

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 1, 2025

NEW ISSUE: BOOK-ENTRY ONLY

Rating: S&P: “Applied for”
(See **Rating**)

*In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see **Tax Matters** herein.*

\$15,000,000*
CITY OF NORTH CANTON, OHIO
GENERAL OBLIGATION (Limited Tax)
FIRE STATION CONSTRUCTION BONDS, SERIES 2025

Dated: Closing Date

The Bonds. The Bonds are unvoted general obligations of the City, issued to finance certain permanent improvements as described under **Authorization and Purpose**. Principal and interest, unless paid from other sources, are to be paid from the proceeds of the City’s levy of ad valorem property taxes, which taxes are within the ten-mill limitation imposed by Ohio law.

Book-Entry Only. The Bonds will be initially issued only as fully-registered bonds, one for each maturity, issuable under a book-entry system, registered initially in the name of The Depository Trust Company or its nominee (DTC). There will be no distribution of Bonds to the ultimate purchasers. The Bonds in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Official Statement. See **Appendix E**.

Payment. (See *Maturity Schedule on inside cover*.) Principal and interest will be payable to the registered owner (DTC), principal upon presentation and surrender at the designated corporate trust office of The Huntington National Bank, or its successor in interest (the Bond Registrar) and interest transmitted by the Bond Registrar on each interest payment date (June 1 and December 1 of each year, beginning June 1, 2026) to the registered owner (DTC) as of the 15th day preceding that interest payment date.

Prior Redemption*. The Bonds maturing on or after December 1, 20__*, are subject to optional redemption by the City prior to maturity, beginning December 1, 20__*, and Term Bonds are subject to mandatory prior redemption as described in this Official Statement. See **Prior Redemption**.

The Bonds are offered when, as and if issued, and accepted by Stifel, Nicolaus & Company, Incorporated (Underwriter), subject to the opinion on certain legal matters relating to their issuance of Squire Patton Boggs (US) LLP, Bond Counsel to the City. Squire Patton Boggs (US) LLP will also pass upon certain legal matters for the City as its disclosure counsel. Municipal advisory services are being provided to the City by Sudsina & Associates, LLC. The Bonds are expected to be available for delivery to DTC or its agent on August 28, 2025.

STIFEL

This Official Statement has been prepared by the City in connection with its original offering for sale of the Bonds. The Cover includes certain information for quick reference only. *It is not a summary of the Bond issue.* Investors should read the entire Official Statement to obtain information as a basis for making informed investment judgments.

The date of this Official Statement is _____, 2025, and the information herein speaks only as of that date.

* Preliminary, subject to change.

PRINCIPAL MATURITY SCHEDULE*
ON DECEMBER 1

Year	Amount	Interest Rate	Price	CUSIP®(a) No. 658153
2026	\$ 75,000			
2027	275,000			
2028	285,000			
2029	300,000			
2030	315,000			
2031	330,000			
2032	350,000			
2033	365,000			
2034	385,000			
2035	405,000			
2036	425,000			
2037	445,000			
2038	465,000			
2039	490,000			
2040	515,000			
2041	540,000			
2042	570,000			
2043	595,000			
2044	625,000			
2045	655,000			
2046	690,000			
2047	725,000			
2048	760,000			
2049	800,000			
2050	840,000			
2051	880,000			
2052	925,000			
2053	970,000			

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* Preliminary, subject to change; see the Official Notice of Sale attached as **Appendix G**.

CITY OF NORTH CANTON, OHIO

CITY OFFICIALS

Mayor: Matthew Stroia

Director of Finance: Jina E. Alaback

City Council:*

Jamie McCleaster

David Metheney

John Orr

Melissa Owens

Stephanie Werren, President

Christina Weyrick

PROFESSIONAL SERVICES

Bond and Disclosure Counsel: Squire Patton Boggs (US) LLP

Bond Registrar: The Huntington National Bank (See **Bond Registrar**)

Municipal Advisor: Sudsina & Associates, LLC

Underwriter: Stifel, Nicolaus & Company, Incorporated

* The City Council has one vacant seat due to the retirement of the prior Mayor as of July 25, 2025. Pursuant to the City's Charter the then President of Council, Matthew Stroia, assumed the office of Mayor and ceased to be a member of Council. (See **The City – General Information - City Government**)

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REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds identified on the Cover (as defined herein). No dealer, broker, sales person or other person has been authorized by the City to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been given or authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make that offer, solicitation or sale.

The information in this Official Statement is provided by the City in connection with the original offering of the Bonds. Reliance should not be placed on any other information publicly provided, in any format including electronic, by the City for other purposes, including general information provided to the public or to portions of the public. The information in this Official Statement is subject to change without notice. Neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since its date.

This Official Statement contains statements that the City believes may be “forward-looking statements.” Words such as “plan,” “estimate,” “project,” “budget,” “anticipate,” “expect,” “intend,” “believe” and similar terms are intended to identify forward-looking statements. The achievement of results or other expectations expressed or implied by such forward-looking statements involve known and unknown risks, uncertainties and other factors that are difficult to predict, may be beyond the City’s control and could cause actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. The City undertakes no obligation, and does not plan, to issue any updates or revisions to such forward-looking statements.

