 and total revenues were \$10,179,296.

In 1994, the City entered into a contractual agreement with the City of Canton for the improvement and future maintenance of a wastewater treatment plant that is in the area that will be shared between the City of Canton, Stark County and the City of North Canton and that City residents are able to tap into. The project was financed by the three OWDA loans issued in 2002 by the City of Canton. The original loan was followed by two supplemental loans to cover change order costs beyond the original loan amount. All proceeds were received by the City of Canton and the City of Canton is responsible for the debt retirement and maintenance. The plant is a capital asset of the City of Canton. The total amount collectively owed to the City of Canton as of December 31, 2018 is \$63,359. This amount has been recorded on the City's books as a long-term liability in the sewer enterprise fund. An amount has been recorded as sewer rights in the City sewer enterprise fund capital assets. These amounts will be amortized over the useful life of the asset to the City of Canton.

In 2013, the City entered into a contractual agreement with the City of Canton for the construction of the Water Reclamation Facility that is in the area that will be shared between the City of Canton, Stark County and the City of North Canton and that City residents are able to tap into. The total project is estimated to cost \$88.6 million, with the City's portion estimated to be \$1.9 million. The project was financed by two OWDA loans issued by the City of Canton. The first loan was issued in August 2013 for the acquisition of membrane separators and associated components. In early 2014, the City issued another OWDA loan for the construction, engineering assistance during construction, and the unpaid balance of the design loan. All proceeds will be received by the City of Canton and the City of Canton will be responsible for the debt retirement and maintenance. The plant will be a capital asset of the City of Canton. The total amount collectively owed to the City of Canton as of December 31, 2018 is \$1,574,179. These loans have not been completely disbursed, therefore, no amortization schedule is available at December 31, 2018. This amount has been recorded on the City's books as a long-term liability in the sewer enterprise fund. An amount has been recorded as sewer rights in the City sewer enterprise fund capital assets. These amounts will be amortized over the useful life of the asset to the City of Canton once the project is complete.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)

The Ohio Public Works Commission (OPWC) loans are for the construction of a booster pump station, the Applegrove waterline, the North Main St. waterline, water tower #1 exterior painting and the Lynbrook sanitary sewer. These loans are zero interest loans and the booster pump station and the North Main Street waterline will be repaid over 20 years while the Applegrove waterline will be repaid over 30 years. The water tower #1 exterior painting and the Lynbrook sanitary sewer loans are still open and do not have a repayment schedule. These loan liabilities except the Lynbrook sanitary sewer loan are reflected in the water fund which received the proceeds. These loans are payable solely from water fund revenues. The Lynbrook sanitary sewer loan liability is reflected in the sewer fund which received the proceeds. This loan is payable solely from sewer fund revenues.

On March 23, 2011, the City issued \$3,315,000 in Series 2011A Various Purpose General Obligation Bonds. In business-type activities, \$915,000 in bonds was used to retire bond anticipation notes maturing on March 25, 2011 and \$600,000 in bonds was used for the Frank/Applegrove waterline. During 2016, \$1,080,000 of these bonds were refunded by the Series 2016 Refunding Bonds.

Principal and interest requirements to retire the outstanding debt at December 31, 2018, are as follows:

Year Ending December 31,	Total Governmental General Obligation Bonds		
	Principal	Interest	Total
2019	\$ 167,516	\$ 46,389	\$ 213,905
2020	175,168	40,238	215,406
2021	92,820	33,760	126,580
2022	95,472	30,975	126,447
2023	95,472	28,111	123,583
2024 - 2028	461,448	144,482	605,930
2029 - 2031	<u>193,596</u>	<u>11,669</u>	<u>205,265</u>
Total	<u>\$ 1,281,492</u>	<u>\$ 335,624</u>	<u>\$ 1,617,116</u>

Year Ending December 31,	Ohio Public Works Commission			OWDA Loans		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 115,900	\$ -	\$ 115,900	\$ 657,921	\$ 166,118	\$ 824,039
2020	115,900	-	115,900	681,957	142,081	824,038
2021	115,900	-	115,900	706,871	117,166	824,037
2022	115,900	-	115,900	732,698	91,339	824,037
2023	115,900	-	115,900	759,472	64,567	824,039
2024 - 2028	528,458	-	528,458	1,206,206	83,943	1,290,149
2029 - 2033	249,356	-	249,356	17,521	604	18,125
2034 - 2038	<u>69,837</u>	<u>-</u>	<u>69,837</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,427,151</u>	<u>\$ -</u>	<u>\$ 1,427,151</u>	<u>\$ 4,762,646</u>	<u>\$ 665,818</u>	<u>\$ 5,428,464</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending <u>December 31,</u>	<u>Intergovernmental Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	63,359	1,274	64,633
Total	<u>\$ 63,359</u>	<u>\$ 1,274</u>	<u>\$ 64,633</u>

Year Ending <u>December 31,</u>	<u>Total Business-Type Activities</u>		
	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 327,484	\$ 96,386	\$ 423,870
2020	324,832	89,837	414,669
2021	332,180	83,340	415,520
2022	339,528	73,375	412,903
2023	349,528	63,189	412,717
2024 - 2027	1,233,552	194,718	1,428,270
2029 - 2032	171,404	10,331	181,735
Total	<u>\$ 3,078,508</u>	<u>\$ 611,176</u>	<u>\$ 3,689,684</u>

From time to time, the City has issued Industrial Revenue Bonds to provide assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans; ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2018, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$9,761,004.

Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2018, the City's total debt margin was \$40,901,270 and the unvoted debt margin was \$20,814,240.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 17 - INTERFUND ACTIVITY

- A. The general fund transfers monies to other funds for general operations. The other funds from which employee wages are paid transfer monies to the general fund to pay for sick and vacation leave.

<u>Transfer to</u>	<u>Transfer from</u>	
	<u>General</u>	<u>Total</u>
Major funds		
Emergency medical services levy	\$ 200,000	\$ 200,000
Capital Improvement fund	200,000	200,000
Nonmajor fund		
Fire operating levy	<u>200,000</u>	<u>200,000</u>
Total	<u>\$ 600,000</u>	<u>\$ 600,000</u>

Transfers between governmental funds are eliminated on the government-wide financial statements. Transfers between business-type funds are eliminated on the government-wide financial statements. Transfers between governmental funds and business-type activities are presented as transfers on the Statement of Activities.

- B. Interfund loans receivable/payable consisted of the following at December 31, 2018, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental fund	<u>\$ 30,000</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by December 31. These interfund balances will be repaid once the anticipated revenues are received. Interfund loans between governmental funds are eliminated on the statement of net position, thus there are not internal balances.

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (non-GAAP budgetary basis) presented for the general fund and the emergency medical service levy fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to restricted, assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to Balance Sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

Net Change in Fund Balance

	<u>General Fund</u>	Emergency Medical Services <u>Levy Fund</u>
Budget basis	\$ 695,481	\$ 45,000
Net adjustment for revenue accruals	(207,180)	(8,727)
Net adjustment for expenditure accruals	24,529	7,969
Net adjustment for other financing sources/uses	-	-
Funds budgeted elsewhere	412,001	-
Adjustment for encumbrances	<u>126,661</u>	<u>8,998</u>
GAAP basis	<u>\$ 1,051,492</u>	<u>\$ 53,240</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the income tax fund, the compensated absences fund, the North Canton CIC Escrow fund and the unclaimed monies fund.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 19 - FUND BALANCE

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 resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	Emergency Medical Services Levy Fund	Capital Improvement Fund	Issue II Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials and supplies inventory	\$ 34,974	\$ 6,468	\$ -	\$ -	\$ 264,944	\$ 306,386
Prepays	77,355	15,685	-	-	19,462	112,502
Unclaimed monies	5,999	-	-	-	-	5,999
Total nonspendable	118,328	22,153	-	-	284,406	424,887
Restricted:						
Security of persons and property police	-	-	-	-	91,861	91,861
Security of persons and property fire	-	-	-	-	173,557	173,557
Public health and welfare	-	496,117	-	-	-	496,117
Computer systems	-	-	-	-	25,800	25,800
Transportation	-	-	-	-	1,264,349	1,264,349
Utility services	-	-	-	-	403,685	403,685
General trust	-	-	-	-	117,353	117,353
Mayor's court	-	-	-	-	3,526	3,526
Capital Improvements	-	-	-	-	30,000	30,000
Total restricted	-	496,117	-	-	2,110,131	2,606,248
Committed:						
Capital improvements	-	-	1,900,319	-	254,360	2,154,679
Income tax	3,725,646	-	-	-	-	3,725,646
Compensated absences	1,382,780	-	-	-	-	1,382,780
Total committed	5,108,426	-	1,900,319	-	254,360	7,263,105
Assigned:						
General government	38,439	-	-	-	-	38,439
Community environment	540	-	-	-	-	540
Utility services	5,071	-	-	-	-	5,071
Subsequent year appropriation	254,733	-	-	-	-	254,733
Total assigned	298,783	-	-	-	-	298,783
Unassigned (deficit)	4,449,575	-	-	(530,495)	-	3,919,080
Total fund balances (deficit)	\$ 9,975,112	\$ 518,270	\$ 1,900,319	\$ (530,495)	\$ 2,648,897	\$ 14,512,103

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

Stark Council of Governments

The City participates in the Stark Council of Governments (the "Council") which is a statutorily created political subdivision of the State. The Council is jointly governed among Stark County and its municipalities and townships which direct the operations of the Stark County Metropolitan Narcotics Unit and the Stark County Crime Laboratory. Of the 27 Board Members, the City has one appointed member. Each member's control over the operation of the Council is limited to its representation on the Board. The Board exercises total authority over the operation of the Council including budgeting, appropriation, contracting, and designating management. The City does not have an equity interest in the Council. The Council is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City did not contribute any funds to the Council in 2018. Complete financial statements can be obtained from the Stark Council of Governments, P.O. Box 21451 Canton, Ohio 44701-1451.

Stark County Combined General Health District

The City participates in the Stark County Combined General Health District (the "Health District") which is a statutorily created political subdivision of the State. The Health District is jointly governed by Stark County townships, villages, the City of Louisville, and the City of North Canton. Of the 7 Board Members, the City has one appointed member. The Board is made up of various professionals who are equally representative of the general health district. The Board exercises total authority over the operation of the Health District including budgeting, appropriation, contracting, and designating management. The City does not have an equity interest in the Health District. The Health District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City contributed \$100,828 to the Health District in 2018. Complete financial statements can be obtained from the Stark County Combined General Health District, 3951 Convenience Circle NW, Canton, Ohio 44718.

Regional Income Tax Agency (RITA)

In 1971, 38 municipalities joined together to organize a Regional Council of Governments (RCOG) under the authority of Chapter 167 of the Ohio Revised Code to administer tax collection and enforcement concerns facing the cities and villages. The purpose of the RCOG is to foster cooperation between the municipalities through sharing facilities for their common benefit. This includes the establishment of a central collection facility for the purpose of administering the income tax laws of the various municipal corporations who are members of the RCOG and for the purpose of collecting income taxes on behalf of each member municipality, doing all things allowed by law to accomplish such purpose. The first official act of the RCOG was to form the Regional Income Tax Agency (RITA). Today RITA serves as the income tax collection agency for almost 200 municipalities throughout the State of Ohio. During 2018, the City paid \$243,531 in income tax collection fees to RITA.

Each member municipality appoints its own delegate to the RCOG, including electing members to the RITA Board of Trustees. Regardless of the population or tax collections of member municipalities, each member of the RCOG has an equal say in the operations of RITA.

NOTE 21 - LITIGATION

The City of North Canton is a party to legal proceedings. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 22 - TAX ABATEMENTS

The City had two Community Reinvestment Areas, Main Street CRA and Valley View CRA. These CRA programs were created by ordinance as authorized in Ohio Revised Code Sections 3735.65-70. The CRAs provided an incentive for new residential, commercial, or industrial development or rehabilitation in designated areas. A property tax exemption on 100% of the increase in assessed valuation resulting from improvements was given on residential properties. The residential tax exemption varied from 10 to 15 years, based on the type of dwelling and the cost of remodeling or construction. For commercial and industrial properties, those exemptions were negotiated on a case-by-case bases in advance of the commencement of construction or remodeling. An ordinance to repeal both CRAs was passed by City Council in 2016; however, abatements granted prior to the repeal are still in place. The amount of property taxes that were reduced during 2018 as a result of tax abatement agreements was \$96,827.

NOTE 23 - NORTH CANTON COMMUNITY IMPROVEMENT CORPORATION

The City of North Canton Community Improvement Corporation (the "CIC") was formed pursuant to Ordinance 103-80 passed October 28, 1980 and incorporated as a corporation not-for-profit under Title XVII, Chapters 1702 and 1724 of the Ohio Revised Code for the purpose to advance, encourage, and promote industrial, economic, commercial and civic development of the City of North Canton. The CIC has been designated as the City of North Canton's agent for industrial and commercial distributions and research development.

The City of North Canton (the "City") is a charter municipal corporation incorporated under the laws of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus", the City's financial statements include all organizations, activities and functions which comprise the primary government and those legally separate entities for which the City is financially accountable. The CIC is a legally separate entity and is discretely presented as a component unit of the City of North Canton. Financial accountability is defined as the appointment of a voting majority of the unit's Board and either 1) the City's ability to impose its will over the unit, or 2) the possibility that the unit will provide a financial benefit or impose a financial burden to the City. The CIC does not include any other units in its presentation.

Summary of Significant Accounting Policies

The basic financial statements (BFS) of the CIC have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The CIC's significant accounting policies are described below.

A. Basis of Accounting

The financial statements of the CIC are prepared using the accrual basis of accounting.

B. Cash and Cash Equivalents

All monies received by the CIC are deposited in a demand deposit accounts.

CITY OF NORTH CANTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 23 - NORTH CANTON COMMUNITY IMPROVEMENT CORPORATION - (Continued)

C. Capital Assets and Depreciation

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The CIC maintains a capitalization threshold of \$500. The CIC does not have any infrastructure. 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 capitalized.

All capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method. Land improvements, buildings and equipment are depreciated over five to forty years.

D. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The CIC has no restricted net position.

The CIC applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

E. Estimates

The preparation of financial statements in conformity with GAAP 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.

Deposits

At December 31, 2018, the carrying amount of the CIC's deposits was \$793,063. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2018, all of the bank balance of \$793,063 was covered by the Federal Deposit Insurance Corporation.

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 23 - NORTH CANTON COMMUNITY IMPROVEMENT CORPORATION - (Continued)

Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance			Balance
	<u>12/31/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/18</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 71,439	\$ 130,230	\$ -	\$ 201,669
<i>Total capital assets, not being depreciated</i>	<u>71,439</u>	<u>130,230</u>	<u>-</u>	<u>201,669</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	44,200	-	-	44,200
Buildings and improvements	-	59,970	-	59,970
Equipment	<u>444,000</u>	<u>-</u>	<u>-</u>	<u>444,000</u>
<i>Total capital assets, being depreciated</i>	<u>488,200</u>	<u>59,970</u>	<u>-</u>	<u>548,170</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(44,200)	-	-	(44,200)
Buildings and improvements	-	(125)	-	(125)
Equipment	<u>(99,900)</u>	<u>(11,100)</u>	<u>-</u>	<u>(111,000)</u>
<i>Total accumulated depreciation</i>	<u>(144,100)</u>	<u>(11,225)</u>	<u>-</u>	<u>(155,325)</u>
Total capital assets, net	<u>\$ 415,539</u>	<u>\$ 178,975</u>	<u>\$ -</u>	<u>\$ 594,514</u>

Intergovernmental Receivable

In 2005, the North Canton City Council approved the funding of the CIC in the amount of \$1.5 million out of the City's general fund. This funding is to assist the City's economic development efforts by creating or retaining businesses and jobs. As of December 31, 2018, the CIC has received \$1,500,000 under this funding mechanism.

Litigation

The CIC is involved in no material litigation as either plaintiff or defendant.

NOTE 24 - SUBSEQUENT EVENT

In May 2019, the City selected Steven DiPietro, Inc. as the new operators of The Fairways golf course replacing the R&S Golf Properties, Inc. (see note 8). Under an interim memorandum of agreement beginning June 1, 2019, Steven DiPietro, Inc. will manage and operate the property through a subsidiary company, North Canton Golf, LLC. Rather than leasing the property from the City, North Canton Golf, LLC will be paid \$5,000 per month to operate the course while a five-year full management agreement is negotiated.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH CANTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FIVE YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>					
City's proportion of the net pension liability	0.028288%	0.280710%	0.030226%	0.031691%	0.031691%
City's proportionate share of the net pension liability	\$ 4,437,839	\$ 6,374,447	\$ 5,235,523	\$ 3,822,289	\$ 3,735,956
City's covered payroll	\$ 3,826,369	\$ 3,617,467	\$ 3,503,758	\$ 3,935,808	\$ 3,898,908
City's proportionate share of the net pension liability as a percentage of its covered payroll	115.98%	176.21%	149.43%	97.12%	95.82%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%
<i>Combined Plan:</i>					
City's proportion of the net pension asset	0.071714%	0.658650%	0.074670%	0.075345%	0.075345%
City's proportionate share of the net pension asset	\$ 97,627	\$ 36,658	\$ 36,337	\$ 29,010	\$ 7,906
City's covered payroll	\$ 293,700	\$ 256,375	\$ 271,733	\$ 264,817	\$ 254,254
City's proportionate share of the net pension asset as a percentage of its covered payroll	33.24%	14.30%	13.37%	10.95%	3.11%
Plan fiduciary net position as a percentage of the total pension asset	137.28%	116.55%	116.90%	114.83%	104.56%
<i>Member Directed Plan:</i>					
City's proportion of the net pension asset	0.019983%	0.016979%	0.020418%	n/a	n/a
City's proportionate share of the net pension asset	\$ 697	\$ 71	\$ 78	n/a	n/a
City's covered payroll	\$ 142,380	\$ 88,142	\$ 113,708	n/a	n/a
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.49%	0.08%	0.07%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	124.46%	103.40%	103.40%	n/a	n/a

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH CANTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST FIVE YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.09438800%	0.08695100%	0.09668200%	0.07778590%	0.07778590%
City's proportionate share of the net pension liability	\$ 5,793,004	\$ 5,507,346	\$ 6,219,582	\$ 4,029,634	\$ 3,788,418
City's covered payroll	\$ 2,251,083	\$ 1,983,744	\$ 1,825,891	\$ 1,835,351	\$ 1,689,819
City's proportionate share of the net pension liability as a percentage of its covered payroll	257.34%	277.62%	340.63%	219.56%	224.19%
Plan fiduciary net position as a percentage of the total pension liability	70.91%	68.36%	66.77%	72.20%	73.00%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH CANTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 509,885	\$ 497,428	\$ 434,096	\$ 420,451
Contributions in relation to the contractually required contribution	<u>(509,885)</u>	<u>(497,428)</u>	<u>(434,096)</u>	<u>(420,451)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,642,036	\$ 3,826,369	\$ 3,617,467	\$ 3,503,758
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 33,323	\$ 38,181	\$ 30,765	\$ 32,608
Contributions in relation to the contractually required contribution	<u>(33,323)</u>	<u>(38,181)</u>	<u>(30,765)</u>	<u>(32,608)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 238,021	\$ 293,700	\$ 256,375	\$ 271,733
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 12,489	\$ 14,238	\$ 10,577	\$ 13,645
Contributions in relation to the contractually required contribution	<u>(12,489)</u>	<u>(14,238)</u>	<u>(10,577)</u>	<u>(13,645)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 124,890	\$ 142,380	\$ 88,142	\$ 113,708
Contributions as a percentage of covered payroll	10.00%	10.00%	12.00%	12.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 472,297	\$ 506,858	\$ 402,329	\$ 444,536	\$ 386,729	\$ 380,066
<u>(472,297)</u>	<u>(506,858)</u>	<u>(402,329)</u>	<u>(444,536)</u>	<u>(386,729)</u>	<u>(380,066)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,935,808	\$ 3,898,908	\$ 4,023,290	\$ 4,445,360	\$ 4,337,148	\$ 4,677,735
12.00%	13.00%	10.00%	10.00%	8.92%	8.13%
\$ 31,778	\$ 33,053	\$ 17,994	\$ 13,377	\$ 15,132	
<u>(31,778)</u>	<u>(33,053)</u>	<u>(17,994)</u>	<u>(13,377)</u>	<u>(15,132)</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 264,817	\$ 254,254	\$ 226,340	\$ 168,264	\$ 156,161	
12.00%	13.00%	7.95%	7.95%	9.69%	

CITY OF NORTH CANTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Police:</i>				
Contractually required contribution	\$ 320,993	\$ 311,340	\$ 286,727	\$ 274,092
Contributions in relation to the contractually required contribution	<u>(320,993)</u>	<u>(311,340)</u>	<u>(286,727)</u>	<u>(274,092)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,689,437	\$ 1,638,632	\$ 1,509,089	\$ 1,442,589
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 176,134	\$ 143,926	\$ 111,544	\$ 90,076
Contributions in relation to the contractually required contribution	<u>(176,134)</u>	<u>(143,926)</u>	<u>(111,544)</u>	<u>(90,076)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 749,506	\$ 612,451	\$ 474,655	\$ 383,302
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 297,289	\$ 243,196	\$ 193,970	\$ 190,999	\$ 203,042	\$ 199,794
<u>(297,289)</u>	<u>(243,196)</u>	<u>(193,970)</u>	<u>(190,999)</u>	<u>(203,042)</u>	<u>(199,794)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,564,679	\$ 1,531,140	\$ 1,521,333	\$ 1,498,031	\$ 1,592,486	\$ 1,567,012
19.00%	15.88%	12.75%	12.75%	12.75%	12.75%
\$ 63,608	\$ 32,344	\$ 29,567	\$ 25,556	\$ 25,424	\$ 25,457
<u>(63,608)</u>	<u>(32,344)</u>	<u>(29,567)</u>	<u>(25,556)</u>	<u>(25,424)</u>	<u>(25,457)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 270,672	\$ 158,679	\$ 171,403	\$ 148,151	\$ 147,386	\$ 147,577
23.50%	20.38%	17.25%	17.25%	17.25%	17.25%

CITY OF NORTH CANTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TWO YEARS

	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.029240%	0.028650%
City's proportionate share of the net OPEB liability	\$ 3,175,249	\$ 2,893,697
City's covered payroll	\$ 4,262,449	\$ 3,961,984
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	74.49%	73.04%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH CANTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TWO YEARS

	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.09438800%	0.08695100%
City's proportionate share of the net OPEB liability	\$ 5,347,886	\$ 4,127,368
City's covered payroll	\$ 2,251,083	\$ 1,983,744
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	237.57%	208.06%
Plan fiduciary net position as a percentage of the total OPEB liability	14.13%	15.96%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH CANTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 8,447	\$ 42,296	\$ 79,240	\$ 77,784
Contributions in relation to the contractually required contribution	<u>(8,447)</u>	<u>(42,296)</u>	<u>(79,240)</u>	<u>(77,784)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,004,947	\$ 4,262,449	\$ 3,961,984	\$ 3,889,199
Contributions as a percentage of covered payroll	0.21%	0.99%	2.00%	2.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 82,759	\$ 41,532	\$ 174,625	\$ 187,995	\$ 227,210	\$ 274,817
<u>(82,759)</u>	<u>(41,532)</u>	<u>(174,625)</u>	<u>(187,995)</u>	<u>(227,210)</u>	<u>(274,817)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,200,625	\$ 4,153,162	\$ 4,249,630	\$ 4,613,624	\$ 4,493,309	\$ 4,677,735
1.97%	1.00%	4.11%	4.07%	5.06%	5.88%

CITY OF NORTH CANTON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Police:</i>				
Contractually required contribution	\$ 320,993	\$ 8,193	\$ 7,749	\$ 7,408
Contributions in relation to the contractually required contribution	<u>(320,993)</u>	<u>(8,193)</u>	<u>(7,749)</u>	<u>(7,408)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,689,437	\$ 1,638,632	\$ 1,509,089	\$ 1,442,589
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
<i>Fire:</i>				
Contractually required contribution	\$ 3,748	\$ 3,062	\$ 2,373	\$ 1,917
Contributions in relation to the contractually required contribution	<u>(3,748)</u>	<u>(3,062)</u>	<u>(2,373)</u>	<u>(1,917)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 749,506	\$ 612,451	\$ 474,655	\$ 383,302
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 7,760	\$ 51,825	\$ 102,690	\$ 101,117	\$ 107,493	\$ 105,774
<u>(7,760)</u>	<u>(51,825)</u>	<u>(102,690)</u>	<u>(101,117)</u>	<u>(107,493)</u>	<u>(105,774)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,564,679	\$ 1,531,140	\$ 1,521,333	\$ 1,498,031	\$ 1,592,486	\$ 1,567,012
0.50%	3.62%	6.75%	6.75%	6.75%	6.75%
\$ 1,413	\$ 5,358	\$ 11,570	\$ 10,000	\$ 9,948	\$ 9,962
<u>(1,413)</u>	<u>(5,358)</u>	<u>(11,570)</u>	<u>(10,000)</u>	<u>(9,948)</u>	<u>(9,962)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 270,672	\$ 158,679	\$ 171,403	\$ 148,151	\$ 147,386	\$ 147,577
0.50%	3.62%	6.75%	6.75%	6.75%	6.75%

CITY OF NORTH CANTON, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.

COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

CITY OF NORTH CANTON, OHIO
INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - MAJOR FUNDS

GENERAL FUND

The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Major Special Revenue Fund

Emergency Medical Services Levy Fund

The emergency medical services levy fund accounts for property taxes levied that are restricted for the partial operation of the emergency medical service department.

Major Capital Projects Fund

Capital Improvement Fund

The capital improvement fund accounts for City income tax revenue that is committed and bond proceeds that are restricted for various capital projects.

Issue II Fund

This fund accounts for grant monies received from the Ohio Public Works Commission plus City matching funds. Expenditures are restricted to specific projects within the City.

Major Enterprise Funds

Water Fund

This fund accounts for the treatment and provision of water to the residents and commercial users of the City and certain residents of the County.

Sewer Fund

This fund accounts for the sanitary sewer services provided to the residents and commercial users of the City and certain residents of the County.

Garbage Fund

This fund accounts for the garbage and recycling service provided by a successful bidder for the residential users of the City.

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 813,555	\$ 813,556	\$ 876,475	\$ 62,919
Municipal income taxes	5,091,241	5,091,240	5,091,240	-
Charges for services	16,725	16,725	68,444	51,719
Licenses and permits	305,759	305,759	346,327	40,568
Fines and forfeitures	123,797	123,797	47,097	(76,700)
Intergovernmental	422,838	422,838	355,439	(67,399)
Interest	181,923	181,923	421,757	239,834
Rentals	93,154	93,154	163,844	70,690
Other	69,384	69,384	98,395	29,011
Total revenues	<u>7,118,376</u>	<u>7,118,376</u>	<u>7,469,018</u>	<u>350,642</u>
Expenditures:				
Current:				
General Government:				
Legislative and Executive:				
Mayor:				
Personal services	68,100	68,100	37,378	30,722
Contract services	21,900	21,900	16,369	5,531
Materials and supplies	750	750	152	598
Capital outlay	1,500	1,500	1,289	211
Total mayor	<u>92,250</u>	<u>92,250</u>	<u>55,188</u>	<u>37,062</u>
Director of Administration:				
Personal services	155,200	155,200	140,539	14,661
Contract services	21,184	21,088	18,332	2,756
Materials and supplies	1,350	1,350	764	586
Capital outlay	5,300	5,300	3,574	1,726
Total director of administration	<u>183,034</u>	<u>182,938</u>	<u>163,209</u>	<u>19,729</u>
Director of Finance:				
Personal services	142,200	143,775	142,303	1,472
Contract services	36,503	30,875	23,363	7,512
Materials and supplies	1,500	1,500	895	605
Capital outlay	8,100	8,100	8,052	48
Total director of finance	<u>188,303</u>	<u>184,250</u>	<u>174,613</u>	<u>9,637</u>
Electronic Data Processing:				
Contract services	150,500	170,500	167,070	3,430
Capital outlay	10,000	10,000	8,018	1,982
Total electronic data processing	<u>160,500</u>	<u>180,500</u>	<u>175,088</u>	<u>5,412</u>
Director of Law:				
Personal services	66,100	66,100	64,747	1,353
Contract services	44,598	47,098	30,671	16,427
Materials and supplies	2,800	2,800	2,690	110
Capital outlay	500	500	311	189
Total director of law	<u>113,998</u>	<u>116,498</u>	<u>98,419</u>	<u>18,079</u>
City Council:				
Personal services	111,200	111,200	107,878	3,322
Contract services	22,448	27,516	25,280	2,236
Materials and supplies	1,300	900	415	485
Capital outlay	11,500	6,500	6,500	-
Total city council	<u>146,448</u>	<u>146,116</u>	<u>140,073</u>	<u>6,043</u>

Continued

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Civil Service Commission:				
Personal services	\$ 6,500	\$ 6,500	\$ 6,095	\$ 405
Contract services	6,550	6,550	3,225	3,325
Total civil service commission	<u>13,050</u>	<u>13,050</u>	<u>9,320</u>	<u>3,730</u>
City Hall Maintenance:				
Contract services	117,975	112,300	98,917	13,383
Materials and supplies.	4,800	5,000	4,932	68
Capital outlay	103,500	103,500	103,500	-
Total city hall maintenance.	<u>226,275</u>	<u>220,800</u>	<u>207,349</u>	<u>13,451</u>
Department of Engineering:				
Personal services	245,300	245,300	201,070	44,230
Contract services	47,045	45,190	21,868	23,322
Materials and supplies.	8,815	10,479	7,376	3,103
Capital outlay	10,000	10,000	3,162	6,838
Total department of engineering	<u>311,160</u>	<u>310,969</u>	<u>233,476</u>	<u>77,493</u>
Other General Government:				
Personal services	96,531	81,000	66,631	14,369
Contract services	223,453	219,884	142,103	77,781
Capital outlay	1,500	1,500	-	1,500
Other.	62,000	62,000	53,721	8,279
Total other general government	<u>383,484</u>	<u>364,384</u>	<u>262,455</u>	<u>101,929</u>
Total General Government	<u>1,818,502</u>	<u>1,811,755</u>	<u>1,519,190</u>	<u>292,565</u>
Security of Persons and Property:				
Police:				
Personal services	2,880,000	2,918,000	2,833,041	84,959
Contract services	305,784	274,944	222,431	52,513
Materials and supplies.	61,500	71,500	68,430	3,070
Capital outlay	15,790	15,791	15,615	176
Other.	1,000	1,000	1,000	-
Total police	<u>3,264,074</u>	<u>3,281,235</u>	<u>3,140,517</u>	<u>140,718</u>
Police Administration:				
Contract services	1,200	1,200	260	940
Materials and supplies.	5,100	5,100	4,903	197
Capital outlay	400	400	400	-
Total police administration.	<u>6,700</u>	<u>6,700</u>	<u>5,563</u>	<u>1,137</u>
School Patrol:				
Personal services	40,000	40,000	39,617	383
Contract services	200	200	-	200
Materials and supplies.	200	200	140	60
Total school patrol	<u>40,400</u>	<u>40,400</u>	<u>39,757</u>	<u>643</u>
Street lighting:				
Contract services	165,447	141,000	138,394	2,606
Total street lighting.	<u>165,447</u>	<u>141,000</u>	<u>138,394</u>	<u>2,606</u>
Total Security of Persons and Property.	<u>3,476,621</u>	<u>3,469,335</u>	<u>3,324,231</u>	<u>145,104</u>

Continued

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Health and Welfare:				
County Health Department:				
Contract services	\$ 103,000	\$ 103,000	\$ 100,828	\$ 2,172
Total county health department	103,000	103,000	100,828	2,172
Total Public Health and Welfare	103,000	103,000	100,828	2,172
Community Environment:				
Permits and Inspections:				
Personal services	443,400	443,480	346,662	96,818
Contract services	63,905	63,478	50,527	12,951
Materials and supplies.	5,100	5,350	3,537	1,813
Capital outlay	7,500	7,500	7,500	-
Total permits and inspections.	519,905	519,808	408,226	111,582
Planning Commission:				
Contract services	2,311	7,747	3,651	4,096
Materials and supplies.	300	300	208	92
Total planning commission	2,611	8,047	3,859	4,188
Zoning and Building:				
Contract services	1,657	7,157	4,345	2,812
Materials and supplies.	300	300	208	92
Total zoning and building	1,957	7,457	4,553	2,904
Economic Development:				
Personal services	105,300	105,300	-	105,300
Contract services	130,540	127,200	102,594	24,606
Materials and supplies.	4,350	4,350	1,310	3,040
Capital outlay	10,000	10,000	-	10,000
Total economic development.	250,190	246,850	103,904	142,946
Total Community Environment.	774,663	782,162	520,542	261,620
Leisure Time Activities:				
Dogwood Shelter:				
Contract services	49,205	49,090	33,549	15,541
Materials and supplies.	3,000	3,000	1,235	1,765
Capital outlay	1,500	1,500	-	1,500
Total dogwood shelter	53,705	53,590	34,784	18,806
Swimming Pool:				
Contract services	75,117	74,690	64,074	10,616
Total swimming pool	75,117	74,690	64,074	10,616
Parks Department:				
Personal services	214,000	214,000	201,201	12,799
Contract services	188,164	196,602	183,813	12,789
Materials and supplies.	20,202	20,989	19,604	1,385
Total parks department.	422,366	431,591	404,618	26,973