UPON ISSUANCE, THE BONDS WILL NOT BE REGISTERED BY THE CITY UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE AT THE REQUEST OF THE CITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED OR DISAPPROVED THE BONDS FOR SALE.

CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP data herein are provided by S&P Global Market Intelligence, a division of S&P Global, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Bonds. The City, Bond Counsel, Disclosure Counsel, the Municipal Advisor and the Underwriter are not responsible for the selection or use of these CUSIP numbers and make no representation as to their correctness on the Bonds or the Cover or as indicated above. The CUSIP number for a specific maturity and interest rate within a maturity, if applicable, is subject to being changed after the issuance of the Bonds as a result of various subsequent actions and events.

The Ohio Municipal Advisory Council (OMAC) has requested that this paragraph be included in this Official Statement. Certain information contained in the Official Statement is attributed to OMAC. OMAC compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed

this Official Statement to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

The City may, and the successful bidder is authorized to, complete the Cover or add a separate page on the front of this Official Statement to indicate the offering prices or yields, interest rate(s), the identity of the Underwriter(s), and the rating.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guaranty the accuracy or completeness of such information.

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INTRODUCTORY STATEMENT

This Official Statement has been prepared by the City of North Canton, Ohio (the City), in connection with its original issuance and sale of the Bonds identified on the Cover (the Bonds). Certain information concerning the Bonds, including their authorization, purpose, terms and security and sources of payment, and the City is provided in this Official Statement.

This Introductory Statement briefly describes certain information relating to the Bonds and supplements certain information on the Cover. It is not intended as a substitute for the more detailed discussions in this Official Statement. Investors should read the entire Official Statement to obtain information as a basis for making informed investment judgments.

All financial and other information in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources and except for certain information on the Cover. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or otherwise be predictive of future experience. See also **Regarding This Official Statement**.

This Official Statement should be considered in its entirety and no one subject should be considered less important than another by reason of location in the text. Reference should be made to laws, reports or documents referred to for more complete information regarding their contents. References to provisions of Ohio law, including the Revised Code and the Ohio Constitution, and of the City's Charter (the Charter), are references to those current provisions. Those provisions may be amended, repealed or supplemented.

As used in this Official Statement:

- **“Beneficial Owner”** means the owner of a book-entry interest in the Bonds, as defined in **Appendix F**.
- **“Council”** means the Council of the City.
- **“County”** means the County of Stark, Ohio.
- **“County Auditor”** means the Auditor of the County.
- **“Cover”** means the cover page and the inside cover of this Official Statement.
- **“Debt charges”** means principal (including any mandatory redemption payments) of and interest and any redemption premium on the obligations referred to; debt charges may also be referred to as “debt service.”
- **“Fiscal Year”** means the 12-month period ending December 31, and reference to a particular Fiscal Year (such as “Fiscal Year 2024”) means the Fiscal Year ending on December 31 in that year.
- **“Fiscal Year 2023 Financial Statements”** means the Basic Financial Statements from the City's Financial Report for Fiscal Year 2023 (Audited) attached as **Appendix C-1**.

- **“Fiscal Year 2024 Financial Statements”** means the Basic Financial Statements from the City’s Financial Report for Fiscal Year 2024 (Unaudited) attached as **Appendix C-2**.
- **“Revised Code”** means the Ohio Revised Code.
- **“State”** or **“Ohio”** means the State of Ohio.

The Bonds are issued by the City of North Canton, Ohio. They are authorized by Chapter 133 of the Revised Code, the Charter, and legislation passed by the Council. The Bonds are issued to finance certain permanent improvements as described herein under **Authorization and Purpose**.

The Bonds are general obligations of the City, the full faith and credit and general property taxing power of which are pledged to the payment of debt charges. Unless paid from other sources, debt charges are to be paid from the proceeds of the City’s levy of ad valorem property taxes, which taxes are within the ten-mill limitation imposed by Ohio. See **Security and Sources of Payment**.

The Bonds will be initially issued only as fully-registered bonds, one for each maturity, issuable under a book-entry system and registered initially in the name of The Depository Trust Company, or its nominee (DTC). The Bonds will be issued in the denomination of \$5,000 or in whole multiples of \$5,000. See **General; Book-Entry System** and **Appendix E**.

Principal and interest will be payable to the registered owner (DTC). Principal will be payable on presentation and surrender at the designated corporate trust office of the Bond Registrar. See **Bond Registrar**. Interest will be transmitted by the Bond Registrar on each interest payment date (June 1 and December 1, beginning June 1, 2026) to the registered owners as of the 15th day preceding that interest payment date.

The Bonds maturing on or after December 1, 20__*, are subject to prior redemption on any date, by and at the sole option of the City, in whole or in part as selected by the City (in whole multiples of \$5,000), on or after December 1, 20__*, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date. Term Bonds subject to mandatory prior redemption may be created as described in this Official Statement, if so requested by the successful bidder. See **Prior Redemption**.