Continued

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Civic Center:				
Contract services	\$ 93,448	\$ 87,790	\$ 43,930	\$ 43,860
Materials and supplies.	4,000	7,090	6,496	594
Capital outlay	18,000	18,000	13,183	4,817
Total civic center	<u>115,448</u>	<u>112,880</u>	<u>63,609</u>	<u>49,271</u>
Recreation Department:				
Personal services	36,100	36,100	32,522	3,578
Contract services	20,240	19,872	14,239	5,633
Materials and supplies.	4,000	4,000	4,000	-
Total recreation department.	<u>60,340</u>	<u>59,972</u>	<u>50,761</u>	<u>9,211</u>
Recreation Program:				
Contract services	2,700	2,700	2,700	-
Total recreation program	<u>2,700</u>	<u>2,700</u>	<u>2,700</u>	<u>-</u>
Total Leisure Time Activities.	<u>729,676</u>	<u>735,423</u>	<u>620,546</u>	<u>114,877</u>
Debt Service:				
Principal retirement	75,000	75,000	75,000	-
Interest and fiscal charges	13,200	13,200	13,200	-
Total debt service.	<u>88,200</u>	<u>88,200</u>	<u>88,200</u>	<u>-</u>
Total expenditures	<u>6,990,662</u>	<u>6,989,875</u>	<u>6,173,537</u>	<u>816,338</u>
Excess of revenues over expenditures.	<u>127,714</u>	<u>128,501</u>	<u>1,295,481</u>	<u>1,166,980</u>
Other financing uses:				
Transfers out	(600,000)	(600,000)	(600,000)	-
Total other financing uses	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
Net change in fund balance	(472,286)	(471,499)	695,481	1,166,980
Fund balance at beginning of year	3,735,401	3,735,401	3,735,401	-
Prior year encumbrances appropriated	184,498	184,498	184,498	-
Fund balance at end of year	<u>\$ 3,447,613</u>	<u>\$ 3,448,400</u>	<u>\$ 4,615,380</u>	<u>\$ 1,166,980</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMERGENCY MEDICAL SERVICES LEVY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 798,807	\$ 798,807	\$ 860,697	\$ 61,890
Charges for services	568,036	568,036	660,772	92,736
Intergovernmental	119,546	119,546	56,205	(63,341)
Total revenues	<u>1,486,389</u>	<u>1,486,389</u>	<u>1,577,674</u>	<u>91,285</u>
Expenditures:				
Current:				
Public Health and Welfare:				
Personal services	1,472,786	1,472,157	1,488,990	(16,833)
Contract services	213,108	210,355	193,483	16,872
Materials and supplies	42,161	45,221	43,763	1,458
Capital outlay	6,500	6,500	6,438	62
Total expenditures	<u>1,734,555</u>	<u>1,734,233</u>	<u>1,732,674</u>	<u>1,559</u>
Excess of expenditures over revenues	<u>(248,166)</u>	<u>(247,844)</u>	<u>(155,000)</u>	<u>92,844</u>
Other financing sources (uses):				
Transfers in	\$ 200,000	200,000	200,000	-
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	(48,166)	(47,844)	45,000	92,844
Fund balance at beginning of year	475,909	475,909	475,909	-
Prior year encumbrances appropriated	<u>14,015</u>	<u>14,015</u>	<u>14,015</u>	<u>-</u>
Fund balance at end of year	<u>\$ 441,758</u>	<u>\$ 442,080</u>	<u>\$ 534,924</u>	<u>\$ 92,844</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL IMPROVEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal income taxes	\$ 2,131,960	\$ 2,131,960	\$ 2,131,960	\$ -
Intergovernmental	-	-	86,245	86,245
Total revenues	<u>2,131,960</u>	<u>2,131,960</u>	<u>2,218,205</u>	<u>86,245</u>
Expenditures:				
Capital Outlay:				
Contract services	2,874,397	2,850,667	2,538,542	312,125
Capital outlay	<u>1,704,844</u>	<u>1,651,884</u>	<u>1,490,967</u>	<u>160,917</u>
Total capital outlay	<u>4,579,241</u>	<u>4,502,551</u>	<u>4,029,509</u>	<u>473,042</u>
Debt service:				
Principal retirement	84,870	84,870	84,870	-
Interest and fiscal charges	<u>39,013</u>	<u>39,013</u>	<u>39,013</u>	<u>-</u>
Total debt service.	<u>123,883</u>	<u>123,883</u>	<u>123,883</u>	<u>-</u>
Total expenditures	<u>4,703,124</u>	<u>4,626,434</u>	<u>4,153,392</u>	<u>473,042</u>
Excess of expenditures over revenues . .	<u>(2,571,164)</u>	<u>(2,494,474)</u>	<u>(1,935,187)</u>	<u>559,287</u>
Other financing sources:				
Transfers in	<u>(1,931,960)</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total other financing sources	<u>(1,931,960)</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	(4,503,124)	(2,294,474)	(1,735,187)	559,287
Fund balance at beginning of year	1,418,392	1,418,392	1,418,392	-
Prior year encumbrances appropriated .	<u>1,597,536</u>	<u>1,597,536</u>	<u>1,597,536</u>	<u>-</u>
Fund balance at end of year	<u>\$ (1,487,196)</u>	<u>\$ 721,454</u>	<u>\$ 1,280,741</u>	<u>\$ 559,287</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ISSUE II FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,325,288	\$ 1,477,288	\$ 38,954	\$ (1,438,334)
Total revenues	<u>1,325,288</u>	<u>1,477,288</u>	<u>38,954</u>	<u>(1,438,334)</u>
Expenditures:				
Capital Outlay:				
Contract services	<u>1,355,288</u>	<u>1,503,288</u>	<u>1,166,754</u>	<u>336,534</u>
Total capital outlay	<u>1,355,288</u>	<u>1,503,288</u>	<u>1,166,754</u>	<u>336,534</u>
Total expenditures	<u>1,355,288</u>	<u>1,503,288</u>	<u>1,166,754</u>	<u>336,534</u>
Net change in fund balance	(30,000)	(26,000)	(1,127,800)	(1,101,800)
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated .	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Fund balance (deficit) at end of year. . .	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ (1,097,800)</u>	<u>\$ (1,101,800)</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 6,755,119	\$ 6,755,119	\$ 7,021,328	\$ 266,209
Tap-in fees	26,452	26,452	73,856	47,404
Other.	58,070	58,070	53,334	(4,736)
Total operating revenues.	6,839,641	6,839,641	7,148,518	308,877
Operating expenses:				
Personal services.	1,863,235	1,863,397	1,758,269	105,128
Contract services	2,273,461	2,167,463	1,855,749	311,714
Materials and supplies	808,825	778,216	572,683	205,533
Capital outlay	5,222,885	5,167,826	4,709,930	457,896
Other.	5,000	5,000	1,699	3,301
Total operating expenses.	10,173,406	9,981,902	8,898,330	1,083,572
Operating loss	(3,333,765)	(3,142,261)	(1,749,812)	1,392,449
Nonoperating revenues (expenses):				
Debt service:				
Principal retirement	(1,038,500)	(1,038,500)	(1,037,830)	670
Interest and fiscal charges.	(256,587)	(256,587)	(256,190)	397
Bond issuance costs.	(50,000)	(50,000)	-	50,000
Total nonoperating revenues (expenses). . .	(1,345,087)	(1,345,087)	(1,294,020)	51,067
Loss before transfers	(4,678,852)	(4,487,348)	(3,043,832)	1,443,516
Transfers in.	1,200,000	-	-	-
Net change in fund equity	(3,478,852)	(4,487,348)	(3,043,832)	1,443,516
Fund equity at beginning of year.	4,188,229	4,188,229	4,188,229	-
Prior year encumbrances appropriated . . .	1,307,087	1,307,087	1,307,087	-
Fund equity at end of year	\$ 2,016,464	\$ 1,007,968	\$ 2,451,484	\$ 1,443,516

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 2,949,297	\$ 2,949,297	\$ 2,927,981	\$ (21,316)
Tap-in fees	123,438	123,438	34,500	(88,938)
Other.	32,782	32,782	11,590	(21,192)
Total operating revenues	<u>3,105,517</u>	<u>3,105,517</u>	<u>2,974,071</u>	<u>(131,446)</u>
Operating expenses:				
Personal services.	687,183	686,400	651,609	34,791
Contract services	2,943,089	2,869,990	2,770,040	99,950
Materials and supplies	38,909	37,229	28,362	8,867
Capital outlay	1,165,828	1,150,713	566,368	584,345
Total operating expenses	<u>4,835,009</u>	<u>4,744,332</u>	<u>4,016,379</u>	<u>727,953</u>
Operating loss	<u>(1,729,492)</u>	<u>(1,638,815)</u>	<u>(1,042,308)</u>	<u>596,507</u>
Nonoperating expenses:				
Debt service:				
Principal retirement	(23,000)	(23,000)	(22,935)	65
Interest and fiscal charges.	(3,650)	(3,650)	(3,601)	49
Total nonoperating expenses	<u>(26,650)</u>	<u>(26,650)</u>	<u>(26,536)</u>	<u>114</u>
Change in fund equity	(1,756,142)	(1,665,465)	(1,068,844)	596,621
Fund equity at beginning of year.	1,277,012	1,277,012	1,277,012	-
Prior year encumbrances appropriated . . .	<u>796,366</u>	<u>796,366</u>	<u>796,366</u>	<u>-</u>
Fund equity at end of year	<u>\$ 317,236</u>	<u>\$ 407,913</u>	<u>\$ 1,004,534</u>	<u>\$ 596,621</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GARBAGE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 980,042	\$ 980,042	\$ 979,586	\$ (456)
Total operating revenues	980,042	980,042	979,586	(456)
Operating expenses:				
Personal services	61,100	61,100	59,001	2,099
Contract services	930,704	930,652	910,233	20,419
Materials and supplies	26,500	51,500	44,620	6,880
Capital outlay	1,000	1,000	-	1,000
Total operating expenses	1,019,304	1,044,252	1,013,854	30,398
Operating loss	(39,262)	(64,210)	(34,268)	29,942
Nonoperating revenues:				
Intergovernmental	64,489	64,489	59,615	(4,874)
Total nonoperating revenues	64,489	64,489	59,615	(4,874)
Net change in fund equity	25,227	279	25,347	25,068
Fund equity at beginning of year.	388,013	388,013	388,013	-
Prior year encumbrances appropriated . . .	113	113	113	-
Fund equity at end of year	\$ 413,353	\$ 388,405	\$ 413,473	\$ 25,068

CITY OF NORTH CANTON, OHIO

**INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The following are the special revenue funds which the City operates:

Nonmajor Special Revenue Funds

Fire Operating Levy Fund

This fund accounts for property taxes levied that are restricted for the partial operation of the fire department.

Computer Fund

This fund accounts for fees charged to any case processed through Mayor's Court for computer services that are restricted for the operation of the court system.

Enforcement and Education Fund

This fund accounts for revenues received from fines levied when arrests are made for driving under the influence of alcohol. This money is restricted for education of officers and members of the community.

Street Construction, Maintenance and Repair Fund

This fund accounts for the portion of state gasoline tax and motor vehicle registration fees that are restricted for the maintenance of the streets within the City.

Storm Sewer Levy Fund

This fund accounts for property taxes levied that are restricted to maintain, improve or construct storm sewers within the City.

Street Levy Fund

This fund accounts for property taxes levied that are restricted to subsidize improvement of streets within the City.

Municipal Road Fund

This fund accounts for the portion of permissive motor vehicle license tax levied by the County that is allocated to the City that is restricted for street repair.

General Trust Fund

This fund accounts for donations to the City that are restricted by the donors to be used for specific purposes.

Law Enforcement Trust Fund

This fund accounts for money collected from federal forfeitures that is restricted for specific law enforcement purposes.

Continuing Professional Education Fund

This fund accounts for grant money received from the State of Ohio that is restricted for Peace Officer training.

Community Disaster Relief Fund

This fund accounts for donations that are restricted for the use of assisting businesses or community members during times of natural disasters.

Mayor's Court Fund

This fund accounts for activity that is restricted for the City's Mayor's Court. Budgetary information is not reported because it is not included in the entity for which the "appropriated budget" is adopted and does not maintain a separate budgetary record.

CITY OF NORTH CANTON, OHIO

**INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - NONMAJOR GOVERNMENTAL FUNDS**

Nonmajor Special Revenue Funds

The following funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis):

Income Tax Fund

The fund accounts for money that is committed to income tax collected in the City.

Compensated Absences Fund

This fund accounts for the accumulation of resources for accumulated sick leave and vacation leave, upon the termination of employment of employees in the City.

North Canton CIC Escrow Fund

This fund accounts for money that has been committed to fund the North Canton Community Improvement Corporation (CIC).

Unclaimed Monies Fund

This fund is used to account for resources that are unclaimed monies that have not been distributed. The fund balance of this fund is nonspendable.

CAPITAL PROJECTS FUND

Capital project funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The following is a description of all nonmajor capital project funds:

Nonmajor Capital Projects Fund

Indoor Firearms Training Range Improvement Fund

This fund accounts for transfers that are committed to improve the indoor firearms range for the police department.

Park Development Fund

This fund accounts for donations that are restricted to improve the City's parks.

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CITY OF NORTH CANTON, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments.	\$ 1,904,779	\$ 280,000	\$ 2,184,779
Cash and cash equivalents:			
In segregated accounts	178,876	-	178,876
Receivables:			
Property taxes.	840,145	-	840,145
Income taxes.	-	17,374	17,374
Accounts	180	-	180
Intergovernmental.	404,323	-	404,323
Materials and supplies inventory	264,944	-	264,944
Prepayments	19,462	-	19,462
Total assets	\$ 3,612,709	\$ 297,374	\$ 3,910,083
Liabilities:			
Accounts payable	\$ 34,356	\$ -	\$ 34,356
Accrued wages and benefits payable.	19,646	-	19,646
Intergovernmental payable.	10,815	-	10,815
Total liabilities	64,817	-	64,817
Deferred Inflows of Resources:			
Property taxes levied for the next fiscal year	812,493	-	812,493
Delinquent property tax revenue not available	27,652	-	27,652
Income tax revenue not available	-	13,014	13,014
Intergovernmental revenues not available.	343,210	-	343,210
Total deferred inflows of resources.	1,183,355	13,014	1,196,369
Fund Balances:			
Nonspendable	284,406	-	284,406
Restricted	2,080,131	30,000	2,110,131
Committed.	-	254,360	254,360
Total fund balances	2,364,537	284,360	2,648,897
Total liabilities, deferred inflows of resources and fund balance.	\$ 3,612,709	\$ 297,374	\$ 3,910,083

CITY OF NORTH CANTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Other Governmental Funds
Revenues:			
Property taxes	\$ 860,748	\$ -	\$ 860,748
Income taxes	-	49,282	49,282
Charges for services	1,600	-	1,600
Fines and forfeitures	33,835	-	33,835
Intergovernmental	994,715	-	994,715
Contributions and donations	14,065	30,000	44,065
Other	4,131	-	4,131
Total revenues	<u>1,909,094</u>	<u>79,282</u>	<u>1,988,376</u>
Expenditures:			
Current:			
General government	54,316	-	54,316
Security of persons and property:			
Police	9,925	-	9,925
Fire	528,205	-	528,205
Public health and welfare	280	-	280
Transportation	1,224,303	-	1,224,303
Leisure time activities	96,540	-	96,540
Basic utility services	583,172	-	583,172
Total expenditures	<u>2,496,741</u>	<u>-</u>	<u>2,496,741</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(587,647)</u>	<u>79,282</u>	<u>(508,365)</u>
Other financing sources:			
Transfers in.	200,000	-	200,000
Total other financing sources	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Net change in fund balances	(387,647)	79,282	(308,365)
Fund balances at beginning of year	<u>2,752,184</u>	<u>205,078</u>	<u>2,957,262</u>
Fund balances at end of year	<u>\$ 2,364,537</u>	<u>\$ 284,360</u>	<u>\$ 2,648,897</u>

CITY OF NORTH CANTON, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2018

	<u>Fire Operating Levy</u>	<u>Computer</u>	<u>Enforcement and Education</u>	<u>Street Construction, Maintenance and Repair</u>
Assets:				
Equity in pooled cash and investments	\$ 207,238	\$ 25,695	\$ 21,899	\$ 873,241
Cash and cash equivalents:				
In segregated accounts	-	-	-	-
Receivables:				
Property taxes	168,029	-	-	-
Accounts	-	105	75	-
Intergovernmental	11,056	-	-	349,043
Materials and supplies inventory	-	-	-	264,944
Prepayments	12,501	-	-	6,651
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Total assets	<u>\$ 398,824</u>	<u>\$ 25,800</u>	<u>\$ 21,974</u>	<u>\$ 1,493,879</u>
 Liabilities:				
Accounts payable	\$ 20,319	\$ -	\$ -	\$ 11,708
Accrued wages and benefits	10,107	-	-	9,539
Intergovernmental payable	4,630	-	-	6,185
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Total liabilities	<u>35,056</u>	<u>-</u>	<u>-</u>	<u>27,432</u>
 Deferred Inflows of Resources:				
Property taxes levied for the next fiscal year	162,499	-	-	-
Delinquent property tax revenue not available . . .	5,530	-	-	-
Intergovernmental revenues not available	11,056	-	-	287,930
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>179,085</u>	<u>-</u>	<u>-</u>	<u>287,930</u>
 Fund Balances:				
Nonspendable	12,501	-	-	271,595
Restricted	172,182	25,800	21,974	906,922
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Total fund balances	<u>184,683</u>	<u>25,800</u>	<u>21,974</u>	<u>1,178,517</u>
 Total liabilities, deferred inflows of resources and fund balance	<u>\$ 398,824</u>	<u>\$ 25,800</u>	<u>\$ 21,974</u>	<u>\$ 1,493,879</u>

Storm Sewer Levy	Street Levy	Municipal Road	General Trust	Law Enforcement Trust
\$ 405,564	\$ 355,647	\$ 1,780	\$ -	\$ -
-	-	-	117,803	57,547
336,058	336,058	-	-	-
-	-	-	-	-
22,112	22,112	-	-	-
-	-	-	-	-
310	-	-	-	-
<u>\$ 764,044</u>	<u>\$ 713,817</u>	<u>\$ 1,780</u>	<u>\$ 117,803</u>	<u>\$ 57,547</u>
\$ 1,879	\$ -	\$ -	\$ 450	\$ -
-	-	-	-	-
-	-	-	-	-
<u>1,879</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>-</u>
324,997	324,997	-	-	-
11,061	11,061	-	-	-
22,112	22,112	-	-	-
<u>358,170</u>	<u>358,170</u>	<u>-</u>	<u>-</u>	<u>-</u>
310	-	-	-	-
403,685	355,647	1,780	117,353	57,547
<u>403,995</u>	<u>355,647</u>	<u>1,780</u>	<u>117,353</u>	<u>57,547</u>
<u>\$ 764,044</u>	<u>\$ 713,817</u>	<u>\$ 1,780</u>	<u>\$ 117,803</u>	<u>\$ 57,547</u>

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CITY OF NORTH CANTON, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
DECEMBER 31, 2018

	Continuing Professional Education	Community Disaster Relief	Mayor's Court	Total Nonmajor Special Revenue Funds
Assets:				
Equity in pooled cash and investments	\$ 12,340	\$ 1,375	\$ -	\$ 1,904,779
Cash and cash equivalents:				
In segregated accounts	-	-	3,526	178,876
Receivables:				
Property taxes	-	-	-	840,145
Accounts	-	-	-	180
Intergovernmental	-	-	-	404,323
Materials and supplies inventory	-	-	-	264,944
Prepayments	-	-	-	19,462
Total assets	<u>\$ 12,340</u>	<u>\$ 1,375</u>	<u>\$ 3,526</u>	<u>\$ 3,612,709</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 34,356
Accrued wages and benefits	-	-	-	19,646
Intergovernmental payable	-	-	-	10,815
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,817</u>
Deferred Inflows of Resources:				
Property taxes levied for the next fiscal year	-	-	-	812,493
Delinquent property tax revenue not available	-	-	-	27,652
Intergovernmental revenues not available	-	-	-	343,210
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,183,355</u>
Fund Balances:				
Nonspendable	-	-	-	284,406
Restricted	12,340	1,375	3,526	2,080,131
Total fund balances	<u>12,340</u>	<u>1,375</u>	<u>3,526</u>	<u>2,364,537</u>
 of resources and fund balance	 <u>\$ 12,340</u>	 <u>\$ 1,375</u>	 <u>\$ 3,526</u>	 <u>\$ 3,612,709</u>

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CITY OF NORTH CANTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Fire Operating Levy	Computer	Enforcement and Education	Street Construction, Maintenance and Repair
Revenues:				
Property taxes	\$ 172,129	\$ -	\$ -	\$ -
Charges for services	1,600	-	-	-
Fines and forfeitures	-	737	1,899	-
Intergovernmental	66,221	-	-	755,876
Contributions and donations	-	-	-	-
Other	1,415	-	-	2,716
Total revenues	241,365	737	1,899	758,592
 Expenditures:				
Current:				
General government	-	5,421	-	-
Security of persons and property:				
Police	-	-	-	-
Fire	527,323	-	-	-
Public health and welfare	-	-	-	-
Transportation	-	-	-	703,181
Leisure time activities	-	-	-	-
Basic utility services	-	-	-	-
Total expenditures	527,323	5,421	-	703,181
 Excess (deficiency) of revenues over (under) expenditures	 (285,958)	 (4,684)	 1,899	 55,411
 Other financing sources:				
Transfers in	200,000	-	-	-
Total other financing sources	200,000	-	-	-
 Net change in fund balances.	 (85,958)	 (4,684)	 1,899	 55,411
 Fund balances at beginning of year	 270,641	 30,484	 20,075	 1,123,106
 Fund balances at end of year	 \$ 184,683	 \$ 25,800	 \$ 21,974	 \$ 1,178,517

Storm Sewer Levy	Street Levy	Municipal Road	General Trust	Law Enforcement Trust
\$ 344,310	\$ 344,309	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	8,808
22,482	27,800	122,336	-	-
-	-	-	14,065	-
-	-	-	-	-
<u>366,792</u>	<u>372,109</u>	<u>122,336</u>	<u>14,065</u>	<u>8,808</u>
-	-	-	6,750	-
-	-	-	4,425	-
-	-	-	882	-
-	-	-	280	-
-	398,786	122,336	-	-
-	-	-	96,540	-
583,172	-	-	-	-
<u>583,172</u>	<u>398,786</u>	<u>122,336</u>	<u>108,877</u>	<u>-</u>
<u>(216,380)</u>	<u>(26,677)</u>	<u>-</u>	<u>(94,812)</u>	<u>8,808</u>
-	-	-	-	-
-	-	-	-	-
<u>(216,380)</u>	<u>(26,677)</u>	<u>-</u>	<u>(94,812)</u>	<u>8,808</u>
<u>620,375</u>	<u>382,324</u>	<u>1,780</u>	<u>212,165</u>	<u>48,739</u>
<u>\$ 403,995</u>	<u>\$ 355,647</u>	<u>\$ 1,780</u>	<u>\$ 117,353</u>	<u>\$ 57,547</u>

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CITY OF NORTH CANTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Continuing Professional Education	Community Disaster Relief	Mayor's Court	Total Nonmajor Special Revenue Funds
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ 860,748
Charges for services	-	-	-	1,600
Fines and forfeitures	-	-	22,391	33,835
Intergovernmental	-	-	-	994,715
Contributions and donations	-	-	-	14,065
Other	-	-	-	4,131
Total revenues	<u>-</u>	<u>-</u>	<u>22,391</u>	<u>1,909,094</u>
Expenditures:				
Current:				
General government	-	-	42,145	54,316
Security of persons and property:				
Police	5,500	-	-	9,925
Fire	-	-	-	528,205
Public health and welfare	-	-	-	280
Transportation	-	-	-	1,224,303
Leisure time activities	-	-	-	96,540
Basic utility services	-	-	-	583,172
Total expenditures	<u>5,500</u>	<u>-</u>	<u>42,145</u>	<u>2,496,741</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,500)</u>	<u>-</u>	<u>(19,754)</u>	<u>(587,647)</u>
Other financing sources:				
Transfers in	-	-	-	200,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Net change in fund balances.	<u>(5,500)</u>	<u>-</u>	<u>(19,754)</u>	<u>(387,647)</u>
Fund balances at beginning of year	<u>17,840</u>	<u>1,375</u>	<u>23,280</u>	<u>2,752,184</u>
Fund balances at end of year	<u>\$ 12,340</u>	<u>\$ 1,375</u>	<u>\$ 3,526</u>	<u>\$ 2,364,537</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE OPERATING LEVY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 159,761	\$ 159,761	\$ 172,129	\$ 12,368
Charges for services	-	-	1,600	1,600
Intergovernmental	23,909	73,889	66,221	(7,668)
Other	4,843	4,843	1,415	(3,428)
Total revenues	<u>188,513</u>	<u>238,493</u>	<u>241,365</u>	<u>2,872</u>
Expenditures:				
Current:				
Security of Person and Property:				
Fire:				
Personal services	366,301	359,257	335,621	23,636
Contract services	155,395	204,499	182,788	21,711
Materials and supplies.	25,941	28,766	27,674	1,092
Capital outlay	7,000	7,000	5,920	1,080
Other.	2,500	2,500	-	2,500
Total expenditures.	<u>557,137</u>	<u>602,022</u>	<u>552,003</u>	<u>50,019</u>
Excess of expenditures over revenues . . .	<u>(368,624)</u>	<u>(363,529)</u>	<u>(310,638)</u>	<u>52,891</u>
Other financing sources (uses):				
Transfers in	200,000	200,000	200,000	-
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	(168,624)	(163,529)	(110,638)	52,891
Fund balance at beginning of year	265,697	265,697	265,697	-
Prior year encumbrances appropriated .	<u>25,387</u>	<u>25,387</u>	<u>25,387</u>	<u>-</u>
Fund balance at end of year	<u>\$ 122,460</u>	<u>\$ 127,555</u>	<u>\$ 180,446</u>	<u>\$ 52,891</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMPUTER FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 17,747	\$ 17,747	\$ 2,826	\$ (14,921)
Total revenues	<u>17,747</u>	<u>17,747</u>	<u>2,826</u>	<u>(14,921)</u>
Expenditures:				
Current:				
General Government:				
Computer:				
Contract services	5,300	5,300	3,609	1,691
Materials and supplies.	1,000	1,000	-	1,000
Capital outlay	<u>2,700</u>	<u>2,700</u>	<u>1,462</u>	<u>1,238</u>
Total expenditures.	<u>9,000</u>	<u>9,000</u>	<u>5,071</u>	<u>3,929</u>
Net change in fund balance	8,747	8,747	(2,245)	(10,992)
Fund balance at beginning of year	<u>27,940</u>	<u>27,940</u>	<u>27,940</u>	<u>-</u>
Fund balance at end of year	<u>\$ 36,687</u>	<u>\$ 36,687</u>	<u>\$ 25,695</u>	<u>\$ (10,992)</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENFORCEMENT AND EDUCATION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 3,455	\$ 3,455	\$ 2,033	\$ (1,422)
Total revenues	<u>3,455</u>	<u>3,455</u>	<u>2,033</u>	<u>(1,422)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Capital outlay	4,000	4,000	-	4,000
Total expenditures.	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Net change in fund balance	(545)	(545)	2,033	2,578
Fund balance at beginning of year	<u>19,866</u>	<u>19,866</u>	<u>19,866</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 19,321</u></u>	<u><u>\$ 19,321</u></u>	<u><u>\$ 21,899</u></u>	<u><u>\$ 2,578</u></u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 736,165	\$ 736,165	\$ 748,585	\$ 12,420
Other	40,855	40,855	2,716	(38,139)
Total revenues	<u>777,020</u>	<u>777,020</u>	<u>751,301</u>	<u>(25,719)</u>
Expenditures:				
Current:				
Transportation:				
Personal services	313,150	310,500	313,957	(3,457)
Contract services	333,653	320,449	222,241	98,208
Materials and supplies.	495,117	465,369	438,734	26,635
Total expenditures.	<u>1,141,920</u>	<u>1,096,318</u>	<u>974,932</u>	<u>121,386</u>
Net change in fund balance	(364,900)	(319,298)	(223,631)	95,667
Fund balance at beginning of year	683,702	683,702	683,702	-
Prior year encumbrances appropriated .	<u>163,240</u>	<u>163,240</u>	<u>163,240</u>	-
Fund balance at end of year.	<u>\$ 482,042</u>	<u>\$ 527,644</u>	<u>\$ 623,311</u>	<u>\$ 95,667</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORM SEWER LEVY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 323,319	\$ 323,319	\$ 344,310	\$ 20,991
Intergovernmental	47,818	47,818	22,482	(25,336)
Total revenues	<u>371,137</u>	<u>371,137</u>	<u>366,792</u>	<u>(4,345)</u>
Expenditures:				
Current:				
Basic Utility Services:				
Storm Sewers:				
Personal services	55,000	55,000	55,000	-
Contract services	724,466	711,597	648,741	62,856
Materials and supplies	10,000	10,000	5,274	4,726
Capital outlay	5,000	5,000	5,000	-
Total expenditures	<u>794,466</u>	<u>781,597</u>	<u>714,015</u>	<u>67,582</u>
Net change in fund balance	(423,329)	(410,460)	(347,223)	63,237
Fund balance at beginning of year	568,421	568,421	568,421	-
Prior year encumbrances appropriated .	<u>144,436</u>	<u>144,436</u>	<u>144,436</u>	<u>-</u>
Fund balance at end of year	<u>\$ 289,528</u>	<u>\$ 302,397</u>	<u>\$ 365,634</u>	<u>\$ 63,237</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET LEVY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 319,523	\$ 319,523	\$ 344,309	\$ 24,786
Intergovernmental	47,818	47,818	27,800	(20,018)
Total revenues	<u>367,341</u>	<u>367,341</u>	<u>372,109</u>	<u>4,768</u>
Expenditures:				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Personal services	55,000	55,000	55,000	-
Contract services	493,734	490,862	369,636	121,226
Materials and supplies.	20,000	20,000	-	20,000
Total expenditures.	<u>568,734</u>	<u>565,862</u>	<u>424,636</u>	<u>141,226</u>
Net change in fund balance	(201,393)	(198,521)	(52,527)	145,994
Fund balance at beginning of year	367,600	367,600	367,600	-
Prior year encumbrances appropriated .	<u>27,734</u>	<u>27,734</u>	<u>27,734</u>	<u>-</u>
Fund balance at end of year	<u>\$ 193,941</u>	<u>\$ 196,813</u>	<u>\$ 342,807</u>	<u>\$ 145,994</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MUNICIPAL ROAD FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 140,000	\$ 140,000	\$ 122,336	\$ (17,664)
Total revenues	140,000	140,000	122,336	(17,664)
Expenditures:				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Contract services	140,000	140,000	122,336	17,664
Total expenditures.	140,000	140,000	122,336	17,664
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	1,780	1,780	1,780	-
Fund balance at end of year	\$ 1,780	\$ 1,780	\$ 1,780	\$ -

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Contributions and donations	\$ 1,350	\$ 1,350	\$ 14,065	\$ 12,715
Total revenues	<u>1,350</u>	<u>1,350</u>	<u>14,065</u>	<u>12,715</u>
Expenditures:				
Current:				
General Government:				
Legislative and Executive:				
Contract services	22,700	22,700	6,750	15,950
Total legislative and executive	<u>22,700</u>	<u>22,700</u>	<u>6,750</u>	<u>15,950</u>
Total General Government	<u>22,700</u>	<u>22,700</u>	<u>6,750</u>	<u>15,950</u>
Security of Persons and Property:				
Police:				
Contract services	7,300	7,300	6,235	1,065
Total police	<u>7,300</u>	<u>7,300</u>	<u>6,235</u>	<u>1,065</u>
Fire:				
Contract services	7,758	7,758	882	6,876
Total fire	<u>7,758</u>	<u>7,758</u>	<u>882</u>	<u>6,876</u>
Total Security of Persons and Property	<u>15,058</u>	<u>15,058</u>	<u>7,117</u>	<u>7,941</u>
Public Health and Welfare:				
E.M.S.:				
Contract services	2,355	2,355	280	2,075
Total E.M.S.	<u>2,355</u>	<u>2,355</u>	<u>280</u>	<u>2,075</u>
Total Public Health and Welfare	<u>2,355</u>	<u>2,355</u>	<u>280</u>	<u>2,075</u>
Leisure Time Activites:				
Park Maintance:				
Contract services	148,813	148,813	101,799	47,014
Total Park maintance	<u>148,813</u>	<u>148,813</u>	<u>101,799</u>	<u>47,014</u>
Total Leisure Time Activites	<u>148,813</u>	<u>148,813</u>	<u>101,799</u>	<u>2,075</u>
Total expenditures	<u>188,926</u>	<u>188,926</u>	<u>115,946</u>	<u>28,041</u>
Net change in fund balance	(187,576)	(187,576)	(101,881)	40,756
Fund balance at beginning of year	<u>212,165</u>	<u>212,165</u>	<u>212,165</u>	<u>-</u>
Fund balance at end of year	<u>\$ 24,589</u>	<u>\$ 24,589</u>	<u>\$ 110,284</u>	<u>\$ 40,756</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 724	\$ 724	\$ 8,808	\$ 8,084
Total revenues	<u>724</u>	<u>724</u>	<u>8,808</u>	<u>8,084</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Materials and supplies.	29,000	29,000	-	29,000
Total expenditures	<u>29,000</u>	<u>29,000</u>	<u>-</u>	<u>29,000</u>
Net change in fund balance	(28,276)	(28,276)	8,808	37,084
Fund balance at beginning of year	<u>48,739</u>	<u>48,739</u>	<u>48,739</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 20,463</u></u>	<u><u>\$ 20,463</u></u>	<u><u>\$ 57,547</u></u>	<u><u>\$ 37,084</u></u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CONTINUING PROFESSIONAL EDUCATION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,500	\$ 5,500	\$ 9,640	\$ 4,140
Total revenues	<u>5,500</u>	<u>5,500</u>	<u>9,640</u>	<u>4,140</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Contract services	5,500	5,500	5,500	-
Total Police	<u>5,500</u>	<u>5,500</u>	<u>5,500</u>	<u>-</u>
Total expenditures	<u>5,500</u>	<u>5,500</u>	<u>5,500</u>	<u>-</u>
Net change in fund balance	-	-	4,140	4,140
Fund balance at beginning of year	<u>8,200</u>	<u>8,200</u>	<u>8,200</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,200</u>	<u>\$ 8,200</u>	<u>\$ 12,340</u>	<u>\$ 4,140</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNITY DISASTER RELIEF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
General Government:				
Income Tax Division:				
Contract services	\$ 1,375	\$ 1,375	\$ -	\$ 1,375
Total expenditures	<u>1,375</u>	<u>1,375</u>	<u>-</u>	<u>1,375</u>
Net change in fund balance	(1,375)	(1,375)	-	1,375
Fund balance at beginning of year	<u>1,375</u>	<u>1,375</u>	<u>1,375</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,375</u></u>	<u><u>\$ 1,375</u></u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INCOME TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 331,800	\$ 331,800	\$ 745,550	\$ 413,750
Total revenues	<u>331,800</u>	<u>331,800</u>	<u>745,550</u>	<u>413,750</u>
Expenditures:				
Current:				
General Government:				
Personal services	99,200	99,200	97,546	1,654
Contract services	235,094	232,500	157,025	75,475
Materials and supplies.	100	100	30	70
Total expenditures	<u>334,394</u>	<u>331,800</u>	<u>254,601</u>	<u>77,199</u>
Net change in fund balance	(2,594)	-	490,949	490,949
Fund balance at beginning of year	3,232,888	3,232,888	3,232,888	-
Prior year encumbrances appropriated .	<u>2,594</u>	<u>2,594</u>	<u>2,594</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,232,888</u>	<u>\$ 3,235,482</u>	<u>\$ 3,726,431</u>	<u>\$ 490,949</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMPENSATED ABSENCES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
General Government:				
Personal services	\$ 75,000	\$ 75,000	\$ 25,342	\$ 49,658
Total General Government.	<u>75,000</u>	<u>75,000</u>	<u>25,342</u>	<u>49,658</u>
Basic Utilities Services:				
Storm Sewer:				
Personal services	37,000	37,000	34,905	2,095
Total Basic Utility Services.	<u>37,000</u>	<u>37,000</u>	<u>34,905</u>	<u>2,095</u>
Total expenditures	<u>112,000</u>	<u>112,000</u>	<u>60,247</u>	<u>51,753</u>
Excess expenditures over revenues	<u>(112,000)</u>	<u>(112,000)</u>	<u>(60,247)</u>	<u>51,753</u>
Net change in fund balance	(112,000)	(112,000)	(60,247)	51,753
Fund balance at beginning of year	<u>1,447,182</u>	<u>1,447,182</u>	<u>1,447,182</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,335,182</u></u>	<u><u>\$ 1,335,182</u></u>	<u><u>\$ 1,386,935</u></u>	<u><u>\$ 51,753</u></u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NORTH CANTON CIC ESCROW FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Community Environment:				
Contract services	\$ 57,000	\$ 57,000	\$ 57,000	-
Total Community Environment.	<u>57,000</u>	<u>57,000</u>	<u>57,000</u>	<u>-</u>
Total expenditures	<u>57,000</u>	<u>57,000</u>	<u>57,000</u>	<u>-</u>
Net change in fund balance	(57,000)	(57,000)	(57,000)	-
Fund balance at beginning of year	<u>57,000</u>	<u>57,000</u>	<u>57,000</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
UNCLAIMED MONIES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 6,000	\$ 6,000	\$ 5,999	\$ (1)
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>5,999</u>	<u>(1)</u>
Expenditures:				
Current:				
General Government:				
Other	6,000	6,000	-	6,000
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Net change in fund balance	-	-	5,999	5,999
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,999</u></u>	<u><u>\$ 5,999</u></u>

CITY OF NORTH CANTON, OHIO

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Indoor Firearms Training Range Improvement	Park Development	Total Nonmajor Capital Projects Funds
Assets:			
Equity in pooled cash and investments.	\$ 250,000	\$ 30,000	\$ 280,000
Receivables:			
Income taxes.	<u>17,374</u>	<u>-</u>	<u>17,374</u>
Total assets.	<u><u>\$ 267,374</u></u>	<u><u>\$ 30,000</u></u>	<u><u>\$ 297,374</u></u>
 Deferred Inflows of Resources:			
Income tax revenue not available.	<u>\$ 13,014</u>	<u>\$ -</u>	<u>\$ 13,014</u>
Total deferred inflows of resources	<u>13,014</u>	<u>-</u>	<u>13,014</u>
 Fund Balances:			
Restricted	-	30,000	30,000
Committed	<u>254,360</u>	<u>-</u>	<u>254,360</u>
Total fund balances	<u><u>254,360</u></u>	<u><u>30,000</u></u>	<u><u>284,360</u></u>
Total liabilities, deferred inflows of resources and fund balance.	<u><u>\$ 267,374</u></u>	<u><u>\$ 30,000</u></u>	<u><u>\$ 297,374</u></u>

CITY OF NORTH CANTON, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Indoor Firearms Training Range Improvement	Park Development	Total Nonmajor Capital Projects Funds
Revenues:			
Income tax	\$ 49,282	\$ -	\$ 49,282
Contributions and donations	-	30,000	30,000
Total revenues	<u>49,282</u>	<u>30,000</u>	<u>79,282</u>
Net change in fund balances	49,282	30,000	79,282
Fund balances at beginning of year	<u>205,078</u>	<u>-</u>	<u>205,078</u>
Fund balances at end of year	<u><u>\$ 254,360</u></u>	<u><u>\$ 30,000</u></u>	<u><u>\$ 284,360</u></u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INDOOR FIREARMS TRAINING RANGE IMPROVEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Municipal income taxes	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Expenditures:				
Current:				
Capital Outlay:				
Capital outlay	250,000	250,000	-	250,000
Total capital outlay	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Net change in fund balance	(200,000)	(200,000)	50,000	250,000
Fund balance at beginning of year	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 250,000</u></u>	<u><u>\$ 250,000</u></u>

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARK DEVELOPMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Contributions and donations	\$ -	\$ 750,000	\$ 30,000	\$ (720,000)
Total revenues	<u>-</u>	<u>750,000</u>	<u>30,000</u>	<u>(720,000)</u>
Expenditures:				
Capital Outlay:				
Capital outlay	-	750,000	-	750,000
Total capital outlay	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>750,000</u>
Total expenditures	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>750,000</u>
Net change in fund balance	-	-	30,000	30,000
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>

CITY OF NORTH CANTON, OHIO

**INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - PROPRIETARY FUNDS**

ENTERPRISE FUNDS

Enterprise funds are used to account for the financing of costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis that are financed or recovered primarily through user charges.

INTERNAL SERVICE FUNDS

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.

Internal Service Fund

Insurance Fund

This fund accounts 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 accounts for a self-insurance program for employee medical/surgical benefits.

CITY OF NORTH CANTON, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INSURANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues:				
Charges for services	\$ 1,174,509	\$ 1,174,509	\$ 1,256,329	\$ 81,820
Total operating revenues	<u>1,174,509</u>	<u>1,174,509</u>	<u>1,256,329</u>	<u>81,820</u>
Operating Expenses:				
Contract services	367,628	365,640	318,314	47,326
Claims	<u>1,239,462</u>	<u>1,225,938</u>	<u>1,175,937</u>	<u>50,001</u>
Total operating expenses	<u>1,607,090</u>	<u>1,591,578</u>	<u>1,494,251</u>	<u>97,327</u>
Operating loss/ change in fund equity	(432,581)	(417,069)	(237,922)	179,147
Fund equity at beginning of year	1,153,929	1,153,929	1,153,929	-
Prior year encumbrances appropriated .	<u>373,090</u>	<u>373,090</u>	<u>373,090</u>	-
Fund equity at end of year	<u>\$ 1,094,438</u>	<u>\$ 1,109,950</u>	<u>\$ 1,289,097</u>	<u>\$ 179,147</u>

CITY OF NORTH CANTON, OHIO

**INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - FIDUCIARY FUNDS**

Fiduciary funds are used to account for assets held by the City in a trustee capacity, or as an agency for individuals, private organizations, other governments and/or funds. The following are the City's fiduciary fund types:

Agency Fund

Agency funds maintain assets held by the City as an agent for individuals, private organizations, other governmental units and/or funds. These funds are purely custodial (assets equal liabilities) and therefore do not involve the measurement of results. The following is the City's agency fund.

Deposits and Fees Fund

To account for monies put on deposit with the City in accordance with various City ordinances.

CITY OF NORTH CANTON, OHIO

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Beginning Balance 12/31/2017	Additions	Reductions	Ending Balance 12/31/2018
Deposits and Fees				
Assets:				
Cash and cash equivalents in segregated accounts.	\$ 78,940	\$ 51,106	\$ 13,112	\$ 116,934
Total assets.	<u>\$ 78,940</u>	<u>\$ 51,106</u>	<u>\$ 13,112</u>	<u>\$ 116,934</u>
Liabilities:				
Deposits held and due to others	\$ 78,940	\$ 51,106	\$ 13,112	\$ 116,934
Total liabilities	<u>\$ 78,940</u>	<u>\$ 51,106</u>	<u>\$ 13,112</u>	<u>\$ 116,934</u>

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Statistical Section



Price Park Pond

CITY OF NORTH CANTON, OHIO

**STATISTICAL SECTION
TABLE OF CONTENTS**

This part of the City of North Canton'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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	162-173
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the income tax.	174-181
Debt Capacity 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.	166-187
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	188-191
Operating Information 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.	192-197

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF NORTH CANTON, OHIO

NET POSITION BY COMPONENT
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental Activities				
Net investment in capital assets	\$ 35,525,631	\$ 33,955,258	\$ 32,868,204	\$ 31,398,690
Restricted for:				
Capital projects	44,788	219,188	368,468	302,578
Street construction, maintenance and repair	-	-	-	-
Emergency medical services	-	-	-	-
Fire operations	-	-	-	-
Computer systems	25,800	30,484	20,593	7,856
Security of persons and property - police	91,861	86,654	70,044	57,373
Security of persons and property - fire	-	194,168	278,879	150,299
Public health and welfare	3,229	217,191	1,375	1,370
Transportation	1,338,449	1,548,496	1,473,127	1,183,270
Basic utilities	437,168	655,354	760,292	875,885
General trust	117,353	212,165	225,669	221,262
Mayors Court	3,526	23,280	10,424	7,357
Storm sewer	-	-	-	-
Donations and supplies	-	-	-	-
Other purposes	-	-	-	-
Unrestricted	2,752,106	8,132,845	7,877,344	8,810,236
Total governmental activities net position	<u>\$ 40,339,911</u>	<u>\$ 45,275,083</u>	<u>\$ 43,954,419</u>	<u>\$ 43,016,176</u>
Business-type Activities				
Net investment in capital assets	\$ 33,212,578	\$ 31,587,314	\$ 29,398,761	\$ 28,680,671
Unrestricted	5,056,950	6,794,126	7,896,552	7,300,889
Total business-type activities net position	<u>\$ 38,269,528</u>	<u>\$ 38,381,440</u>	<u>\$ 37,295,313</u>	<u>\$ 35,981,560</u>
Total Primary Government				
Net investment in capital assets	\$ 68,738,209	\$ 65,542,572	\$ 62,266,965	\$ 60,079,361
Restricted	2,062,174	3,186,980	3,208,871	2,807,250
Unrestricted	7,809,056	14,926,971	15,773,896	16,111,125
Total primary government net position	<u>\$ 78,609,439</u>	<u>\$ 83,656,523</u>	<u>\$ 81,249,732</u>	<u>\$ 78,997,736</u>

Source: City financial records.

- (1) Amounts have been restated to reflect a restatement related to GASB Statement No. 65.
- (2) Amounts have been restated to reflect a restatement.
- (3) Amounts have been restated to reflect a restatement related to GASB Statement No. 68 & 71.

	<u>2014 (3)</u>	<u>2013 (2)</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>
\$	31,628,172	\$ 30,087,393	\$ 30,162,804	\$ 28,206,677	\$ 28,683,552	\$ 28,598,354
	713,158	202,578	202,578	164,021	1,843,983	1,057,592
	-	-	-	-	1,134,308	1,042,924
	-	-	-	-	190,534	190,303
	-	-	-	-	133,317	95,270
	2,243	9,249	12,430	15,834	22,113	15,472
	46,564	41,790	41,628	95,411	-	-
	211,861	116,726	17,036	-	-	-
	530,811	572,499	296,690	-	-	-
	1,580,377	1,215,859	1,207,215	1,304,606	-	-
	430,153	536,338	535,373	479,041	-	-
	194,378	190,613	48,884	15,951	-	-
	10,269	12,038	13,957	1,840	-	-
	-	-	-	-	535,073	483,356
	-	-	-	-	16,830	32,363
	-	-	-	-	27,933	36,808
	6,443,087	9,267,304	7,644,922	6,461,011	1,311,616	2,053,244
\$	<u>41,791,073</u>	<u>\$ 42,252,387</u>	<u>\$ 40,183,517</u>	<u>\$ 36,744,392</u>	<u>\$ 33,899,259</u>	<u>\$ 33,605,686</u>
\$	27,533,121	\$ 26,626,707	\$ 26,042,734	\$ 25,897,087	\$ 25,702,585	\$ 25,353,521
	7,074,176	7,952,328	7,523,687	6,580,867	5,699,657	4,524,526
\$	<u>34,607,297</u>	<u>\$ 34,579,035</u>	<u>\$ 33,566,421</u>	<u>\$ 32,477,954</u>	<u>\$ 31,402,242</u>	<u>\$ 29,878,047</u>
\$	59,161,293	\$ 56,714,100	\$ 56,205,538	\$ 54,103,764	\$ 54,386,137	\$ 53,951,875
	3,719,814	2,897,690	2,375,791	2,076,704	3,904,091	2,954,088
	13,517,263	17,219,632	15,168,609	13,041,878	7,011,273	6,577,770
\$	<u>76,398,370</u>	<u>\$ 76,831,422</u>	<u>\$ 73,749,938</u>	<u>\$ 69,222,346</u>	<u>\$ 65,301,501</u>	<u>\$ 63,483,733</u>

CITY OF NORTH CANTON, OHIO

CHANGES IN NET POSITION
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Program Revenues:				
Governmental activities				
Charges for services:				
General government	\$ 122,045	\$ 420,751	\$ 448,431	\$ 349,591
Security of persons and property:				
Police	20,792	18,316	17,508	17,119
Fire	1,600	-	-	100
Public health and welfare	637,739	624,130	580,315	470,156
Community environment	346,327	325,414	352,345	467,586
Leisure time activities	161,288	143,365	85,268	134,058
Subtotal - charges for services	<u>1,289,791</u>	<u>1,531,976</u>	<u>1,483,867</u>	<u>1,438,610</u>
Operating grants and contributions				
General government	872	2	8,887	6
Security of persons and property:				
Police	572	16,113	5,500	2,080
Fire	56,346	3,391	9	38,934
Public health and welfare	36	1,449	140	26,693
Transportation	878,454	767,210	961,922	784,987
Leisure time activities	12,471	-	1,768	-
Economic development	-	-	-	-
Basic utility services	-	-	-	-
Subtotal - operating grants and contributions	<u>948,751</u>	<u>788,165</u>	<u>978,226</u>	<u>852,700</u>
Capital grants and contributions				
Transportation	786,219	192,500	-	1,127,854
Leisure time activities	30,000	-	-	-
Economic development	-	-	-	65,920
Subtotal - capital grants and contributions	<u>816,219</u>	<u>192,500</u>	<u>-</u>	<u>1,193,774</u>
Total governmental activities program revenues	<u>3,054,761</u>	<u>2,512,641</u>	<u>2,462,093</u>	<u>3,485,084</u>
Business-type activities:				
Charges for services:				
Water	7,112,496	7,009,035	7,065,818	6,818,684
Sewer	3,004,204	3,024,104	3,048,897	2,910,360
Garbage	978,744	975,832	927,769	895,826
Subtotal - charges for services	<u>11,095,444</u>	<u>11,008,971</u>	<u>11,042,484</u>	<u>10,624,870</u>
Operating grants and contributions:				
Garbage	59,964	62,960	76,277	66,227
Subtotal - operating grants and contributions	<u>59,964</u>	<u>62,960</u>	<u>76,277</u>	<u>66,227</u>
Capital grants and contributions:				
Water	-	-	-	-
Sewer	-	-	-	-
Subtotal - capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>11,155,408</u>	<u>11,071,931</u>	<u>11,118,761</u>	<u>10,691,097</u>
Total primary government	<u>\$ 14,210,169</u>	<u>\$ 13,584,572</u>	<u>\$ 13,580,854</u>	<u>\$ 14,176,181</u>

2014	2013	2012	2011 (1)	2010	2009
\$ 389,409	\$ 461,653	\$ 381,444	\$ 316,780	\$ 306,383	\$ 361,766
13,069	18,814	11,298	23,934	14,976	22,274
430	-	-	-	340	-
551,809	599,043	498,983	528,999	458,502	416,579
397,787	304,774	261,986	194,781	178,145	193,024
301,977	288,350	355,269	376,177	384,118	329,340
<u>1,654,481</u>	<u>1,672,634</u>	<u>1,508,980</u>	<u>1,440,671</u>	<u>1,342,464</u>	<u>1,322,983</u>
5	6	8	6	6	-
2,608	134,370	10,296	3,818	-	3,146
16,854	12,686	29,619	92,010	6	289
54,123	12,798	286,753	24	50,211	3,330
780,991	878,888	869,781	740,998	905,023	681,889
1,282	31,918	-	198	-	350
-	-	-	-	-	4,197,409
702	670	335	-	29,995	448,424
<u>856,565</u>	<u>1,071,336</u>	<u>1,196,792</u>	<u>837,054</u>	<u>985,241</u>	<u>5,334,837</u>
994,073	1,793,398	3,102,193	1,089,922	762,392	491,915
-	-	-	-	-	-
2,331,548	-	-	-	-	-
<u>3,325,621</u>	<u>1,793,398</u>	<u>3,102,193</u>	<u>1,089,922</u>	<u>762,392</u>	<u>491,915</u>
<u>5,836,667</u>	<u>4,537,368</u>	<u>5,807,965</u>	<u>3,367,647</u>	<u>3,090,097</u>	<u>7,149,735</u>
6,404,161	6,150,482	6,051,273	5,891,652	5,898,393	5,885,354
2,830,415	2,854,520	2,773,669	2,729,854	2,431,111	2,286,131
897,523	883,742	881,780	845,184	811,940	812,774
<u>10,132,099</u>	<u>9,888,744</u>	<u>9,706,722</u>	<u>9,466,690</u>	<u>9,141,444</u>	<u>8,984,259</u>
56,867	28,371	39,998	38,498	51,768	49,802
<u>56,867</u>	<u>28,371</u>	<u>39,998</u>	<u>38,498</u>	<u>51,768</u>	<u>49,802</u>
-	-	-	-	240,000	65,702
-	-	-	-	359,520	-
-	-	-	-	<u>599,520</u>	<u>65,702</u>
10,188,966	9,917,115	9,746,720	9,505,188	9,792,732	9,099,763
<u>\$ 16,025,633</u>	<u>\$ 14,454,483</u>	<u>\$ 15,554,685</u>	<u>\$ 12,872,835</u>	<u>\$ 12,882,829</u>	<u>\$ 16,249,498</u>

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CITY OF NORTH CANTON, OHIO

CHANGES IN NET POSITION (CONTINUED)
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses:				
Governmental Activities				
General government	\$ 1,841,378	\$ 2,139,358	\$ 1,858,413	\$ 1,820,019
Security of persons and property:				
Police	4,069,125	3,623,736	3,639,343	3,346,255
Fire	980,977	610,936	750,133	637,260
Public health and welfare	1,959,758	1,812,729	1,600,200	1,584,397
Transportation	2,654,652	2,808,748	2,182,339	3,180,380
Community environment	579,143	559,672	520,582	541,360
Leisure time activities	912,839	702,842	674,203	754,631
Economic development	-	-	-	313,143
Basic utility services	567,192	553,272	1,006,385	516,290
Interest and fiscal charges	46,714	50,163	77,397	80,997
Total governmental activities expenses	<u>13,611,778</u>	<u>12,861,456</u>	<u>12,308,995</u>	<u>12,774,732</u>
Business-type activities:				
Water	\$ 5,730,748	\$ 5,472,143	\$ 5,577,703	\$ 5,321,422
Sewer	3,316,532	3,584,577	3,169,297	3,017,885
Garbage	1,011,766	1,006,131	947,836	922,038
Total business-type activities expenses	<u>10,059,046</u>	<u>10,062,851</u>	<u>9,694,836</u>	<u>9,261,345</u>
Total primary government program expenses	<u>\$ 23,670,824</u>	<u>\$ 22,924,307</u>	<u>\$ 22,003,831</u>	<u>\$ 22,036,077</u>
Net (Expense) Revenue				
Governmental activities	(10,557,017)	(10,348,815)	(9,846,902)	(9,289,648)
Business-type activities	<u>1,096,362</u>	<u>1,009,080</u>	<u>1,423,925</u>	<u>1,429,752</u>
Total primary government net expense	<u>\$ (9,460,655)</u>	<u>\$ (9,339,735)</u>	<u>\$ (8,422,977)</u>	<u>\$ (7,859,896)</u>

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>
\$ 1,797,198	\$ 1,916,122	\$ 1,914,208	\$ 1,882,729	\$ 1,958,753	\$ 2,154,096
3,026,167	3,209,466	3,184,475	3,027,294	3,269,935	3,271,884
561,489	663,161	731,977	797,998	623,594	750,783
1,660,454	1,500,576	1,690,461	1,657,395	1,537,536	1,567,495
1,936,292	3,574,374	3,333,527	2,210,572	2,420,679	2,629,812
442,474	402,156	416,531	404,088	456,226	503,388
867,399	789,887	791,895	808,252	903,568	909,636
1,110,772	-	-	-	207,434	4,100,754
615,934	607,310	542,450	672,814	406,544	401,269
85,052	89,725	94,829	171,435	20,525	22,707
<u>12,103,231</u>	<u>12,752,777</u>	<u>12,700,353</u>	<u>11,632,577</u>	<u>11,804,794</u>	<u>16,311,824</u>
\$ 5,261,976	\$ 6,223,675	\$ 5,349,166	\$ 5,236,367	\$ 5,176,387	\$ 5,660,450
2,626,109	2,594,504	2,432,758	2,306,528	2,256,669	2,017,112
991,279	936,462	860,061	856,923	879,774	974,743
<u>8,879,364</u>	<u>9,754,641</u>	<u>8,641,985</u>	<u>8,399,818</u>	<u>8,312,830</u>	<u>8,652,305</u>
<u>\$ 20,982,595</u>	<u>\$ 22,507,418</u>	<u>\$ 21,342,338</u>	<u>\$ 20,032,395</u>	<u>\$ 20,117,624</u>	<u>\$ 24,964,129</u>
(6,266,564)	(8,215,409)	(6,892,388)	(8,264,930)	(8,714,697)	(9,162,089)
<u>1,309,602</u>	<u>162,474</u>	<u>1,104,735</u>	<u>1,105,370</u>	<u>1,479,902</u>	<u>447,458</u>
<u>\$ (4,956,962)</u>	<u>\$ (8,052,935)</u>	<u>\$ (5,787,653)</u>	<u>\$ (7,159,560)</u>	<u>\$ (7,234,795)</u>	<u>\$ (8,714,631)</u>

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CITY OF NORTH CANTON, OHIO

CHANGES IN NET POSITION (CONTINUED)
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes:				
Property and other local taxes levied for:				
General purposes	\$ 872,168	\$ 811,683	\$ 787,147	\$ 735,637
Fire operating levy	171,411	158,730	155,937	156,092
Emergency medical services levy	857,106	793,789	779,929	781,171
Storm sewer levy	342,874	317,592	312,171	317,120
Street levy	342,873	317,589	312,162	317,098
Municipal income taxes levied for:				
General purposes	5,734,156	5,885,948	5,956,308	6,064,347
Capital improvement	2,118,837	2,539,225	1,459,218	1,213,821
Grants and entitlements not restricted to				
Specific programs	476,600	641,490	659,166	695,530
Interest	293,553	143,590	102,615	70,740
Miscellaneous	108,911	59,843	71,487	43,195
Transfers	-	-	189,005	120,000
Total governmental activities	<u>11,318,489</u>	<u>11,669,479</u>	<u>10,785,145</u>	<u>10,514,751</u>
Business-type activities				
Miscellaneous	\$ 62,596	\$ 77,047	\$ 78,833	\$ 64,511
Transfers	-	-	(189,005)	(120,000)
Total business-type activities	<u>62,596</u>	<u>77,047</u>	<u>(110,172)</u>	<u>(55,489)</u>
Total primary government	<u>\$ 11,381,085</u>	<u>\$ 11,746,526</u>	<u>\$ 10,674,973</u>	<u>\$ 10,459,262</u>
Change in Net Position				
Governmental activities	\$ 761,472	\$ 1,320,664	\$ 938,243	\$ 1,225,103
Business-type activities	1,158,958	1,086,127	1,313,753	1,374,263
Total primary government	<u>\$ 1,920,430</u>	<u>\$ 2,406,791</u>	<u>\$ 2,251,996</u>	<u>\$ 2,599,366</u>

Source: City financial records.

(1) Amounts have been restated to reflect a restatement related to GASB Statement No. 65.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>
\$ 710,411	\$ 721,721	\$ 764,213	\$ 764,958	\$ 782,658	\$ 797,287
151,838	153,665	84,705	84,094	84,225	82,972
760,211	771,523	642,001	631,196	159,739	148,236
313,045	318,334	344,947	349,384	327,430	323,509
313,008	318,261	339,593	353,000	366,943	323,509
5,822,946	5,504,737	5,098,669	4,871,528	4,342,052	4,331,485
1,096,040	1,227,730	1,124,278	944,577	1,274,696	1,166,334
1,766,623	1,036,416	1,839,867	2,958,944	1,606,528	1,418,091
61,894	15,322	16,185	7,767	11,782	23,936
91,727	129,570	2,055	69,615	37,139	35,012
65,000	87,000	75,000	75,000	15,078	(147,331)
<u>11,152,743</u>	<u>10,284,279</u>	<u>10,331,513</u>	<u>11,110,063</u>	<u>9,008,270</u>	<u>8,503,040</u>
\$ 87,661	\$ 104,237	\$ 58,732	\$ 45,342	\$ 59,371	\$ -
(65,000)	(87,000)	(75,000)	(75,000)	(15,078)	147,331
22,661	17,237	(16,268)	(29,658)	44,293	147,331
<u>\$ 11,175,404</u>	<u>\$ 10,301,516</u>	<u>\$ 10,315,245</u>	<u>\$ 11,080,405</u>	<u>\$ 9,052,563</u>	<u>\$ 8,650,371</u>
\$ 4,886,179	\$ 2,068,870	\$ 3,439,125	\$ 2,845,133	\$ 293,573	\$ (659,049)
1,332,263	179,711	1,088,467	1,075,712	1,524,195	594,789
<u>\$ 6,218,442</u>	<u>\$ 2,248,581</u>	<u>\$ 4,527,592</u>	<u>\$ 3,920,845</u>	<u>\$ 1,817,768</u>	<u>\$ (64,260)</u>

CITY OF NORTH CANTON, OHIO

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund				
Nonspendable	\$ 118,328	\$ 70,950	\$ 61,766	\$ 36,379
Committed	5,108,426	4,703,664	4,358,353	4,791,066
Assigned	298,783	427,008	222,789	771,645
Unassigned	4,449,575	3,721,998	3,000,044	1,674,309
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total general fund	<u>\$ 9,975,112</u>	<u>\$ 8,923,620</u>	<u>\$ 7,642,952</u>	<u>\$ 7,273,399</u>
All Other Governmental Funds				
Nonspendable	\$ 306,559	\$ 271,938	\$ 364,284	\$ 286,638
Restricted	2,606,248	2,945,276	2,819,372	2,660,012
Committed	2,154,679	3,159,736	4,044,728	5,605,860
Unassigned (deficit)	(530,495)	(9,500)	-	-
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 4,536,991</u>	<u>\$ 6,367,450</u>	<u>\$ 7,228,384</u>	<u>\$ 8,552,510</u>
Total governmental funds	<u>\$ 14,512,103</u>	<u>\$ 15,291,070</u>	<u>\$ 14,871,336</u>	<u>\$ 15,825,909</u>

Source: City financial records.

The City implemented GASB 54 in 2011.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>Restated 2010</u>	<u>2009</u>
\$ 24,071	\$ 12,344	\$ 19,469	\$ 24,826	\$ -	\$ -
3,949,413	2,973,122	2,310,330	1,839,023	-	-
1,793,923	1,521,722	1,455,511	2,365,977	-	-
828,334	641,364	872,443	503,206	-	-
-	-	-	-	106,491	108,772
-	-	-	-	1,917,072	2,199,198
<u>\$ 6,595,741</u>	<u>\$ 5,148,552</u>	<u>\$ 4,657,753</u>	<u>\$ 4,733,032</u>	<u>\$ 2,023,563</u>	<u>\$ 2,307,970</u>
\$ 24,383	\$ 9,283	\$ 26,015	\$ 84,851	\$ -	\$ -
3,421,318	2,779,437	2,154,328	2,683,823	-	-
4,637,231	4,141,798	3,249,558	1,951,833	-	-
-	(114,848)	(189,231)	(303,360)	-	-
-	-	-	-	2,192,721	737,856
-	-	-	-	1,093,839	1,522,698
-	-	-	-	(256,225)	(436,156)
<u>\$ 8,082,932</u>	<u>\$ 6,815,670</u>	<u>\$ 5,240,670</u>	<u>\$ 4,417,147</u>	<u>\$ 3,030,335</u>	<u>\$ 1,824,398</u>
<u>\$ 14,678,673</u>	<u>\$ 11,964,222</u>	<u>\$ 9,898,423</u>	<u>\$ 9,150,179</u>	<u>\$ 5,053,898</u>	<u>\$ 4,132,368</u>

CITY OF NORTH CANTON, OHIO

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues				
Taxes	\$ 10,538,135	\$ 10,481,211	\$ 8,996,634	\$ 9,509,514
Charges for services	722,089	667,432	582,091	598,194
Licenses and permits	346,327	325,414	352,345	467,586
Fines and forfeitures	68,077	319,908	352,768	279,305
Intergovernmental	1,647,571	1,584,149	1,639,257	2,635,791
Interest	269,411	144,194	105,255	61,649
Rentals	163,844	204,375	186,421	203,316
Contributions and donations	44,065	6,499	10,787	54,421
Other	117,611	87,808	76,339	87,825
Total revenues	<u>13,917,130</u>	<u>13,820,990</u>	<u>12,301,897</u>	<u>13,897,601</u>
Expenditures				
Current:				
General government	1,748,457	1,904,224	1,771,834	1,677,122
Security of persons and property:				
Police	3,309,333	3,242,360	3,219,499	3,234,260
Fire	528,205	466,266	464,986	529,909
Public health and welfare	1,816,815	1,644,628	1,678,460	1,566,294
Transportation	1,224,303	1,186,241	1,317,497	1,572,808
Community environment	561,002	514,138	539,291	557,799
Leisure time activities	704,490	505,092	560,245	616,280
Basic utility services	587,327	502,788	823,967	307,912
Economic development	-	-	-	313,143
Capital outlay	3,997,984	3,210,397	2,728,298	2,341,247
Debt service:				
Principal retirement	165,558	165,721	181,673	145,831
Interest and fiscal charges	52,623	59,401	58,120	86,423
Bond issuance costs	-	-	28,732	-
Total expenditures	<u>14,696,097</u>	<u>13,401,256</u>	<u>13,372,602</u>	<u>12,949,028</u>
Excess (deficiency) of revenues over (under) expenditures	(778,967)	419,734	(1,070,705)	948,573
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	56,601
Issuance of bond proceeds	-	-	1,233,180	-
Payment to refunded bond escrow agent	-	-	(1,337,277)	-
Premium on bond issuance	-	-	132,829	-
Inception of capital lease	-	-	-	22,062
Transfers in	600,000	877,578	1,207,600	2,138,757
Transfers out	(600,000)	(877,578)	(1,120,200)	(2,018,757)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>116,132</u>	<u>198,663</u>
Net change in fund balances	<u>\$ (778,967)</u>	<u>\$ 419,734</u>	<u>\$ (954,573)</u>	<u>\$ 1,147,236</u>
Capital expenditures	\$ 4,674,920	\$ 3,394,861	\$ 3,466,510	\$ 2,108,678
Debt service as a percentage of noncapital expenditures	2.18%	2.25%	2.42%	2.14%

Source: City financial records.

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$	9,042,284	\$ 8,888,544	\$ 8,385,266	\$ 8,025,579	\$ 7,292,004	\$ 7,176,340
	756,126	760,933	809,929	768,067	748,250	720,470
	397,787	304,774	261,986	194,781	178,145	193,024
	283,297	331,760	262,870	178,961	168,102	215,144
	5,886,372	4,170,149	5,707,775	4,991,646	4,189,234	5,184,081
	63,556	10,033	13,135	7,773	11,788	28,898
	181,267	195,880	215,402	243,282	257,595	277,537
	11,417	168,186	62,514	3,500	52,292	1,415,992
	137,983	189,133	87,254	79,090	44,185	42,410
	<u>16,760,089</u>	<u>15,019,392</u>	<u>15,806,131</u>	<u>14,492,679</u>	<u>12,941,595</u>	<u>15,253,896</u>
	1,706,095	1,810,499	1,810,943	1,832,330	1,841,185	2,028,118
	3,269,463	3,167,527	3,102,962	3,195,293	3,283,034	3,094,169
	504,635	581,231	617,881	721,363	577,900	580,697
	1,658,889	1,421,456	1,612,523	1,600,747	1,474,212	1,487,863
	937,326	1,426,291	1,584,937	1,191,111	1,494,494	1,206,706
	447,225	404,055	437,425	422,242	463,094	455,515
	754,214	678,926	684,494	764,555	781,696	817,514
	467,576	384,518	347,093	482,492	432,980	904,835
	1,706,120	-	-	-	207,434	4,100,754
	2,458,593	2,971,567	4,623,693	2,269,727	1,523,078	1,570,678
	159,427	185,283	214,952	401,315	282,274	249,111
	91,075	95,922	101,984	83,223	20,403	28,006
	-	-	-	86,340	-	-
	<u>14,160,638</u>	<u>13,127,275</u>	<u>15,138,887</u>	<u>13,050,738</u>	<u>12,381,784</u>	<u>16,523,966</u>
	2,599,451	1,892,117	667,244	1,441,941	559,811	(1,270,070)
	-	86,682	6,000	-	41,594	-
	-	-	-	2,500,000	-	-
	-	-	-	-	-	-
	-	-	-	79,340	-	-
	-	-	-	-	255,125	-
	1,679,400	1,815,000	2,665,122	952,692	1,993,035	2,140,000
	(1,564,400)	(1,728,000)	(2,590,122)	(877,692)	(1,928,035)	(2,100,000)
	<u>115,000</u>	<u>173,682</u>	<u>81,000</u>	<u>2,654,340</u>	<u>361,719</u>	<u>40,000</u>
\$	<u>2,714,451</u>	<u>2,065,799</u>	<u>748,244</u>	<u>4,096,281</u>	<u>921,530</u>	<u>(1,230,070)</u>
\$	3,497,103	\$ 1,811,647	\$ 4,085,424	\$ 2,256,845	\$ 1,923,064	\$ 1,908,358
	2.35%	2.49%	2.87%	4.49%	2.89%	1.90%

CITY OF NORTH CANTON, OHIO

**ASSESSED VALUATION AND ESTIMATED TRUE VALUES OF TAXABLE PROPERTY
LAST TEN YEARS**

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated actual value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed value	Estimated actual value
2018	\$ 304,844,140	\$ 88,783,290	\$ 1,124,649,800	\$ 8,113,160	\$ 9,219,500
2017	301,311,680	85,356,080	1,104,765,029	7,717,590	8,769,989
2016	298,057,720	82,961,920	1,088,627,543	8,295,930	9,427,193
2015	274,041,110	76,738,380	1,002,227,114	8,417,570	9,565,420
2014	272,828,380	73,169,260	988,564,686	8,412,870	9,560,080
2013	271,964,980	73,735,850	987,716,657	8,047,470	9,144,852
2012	294,910,260	74,675,700	1,055,959,886	7,443,350	8,458,352
2011	294,828,710	75,981,140	1,059,456,714	7,086,110	8,052,398
2010	295,352,930	76,190,710	1,061,553,257	7,086,110	8,052,398
2009	306,412,350	76,848,090	1,095,029,829	6,213,470	7,060,761

Source: County Auditor.

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each appraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. The general business tangible personal property tax started being phased out in 2006. For collection year 2008, both types of general business tangible personal property were assessed at 6.25 percent. The percentage was zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property has been eliminated.

Tangible Personal Property

General Business		Total			
Assessed value	Estimated actual value	Assessed value	Estimated actual value	Ratio	Total Direct Tax Rate
\$ -	\$ -	\$ 401,740,590	\$ 1,133,869,300	35.43%	\$ 7.40
-	-	394,385,350	1,113,535,017	35.42%	7.40
-	-	389,315,570	1,098,054,736	35.46%	7.40
-	-	359,197,060	1,011,792,535	35.50%	7.40
-	-	354,410,510	998,124,765	35.51%	7.40
-	-	353,748,300	996,861,509	35.49%	7.40
-	-	377,029,310	1,064,418,238	35.42%	7.40
-	-	377,895,960	1,067,509,112	35.40%	7.40
-	-	378,629,750	1,069,605,655	35.40%	5.90
1,083,510	8,668,080	390,557,420	1,110,758,670	35.16%	5.90

CITY OF NORTH CANTON, OHIO

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Unvoted Millage				
Operating	\$ 2.4000	\$ 2.4000	\$ 2.4000	\$ 2.4000
Voted Millage				
2005 Storm Sewer	1.0000	1.0000	1.0000	1.0000
2005 Street Improvement	1.0000	1.0000	1.0000	1.0000
1982 & 2011 Ambulance & E.M.S.	2.5000	2.5000	2.5000	2.5000
1983 Fire	0.5000	0.5000	0.5000	0.5000
Total Voted Millage	<u>5.0000</u>	<u>5.0000</u>	<u>5.0000</u>	<u>5.0000</u>
Total Millage	<u>\$ 7.4000</u>	<u>\$ 7.4000</u>	<u>\$ 7.4000</u>	<u>\$ 7.4000</u>
Overlapping Rates By Taxing District				
North Canton City School District				
Residential/Agricultural Real	\$ 40.2684	\$ 40.4147	\$ 40.5638	\$ 43.6119
Commercial/Industrial and Public Utility Real	47.7678	48.0005	48.4004	50.7375
General Business and Public Utility	78.7000	78.7000	78.7000	78.8000
Stark County				
Residential/Agricultural Real	8.6772	8.7202	8.7441	9.2924
Commercial/Industrial and Public Utility Real	9.6375	9.6085	9.6342	10.0762
General Business and Public Utility	11.5000	11.5000	11.5000	11.5000
Plain Township				
Residential/Agricultural Real	0.1000	0.1000	0.1000	0.1000
Commercial/Industrial and Public Utility Real	0.1000	0.1000	0.1000	0.1000
General Business and Public Utility	0.1000	0.1000	0.1000	0.1000
Special Taxing Districts (1)				
Residential/Agricultural Real	2.0939	2.1053	2.1141	2.2986
Commercial/Industrial and Public Utility Real	2.1779	2.1814	2.1970	2.3222
General Business and Public Utility	2.5000	2.5000	2.5000	2.5000

Source: County Auditor

Notes: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by a majority vote of the City's residents.

The real property tax rates for the voted levies of the overlapping taxing districts are reduced so that inflationary increases in value do not generate additional revenue.

The City has no charter millage.

Overlapping rates are those of local and county governments that apply to property owners within the City.

(1) North Canton Library, Stark County Park District

2014	2013	2012	2011	2010	2009
\$ 2.4000	\$ 2.4000	\$ 2.4000	\$ 2.4000	\$ 2.4000	\$ 2.4000
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
2.5000	2.5000	2.5000	2.5000	1.0000	1.0000
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
5.0000	5.0000	5.0000	5.0000	3.5000	3.5000
\$ 7.4000	\$ 7.4000	\$ 7.4000	\$ 7.4000	\$ 5.9000	\$ 5.9000

\$ 46.6432	\$ 38.9173	\$ 38.9173	\$ 45.4133	\$ 38.8841	\$ 34.0290
52.0007	47.0395	47.0395	53.7905	46.5217	42.0846
78.8000	76.0000	76.0000	83.4000	76.0000	72.3000
9.3007	8.9180	8.9180	8.7993	8.9134	6.9852
10.0757	9.5912	9.5912	9.5912	9.4212	7.8365
11.5000	11.5000	11.5000	11.5000	11.5000	10.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
2.3009	2.3031	1.7797	1.7797	2.0555	0.7673
2.3612	2.3606	1.8370	1.8370	1.8344	0.8249
2.5000	2.5000	2.0000	2.0000	1.3818	1.0000

CITY OF NORTH CANTON, OHIO

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections (1)</u>	<u>Percent of Current Tax Collections To Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
2018	\$ 2,772,585	\$ 2,721,797	98.17%	\$ 43,590	\$ 2,765,387
2017	2,721,835	2,671,910	98.17%	56,332	2,728,242
2016	2,670,331	2,652,176	99.32%	40,889	2,693,065
2015	2,619,406	2,583,174	98.62%	55,306	2,638,480
2014	2,621,720	2,546,037	97.11%	53,961	2,599,998
2013	2,617,737	2,547,990	97.34%	43,517	2,591,507
2012	2,453,472	2,409,800	98.22%	52,325	2,462,125
2011	2,461,163	2,400,180	97.52%	80,727	2,480,907
2010	1,887,486	1,837,223	97.34%	39,215	1,876,438
2009	1,908,956	1,865,586	97.73%	72,493	1,938,079

Source: County Auditor

(1) State reimbursements of rollback and homestead exemptions are included.

Note: The County does not identify delinquent collections by the year for which the tax was levied.

<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
99.74%	\$ 79,448	2.87%
100.24%	90,935	3.34%
100.85%	73,862	2.77%
100.73%	73,862	2.82%
99.17%	67,039	2.56%
99.00%	76,312	2.92%
100.35%	90,405	3.68%
100.80%	79,766	3.24%
99.41%	99,510	5.27%
101.53%	64,992	3.40%

CITY OF NORTH CANTON, OHIO

PRINCIPAL TAXPAYERS
REAL ESTATE TAX
CURRENT YEAR AND NINE YEARS AGO

2018			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Real Estate Assessed Value
Maple Street Commerce LLC	\$ 7,695,780	1	1.92%
Mckinley Development Leasing Co LTD	5,905,230	2	1.47%
Versailles Gardens LTD	5,410,290	3	1.35%
Sanctuary Grande Senior Living LLC	3,841,050	4	0.96%
Albrecht Incorporated	2,337,980	5	0.58%
Waterford at St. Luke	2,095,450	6	0.52%
St. Luke Lutheran Home for the Aging	1,926,950	7	0.48%
Berlin Commons LTD	1,926,380	8	0.48%
Euro Development LTD	1,910,130	9	0.48%
Windsor Medical Center Inc	1,868,920	10	0.47%
Total	<u>\$ 34,918,160</u>		<u>8.71%</u>
Total Assessed Valuation	<u>\$ 401,740,590</u>		

2009			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Real Estate Assessed Value
McKinley Development Leasing Co. LTD	\$ 5,284,380	1	1.38%
Versailles Gardens LTD	4,899,730	2	1.28%
Albrecht Incorporated	2,533,440	3	0.66%
Waterford at St Luke	2,456,950	4	0.64%
Potsdamer Platz LLC	2,290,690	5	0.60%
Berlin Commons LTD	1,964,060	6	0.50%
Williamsburg Apartments LTD	1,882,550	7	0.48%
Maple St. Commerce LLC	1,751,520	8	0.46%
CETA Group Limited Partnership	1,549,070	9	0.40%
Euro Development, LTD	1,445,930	10	0.37%
Total	<u>\$ 26,058,320</u>		<u>6.77%</u>
Total Assessed Valuation	<u>\$ 390,557,420</u>		

Source: Stark County, Ohio, Auditor's Office

CITY OF NORTH CANTON, OHIO

INCOME TAX REVENUE BASE AND COLLECTIONS (CASH BASIS)
LAST TEN YEARS

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholdings	Taxes from Net Profits	Percentage of Taxes from Net Profits	Taxes from Individuals	Percentage of Taxes from Individuals
2018	1.50%	\$ 8,018,750	\$ 5,299,170	66.08%	\$ 956,307	11.93%	\$ 1,763,273	21.99%
2017	1.50%	7,915,117	5,033,628	63.60%	931,535	11.77%	1,949,954	24.64%
2016	1.50%	6,750,861	4,654,728	68.95%	612,423	9.07%	1,483,710	21.98%
2015	1.50%	7,108,368	4,727,504	66.51%	625,329	8.80%	1,755,535	24.70%
2014	1.50%	6,851,412	4,586,042	66.94%	614,229	8.96%	1,651,141	24.10%
2013	1.50%	6,637,706	4,274,021	64.39%	698,631	10.53%	1,665,054	25.08%
2012	1.50%	6,174,122	4,233,577	68.57%	493,972	8.00%	1,446,572	23.43%
2011	1.50%	5,942,112	3,970,865	66.83%	524,170	8.82%	1,447,077	24.35%
2010	1.50%	5,367,101	3,719,256	69.30%	309,501	5.77%	1,338,344	24.94%
2009	1.50%	5,460,640	3,531,379	64.67%	290,707	5.32%	1,638,554	30.01%

Source: The City of North Canton through the Regional Income Tax Agency (RITA).

Note: The City is prohibited by statute from presenting information regarding individual taxpayers.

CITY OF NORTH CANTON, OHIO

LEGAL DEBT MARGIN
LAST TEN YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Assessed Property Value	\$ 401,740,590	\$ 394,385,350	\$ 389,315,570	\$ 359,197,060
Overall Legal Debt Limit (10 1/2 % of assessed valuation)	42,182,762	41,410,462	40,878,135	37,715,691
Debt Outstanding				
Various Improvement Note	-	-	-	-
Governmental General Obligation Bonds	1,281,492	1,441,356	1,601,660	1,765,000
Water System Bonds	3,078,508	3,388,644	3,683,340	4,075,000
Water Notes	-	-	-	-
OPWC Loans	1,427,151	1,543,051	1,658,951	1,774,851
OWDA Loans	4,762,646	5,397,382	6,009,749	6,600,537
Intergovernmental Loans	1,637,538	1,627,081	1,330,599	1,108,156
Total gross indebtedness	<u>12,187,335</u>	<u>13,397,514</u>	<u>14,284,299</u>	<u>15,323,544</u>
Less:				
Water System Bonds	3,078,508	3,388,644	3,683,340	4,075,000
Water Notes	-	-	-	-
Sewer Notes	-	-	-	-
OPWC Loans	1,427,151	1,543,051	1,658,951	1,774,851
OWDA Loans	4,762,646	5,397,382	6,009,749	6,600,537
Intergovernmental Loans	1,637,538	1,627,081	1,330,599	1,108,156
Total net debt applicable to debt limit	<u>1,281,492</u>	<u>1,441,356</u>	<u>1,601,660</u>	<u>1,765,000</u>
Legal debt margin within 10 1/2 % limitation	\$ <u>40,901,270</u>	\$ <u>39,969,106</u>	\$ <u>39,276,475</u>	\$ <u>35,950,691</u>
Legal debt margin as a percentage of the debt limit	96.96%	96.52%	96.08%	95.32%
Unvoted Debt Limitation (5 1/2 % of assessed valuation)	<u>22,095,732</u>	<u>21,691,194</u>	<u>21,412,356</u>	<u>19,755,838</u>
Total gross indebtedness	12,187,335	13,397,514	14,284,299	15,323,544
Less:				
Water System Bonds	3,078,508	3,388,644	3,683,340	4,075,000
Water Notes	-	-	-	-
Sewer Notes	-	-	-	-
OPWC Loans	1,427,151	1,543,051	1,658,951	1,774,851
OWDA Loans	4,762,646	5,397,382	6,009,749	6,600,537
Intergovernmental Loans	1,637,538	1,627,081	1,330,599	1,108,156
Net debt within 5 1/2 % limitations	<u>1,281,492</u>	<u>1,441,356</u>	<u>1,601,660</u>	<u>1,765,000</u>
Unvoted legal debt margin within 5 1/2 % limitations	\$ <u>20,814,240</u>	\$ <u>20,249,838</u>	\$ <u>19,810,696</u>	\$ <u>17,990,838</u>
Unvoted legal debt margin as a percentage of the unvoted debt limitation	94.20%	93.36%	92.52%	91.07%

Source: City financial records.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>\$ 354,410,510</u>	<u>\$ 353,748,300</u>	<u>\$ 377,029,310</u>	<u>\$ 377,895,960</u>	<u>\$ 378,629,750</u>	<u>\$ 389,904,030</u>
<u>37,213,104</u>	<u>37,143,572</u>	<u>39,588,078</u>	<u>39,679,076</u>	<u>39,756,124</u>	<u>40,939,923</u>
-	-	-	-	-	-
1,910,000	2,055,000	2,195,000	2,335,000	-	-
4,335,000	4,585,000	4,845,000	5,080,000	3,815,000	3,985,000
-	-	-	-	915,000	-
1,890,751	2,006,651	1,917,980	1,506,229	1,448,320	1,323,932
7,170,509	7,720,400	8,250,917	8,760,422	9,255,783	9,686,773
528,923	-	-	-	-	-
<u>15,835,183</u>	<u>16,367,051</u>	<u>17,208,897</u>	<u>17,681,651</u>	<u>15,434,103</u>	<u>14,995,705</u>
4,335,000	4,585,000	4,845,000	5,080,000	3,815,000	3,985,000
-	-	-	-	915,000	-
-	-	-	-	-	-
1,890,751	2,006,651	1,917,980	1,506,229	1,448,320	1,323,932
7,170,509	7,720,400	8,250,917	8,760,422	9,255,783	9,686,773
528,923	-	-	-	-	-
<u>1,910,000</u>	<u>2,055,000</u>	<u>2,195,000</u>	<u>2,335,000</u>	<u>-</u>	<u>-</u>
<u>\$ 35,303,104</u>	<u>\$ 35,088,572</u>	<u>\$ 37,393,078</u>	<u>\$ 37,344,076</u>	<u>\$ 39,756,124</u>	<u>\$ 40,939,923</u>
94.87%	94.47%	94.46%	94.12%	100.00%	100.00%
<u>19,492,578</u>	<u>19,456,157</u>	<u>20,736,612</u>	<u>20,784,278</u>	<u>20,824,636</u>	<u>21,444,722</u>
15,835,183	16,367,051	17,208,897	17,681,651	15,434,103	14,995,705
4,335,000	4,585,000	4,845,000	5,080,000	3,815,000	3,985,000
-	-	-	-	915,000	-
-	-	-	-	-	-
1,890,751	2,006,651	1,917,980	1,506,229	1,448,320	1,323,932
7,170,509	7,720,400	8,250,917	8,760,422	9,255,783	9,686,773
528,923	-	-	-	-	-
<u>1,910,000</u>	<u>2,055,000</u>	<u>2,195,000</u>	<u>2,335,000</u>	<u>-</u>	<u>-</u>
<u>\$ 17,582,578</u>	<u>\$ 17,401,157</u>	<u>\$ 18,541,612</u>	<u>\$ 18,449,278</u>	<u>\$ 20,824,636</u>	<u>\$ 21,444,722</u>
90.20%	89.44%	89.41%	88.77%	100.00%	100.00%

CITY OF NORTH CANTON, OHIO

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Year	Governmental Activities		Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Leases	Bonds Payable	Notes/Bonds Payable	OWDA Loans	Intergovernmental Loans	OPWC Loans			
2018	\$ 4,967	\$ 1,393,230	\$ 3,357,179	\$ 4,762,646	\$ 1,637,538	\$ 1,427,151	\$ 12,582,711	2.31%	\$ 723
2017	10,661	1,563,732	3,690,703	5,397,382	1,627,081	1,543,051	13,832,610	2.53%	794
2016	16,078	1,737,945	4,011,543	6,009,749	1,330,599	1,658,951	14,764,865	2.99%	847
2015	21,231	1,820,684	4,119,859	6,600,537	1,108,156	1,774,851	15,445,318	3.01%	883
2014	-	1,970,753	4,382,866	7,170,509	528,923	1,890,751	15,943,802	3.23%	915
2013	14,427	2,120,822	4,635,873	7,720,400	403,892	2,006,651	16,902,065	3.41%	966
2012	59,710	2,265,891	4,898,880	8,250,917	-	1,917,980	17,393,378	3.51%	996
2011	134,662	2,410,960	5,136,887	8,760,422	-	1,506,229	17,949,160	3.60%	1,019
2010	370,977	-	4,730,000	9,255,783	-	1,448,320	15,805,080	3.19%	904
2009	398,126	-	3,985,000	9,686,773	-	1,323,932	15,393,831	3.91%	940

Source: City financial records.

Note: Population and personal income data are presented on the demographic and economic statistics table later in the CAFR.

CITY OF NORTH CANTON, OHIO

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Amount Applicable to City</u>
Direct - City of North Canton			
General obligation bonds and capital leases	\$ 1,574,393	100.00%	\$ 1,574,393
	<u>1,574,393</u>		<u>1,574,393</u>
Overlapping debt:			
North Canton City School District	3,630,000	46.53%	1,689,039
Jackson Local School District	35,625,000	0.21%	74,813
Plain Local School District	36,400,000	6.86%	2,497,040
Stark County	18,322,067	5.48%	1,004,049
	<u>101,869,067</u>		<u>5,264,941</u>
Total direct and overlapping debt	<u>\$ 103,443,460</u>		<u>\$ 6,839,334</u>

Source: County Auditor

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total valuation.

CITY OF NORTH CANTON, OHIO

**WATER DEBT LOAN PLEDGED REVENUE COVERAGE WATER FUND
LAST TEN YEARS**

Year	Operating Revenues	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2018	\$ 7,164,119	\$ 3,815,355	\$ 3,348,764	\$ 626,769	\$ 185,186	4.12
2017	7,060,554	3,603,353	3,457,201	604,667	171,906	4.45
2016	7,139,007	3,737,053	3,401,954	583,345	228,614	4.19
2015	6,876,229	3,323,178	3,553,051	562,778	249,175	4.38
2014	6,470,000	3,110,809	3,359,191	542,938	269,016	4.14
2013	6,241,358	4,240,926	2,000,432	523,796	288,158	2.46
2012	6,097,862	3,380,373	2,717,489	505,332	306,623	3.35
2011	5,929,810	3,004,923	2,924,887	593,050	324,435	3.19
2010	5,948,192	3,052,742	2,895,450	601,017	347,933	3.05
2009	5,885,354	3,480,388	2,404,966	576,449	372,500	2.53

(1) Operating expenses do not include depreciation.

Source: Office of the City Finance Director.

CITY OF NORTH CANTON, OHIO

**SEWER DEBT LOAN PLEDGED REVENUE COVERAGE SEWER FUND
LAST EIGHT YEARS**

Year	Operating Revenues	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2018	\$ 3,015,177	\$ 2,843,791	\$ 171,386	\$ 7,967	\$ 4,117	14.18
2017	3,049,564	3,101,903	(52,339)	7,700	3,834	(4.54)
2016	3,054,541	2,781,567	272,974	7,443	4,641	22.59
2015	2,917,326	2,599,327	317,999	7,194	4,890	26.32
2014	2,849,831	2,213,954	635,877	6,953	5,130	52.63
2013	2,866,932	2,304,022	562,910	6,721	5,362	46.59
2012	2,785,812	2,127,456	658,356	4,173	6,289	62.93
2011	2,737,038	1,994,658	742,380	7,841	7,249	49.20

(1) Operating expenses do not include depreciation.

Source: Office of the City Finance Director.

Note: Information prior to 2010 is unavailable.

CITY OF NORTH CANTON, OHIO

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (5)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>	<u>Educational Attainment: Bachelor's Degree or Higher (1)</u>
2018	17,400	\$ 545,020,200	\$ 31,323	\$ 57,003	42.1	34.7%
2017	17,422	547,451,506	31,423	55,874	44.0	35.3%
2016	17,441	494,487,232	28,352	52,210	42.0	36.1%
2015	17,490	513,209,070	29,343	52,530	42.5	33.3%
2014	17,433	494,260,416	28,352	50,728	41.0	35.4%
2013	17,488	495,819,776	28,352	50,649	42.5	35.4%
2012	17,465	495,167,680	28,352	47,300	43.4	35.8%
2011	17,610	499,278,720	28,352	47,300	43.4	35.8%
2010	17,488	495,819,776	28,352	47,300	43.4	35.8%
2009	16,369	393,592,605	24,045	42,013	42.3	33.6%

(1) Source: U.S. Census

(a) Years 2009 through 2010 Federal Census and Years 2011-2018 Estimated by City

(2) North Canton City Schools

(3) Source: County Planning Commission. The unemployment rate for the City is unavailable; therefore, the unemployment rate of the County provides the most accurate reflection of the City.

(4) Source: County Auditor

(5) Computation of per capita personal income multiplied by population

School Enrollment (2)	Stark County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value
4,272	5.2%	\$ 157,100	\$ 401,740,590
4,332	5.0%	158,696	394,385,350
4,427	5.2%	158,693	389,315,570
4,496	5.2%	124,869	359,197,060
4,515	5.7%	136,700	354,410,510
4,486	7.5%	139,169	353,748,300
4,566	8.7%	151,100	377,029,310
4,738	7.9%	177,900	377,895,960
4,735	11.1%	136,436	378,629,750
4,853	13.5%	132,314	390,557,420

CITY OF NORTH CANTON, OHIO

PRINCIPAL EMPLOYERS
BY TOTAL INCOME TAX WITHHOLDING
CURRENT YEAR AND EIGHT YEARS AGO

		2018
Employer	Description	Rank
Walsh University	Education	1
North Canton City School District	Education	2
Trubridge, Inc.	Insurance	3
St. Lukes Home for the Aged	Medical	4
Myers Controlled Power, LLC	Manufacturing	5
Aultman North Canton Medical Group	Medical	6
City of North Canton	Government	7
State of Ohio	Government	8
Brookwood Management	Real Estate	9
Mullinax Ford	Retail	10

		2010
Employer	Description	Rank
North Canton City School District	Education	1
Walsh University	Education	2
North Canton Medical Foundation	Medical	3
St. Lukes Home for the Aged	Medical	4
City of North Canton	Government	5
Aultman Hospital Association	Medical	6
Mullinax Ford	Retail	7
Fred W. Albrecht Grocery	Retail	8
The Tamarkin Company	Retail	9
Mercy Medical Center	Medical	10

Source: Income Tax Department. Information prior to 2010 was unavailable.

CITY OF NORTH CANTON, OHIO

PRINCIPAL EMPLOYERS
BY NUMBER OF EMPLOYEES
2018 AND NINE YEARS AGO

2018		
Employer	Employees	Rank
Walsh University	1,669	1
North Canton City School District	954	2
St. Lukes Home for the Aged	471	3
Trubridge, Inc.	387	4
The Tamarkin Company	274	5
Myers Controlled Power, LLC	197	6
City of North Canton	191	7
Absolute Pharmacy, Inc.	187	8
Aultman North Canton Medical Group	142	9
Mullinax Ford	124	10

Total 4,596

Total City Employment N/A

2009			
Employer	Employees	Rank	Percentage of Total City Employment
Walsh University	1,411	1	9.76%
North Canton City School District	991	2	6.86%
St. Lukes Home for the Aged	419	3	2.90%
YMCA of Central Stark County	268	4	1.85%
Aultman Hospital	252	5	1.74%
Fred W. Albrecht Grocery	220	6	1.52%
Trubridge Inc	206	7	1.43%
The Tamakin Company	188	8	1.30%
Northeast Professional Homecare Inc	187	9	1.29%
City of North Canton	168	10	1.16%

Total 4,310 29.81%

Total City Employment 14,454

Source: 2018 - Data from Regional Income Tax Agency; 2009 - W2's from the City Tax Department.
Total City employment for 2018 was unavailable.

CITY OF NORTH CANTON, OHIO

FULL-TIME-EQUIVALENT CITY GOVERNMENTAL EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Council	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	6.00
Mayor's office	0.50	1.50	1.00	1.00	1.50	1.50	1.50	1.50	1.50	1.50
Law	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50
Finance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00
Tax	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	2.00	3.00
Administration	3.00	3.00	2.00	2.00	2.00	2.00	3.00	3.00	2.00	2.00
City hall maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Engineer	6.50	5.50	5.50	5.50	5.50	5.50	6.00	6.00	5.50	5.50
Security of Persons and Property										
Police - administration	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police - officers	25.00	24.00	24.50	24.00	24.50	23.50	25.00	25.00	27.00	26.00
Police - crossing guards	4.50	4.50	4.50	4.50	4.00	4.00	4.50	6.00	6.00	6.00
Dispatchers/Chief Dispatcher	9.00	8.50	8.50	8.50	8.50	8.50	7.00	7.00	8.00	8.00
Fire Inspectors	1.00	1.00	1.00	1.00	1.00	1.00	3.00	3.00	3.00	3.00
Public Health Services										
Fire Fighters/Emergency										
Medical Services	26.50	26.00	26.00	25.00	37.00	34.00	33.50	35.00	37.50	30.50
Leisure Time Activities										
Municipal Pool	0.00	0.00	0.00	0.00	24.50	20.50	20.50	22.00	21.50	20.50
Civic Center	0.00	0.00	0.00	0.50	0.50	0.50	1.00	2.00	2.00	3.00
Recreation	1.00	1.00	1.00	2.00	2.00	2.00	2.00	1.50	2.50	2.50
Park Maintenance	2.00	2.00	2.00	3.00	4.00	5.00	6.00	7.00	6.00	5.50
Community Development										
Permits & Inspections	0.50	4.00	4.00	6.00	6.00	5.50	4.50	3.50	3.50	3.50
Economic Development	0.00	1.00	0.50	0.50	0.50	0.50	0.50	0.50	1.00	1.00
Transportation										
Street M&R	4.00	5.00	5.00	6.00	8.50	9.00	4.50	9.00	8.50	8.50
Basic Utility Services										
Water Administration	2.50	3.00	3.00	3.00	3.00	3.00	2.00	4.00	4.00	4.00
Water Distribution	8.00	8.00	8.00	8.00	11.00	10.00	0.00	6.00	8.00	7.00
Water Treatment Plant	10.00	10.00	10.00	10.00	10.50	9.00	9.00	10.00	10.00	12.00
Sewer Collection	6.00	4.00	4.00	3.00	3.00	2.00	2.00	2.00	3.50	4.00
Total	119.50	121.50	120.00	125.00	169.00	158.50	147.00	165.50	172.50	167.50

Source: City Payroll Department Payroll Register

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee.

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CITY OF NORTH CANTON, OHIO

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS**

Function/Program	2018	2017	2016	2015	2014
General Government					
Square footage occupied	31,517	31,517	31,517	31,517	31,517
Vehicles	7	15	15	10	10
Police					
Stations	1	1	1	1	1
Square footage of building	11,960	11,960	11,960	11,960	11,960
Vehicles	15	13	13	13	13
Fire					
Stations	1	1	1	1	1
Square footage of building	8,989	8,989	8,989	8,989	8,989
Vehicles	10	11	11	9	10
Emergency Medical Service					
Stations	1	1	1	1	1
Square footage of building	9,399	9,399	8,970	8,970	8,970
Vehicles	5	5	5	5	5
Recreation					
Number of parks	11	11	11	11	11
Number of pools	1	1	1	1	1
Number of tennis courts	11	11	11	11	11
Number of basketball courts	7	7	7	7	7
Number of park shelters	9	9	9	9	9
Vehicles	13	8	8	10	11
Public Service Department					
Streets (miles)	94.28	94.28	94.28	94.28	97.52
Vehicles	20	21	21	18	18
Water Department					
Water lines (miles)	146.43	146.43	146.43	146.43	155.86
Square footage of water treatment plant	32,125	32,125	32,125	32,125	32,125
Vehicles	13	14	14	14	16
Wastewater					
Sanitary sewers (miles)	80.58	80.58	80.58	80.58	74.64
Storm sewers (miles)	72.58	72.58	72.58	72.58	75.91
Vehicles	9	5	5	5	6

Source: City of North Canton departments

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
31,517	31,517	31,517	31,517	31,517
9	9	10	10	10
1	1	1	1	1
11,960	11,960	11,960	11,960	11,960
13	13	13	13	13
1	1	1	1	1
8,989	8,989	8,989	8,989	8,989
10	11	11	11	11
1	1	1	1	1
8,970	8,970	8,970	8,970	8,970
5	5	5	6	6
11	11	11	11	11
1	1	1	1	1
11	11	11	11	11
7	7	7	7	7
9	9	9	8	8
12	12	11	11	11
97.50	97.50	97.50	95.46	95.46
17	17	15	18	18
155.76	144.97	144.00	129.80	129.80
32,125	32,125	32,125	32,125	32,125
18	19	17	17	17
74.64	74.64	74.64	64.39	64.39
75.91	72.59	72.59	49.42	49.42
6	6	15	9	9

CITY OF NORTH CANTON, OHIO

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	2018	2017	2016	2015
General Government				
Number of ordinances passed	74	108	83	85
Number of planning commission agenda items	11	11	9	7
Number of zoning board of appeals agenda items	28	17	4	6
Number of checks/vouchers issued	2,561	2,434	2,813	3,079
Interest earnings for fiscal year (cash basis)	\$421,757	\$173,283	\$95,905	\$60,586
General fund receipts (cash basis in thousands)	\$7,460	\$7,224	\$7,613	\$7,370
General fund expenditures (cash basis in thousands)	\$6,800	\$6,219	\$6,774	\$8,033
General fund cash balances (in thousands)	\$4,580	\$3,920	\$2,915	\$1,839
Income Tax Department				
Number of individual returns	N/A	N/A	N/A	7,723
Number of business returns	N/A	N/A	N/A	1,366
Annual number of reconciliation of withholding processed	N/A	N/A	N/A	1,249
Building Department Indicators				
Construction permits issued	1,094	813	782	252
Estimated value of construction	\$ 23,553,956	\$ 24,568,448	\$ 23,219,555	\$ 71,120,103
Inspections conducted	1,889	1,516	1,252	1,121
Security of Persons & Property				
Police				
Total calls for services	18,967	19,896	18,929	17,922
Traffic violations	1,538	2,165	4,386	1,546
Motor vehicle accidents	519	523	533	529
Written warnings	3,482	4,537	2,032	3,847
Total criminal arrests	340	378	345	348
Fire/Emergency Medical Services				
EMS calls	2,683	2,664	2,426	2,152
EMS transports	1,924	1,854	1,718	1,631
Ambulance billing collections	\$652,389	\$586,089	\$557,457	\$552,430
Fire calls	556	494	437	573
Fire safety inspections	2,300	413	555	995
Leisure Time Activities				
Recreation				
Swimming pool memberships	2,824	2,617	2,386	2,304
Civic center rentals	96	119	55	55
Dogwood shelter rentals	369	379	265	267
Transportation				
Asphalt resurfacing (miles)	20.03	13.68	0	0
Asphalt usage for pothole repairs (tons)	35	30	368	292
Salt usage (tons)	2,567	2,372	1,700	2,500
Liquid de-icer used (gallons)	10,609	7,864	N/A	N/A
Cost of salt purchased	\$99,372	\$118,474	\$230,575	\$330,421
Water Department				
Number of customers	8,981	9,337	9,043	8,993
Annual water collections	\$7,026,667	\$7,113,175	\$6,972,033	\$6,806,063
Water main breaks	11	7	12	19
Number of wells	9	9	9	9
Gallons of water treated (millions of gallons)	991	972	955	998
Wastewater Department				
Residential sewer rate (flat monthly rate)	\$26.83	\$26.83	\$26.83	\$25.41
Number of customers	6,283	6,422	6,379	6,356

Source: City of North Canton departments

2014	2013	2012	2011	2010	2009
95	81	111	111	110	123
20	18	15	8	12	2
-	1	6	1	10	3
3,016	3,362	3,289	3,356	3,419	4,113
\$58,067	\$20,339	\$14,974	\$32,364	\$47,819	\$81,158
\$8,078	\$7,262	\$7,755	\$9,161	\$7,888	\$8,425
\$7,592	\$7,553	\$8,382	\$7,382	\$9,235	\$9,406
\$2,285	\$1,667	\$1,894	\$2,418	\$1,567	\$2,826
7,930	7,281	4,260	7,267	7,471	7,742
1,327	1,270	1,305	1,231	1,184	1,109
1,397	1,329	1,426	1,144	1,397	1,503
627	727	664	1,327	776	786
\$ 26,491,592	\$ 11,456,887	\$ 12,102,168	\$ 5,754,751	\$ 7,534,618	\$ 11,462,310
917	789	663	712	1,054	1,124
16,746	18,049	26,503	28,172	28,107	29,225
1,571	1,901	1,805	1,139	1,175	1,495
546	429	558	527	516	513
3,912	3,998	3,706	1,891	1,983	-
406	552	404	504	399	504
2,416	2,292	2,223	2,377	2,075	1,948
1,510	1,934	1,502	1,509	1,416	1,251
\$496,107	\$538,763	\$501,956	\$489,060	\$458,753	\$461,009
430	559	470	493	406	424
980	215	1,527	1,694	1,655	1,543
1,033	936	2,079	2,404	2,247	2,387
46	21	90	254	255	303
265	372	154	159	248	261
2.92	0	5.16	3.75	3.12	2.58
0	454	511.73	413.85	672.13	358.37
4,600	4,003	2,800	5,200	6,400	6,250
N/A	N/A	N/A	N/A	N/A	N/A
\$258,290	\$153,088	\$310,960	\$359,814	\$325,248	\$237,641
8,970	9,102	9,063	9,044	8,900	8,876
\$6,229,831	\$6,006,676	\$6,051,273	\$5,874,591	\$5,832,610	\$5,819,610
14	13	23	18	14	19
9	9	9	7	9	8
1,029	1,008	1,106	1,211	1,163	1,210
\$25.41	\$25.41	\$25.41	\$25.41	\$25.41	\$21.00
6,342	6,334	6,308	6,310	6,305	6,204

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OHIO AUDITOR OF STATE
KEITH FABER



CITY OF NORTH 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
AUGUST 15, 2019**