The legal opinion as to the validity of the Bonds and the tax-exempt status of the interest on the Bonds will be rendered by Squire Patton Boggs (US) LLP (Bond Counsel). See **Legal Matters, Tax Matters** and **Appendix D**.

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* Preliminary, subject to change.

THE BONDS

AUTHORIZATION AND PURPOSE

The Bonds are to be issued pursuant to Chapter 133 of the Revised Code, the Charter, and an ordinance passed by the City Council and a certificate of award provided for by that ordinance (collectively, the Authorizing Legislation).

The Bonds are being issued for the purpose of paying the costs of constructing, furnishing and equipping and otherwise improving a new fire station, with related site improvements and necessary appurtenances and related improvements thereto.

Bonds are general obligations of the City, the full faith and credit and general property taxing power of which are pledged to the payment of debt charges; however, the City intends to use proceeds of the municipal income tax to pay debt service on all or a portion of the Bonds.

CERTAIN TERMS OF THE BONDS

General; Book-Entry System

The Bonds will be dated their date of original issuance, will be payable in the principal amounts and on the dates and will bear interest (computed on the basis of a 360-day year and 12 30-day months) at the rates and be payable on the dates, at the place and in the manner, all as described on the Cover.

The Bond Registrar will act as the paying agent for the Bonds and will keep all books and records necessary for registration, exchange and transfer of the Bonds. See **Bond Registrar**.

The Bonds will be delivered in book-entry-only form and, when issued, registered in the name of The Depository Trust Company (DTC), or its nominee Cede & Co., which will act as securities depository for the Bonds. For discussion of the book-entry system and DTC and the replacement of Bonds in the event that the book-entry system is discontinued, see **Appendix E**.

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Prior Redemption*

The Bonds are subject to mandatory and optional redemption as follows.

Mandatory Redemption*

The Bonds stated to mature on December 1, 2049 (the 2049 Term Bonds) and December 1, 2053 (the 2053 Term Bonds, and, together with the 2049 Term Bonds collectively, the Term Bonds), are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date, on December 1 of the years shown in, and according to, the following schedule.

2049 Term Bonds*		2053 Term Bonds*	
Year	Amount	Year	Amount
2046	\$690,000	2050	\$840,000
2047	725,000	2051	880,000
2048	760,000	2052	925,000
2049	800,000(a)	2053	970,000(a)

(a) Remaining principal balance scheduled to be paid at the stated maturity of the corresponding Term Bonds.

Term Bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement for the corresponding Term Bonds.

Optional Redemption*

The Bonds maturing on or after December 1, 20__, are subject to prior redemption, by and at the sole option of the City, in whole or in part as selected by the City (in whole multiples of \$5,000), on any date on or after December 1, 20__, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

Selection of Bonds and Book-Entry Interests to be Redeemed

If fewer than all outstanding Bonds are called for optional redemption at one time, the Bonds to be called will be called as selected by, and selected in a manner as determined by, the City.

If less than all of an outstanding Bond of one maturity under a book-entry system is to be called for redemption (in the amount of \$5,000 or any whole multiple), the Bond Registrar will give notice of redemption only to DTC as registered owner. The selection of the book-entry interests in that Bond to be redeemed is discussed below under **Notice of Call for Redemption; Effect.**

If bond certificates are issued to the ultimate owners, and if fewer than all of the Bonds of a single maturity are to be redeemed, the selection of Bonds (or portions of Bonds in the amount of \$5,000 or any whole multiple) to be redeemed will be made by lot in a manner determined by the Bond Registrar.

* Preliminary, subject to change.

In the case of a partial redemption by lot when Bonds of denominations greater than \$5,000 are then outstanding, each \$5,000 unit of principal will be treated as if it were a separate Bond of the denomination of \$5,000.

Notice of Call for Redemption; Effect

The Bond Registrar is to cause notice of the call for redemption, identifying the Bonds or portions of Bonds to be redeemed, to be sent by first-class mail, at least 30 days prior to the redemption date, to the registered owner (initially, DTC) of each Bond to be redeemed at the address shown on the Register on the 15th day preceding that mailing. Any defect in the notice or any failure to receive notice by mailing will not affect the validity of any proceedings for the redemption of any Bonds.

On the date designated for redemption, Bonds or portions of Bonds called for redemption shall become due and payable. If the Bond Registrar then holds sufficient money for payment of debt charges payable on that redemption date, interest on each Bond (or portion of a Bond) so called for redemption will cease to accrue on that date.

So long as all Bonds are held under a book-entry system by a securities depository (such as DTC), call notice is sent by the Bond Registrar only to the depository or its nominee. Selection of book-entry interests in the Bonds called, and giving notice of the call to the owners of those interests called, is the sole responsibility of the depository and of its Direct Participants and Indirect Participants. Any failure of the depository to advise any Direct Participant, or of any Direct Participant or any Indirect Participant to notify the Beneficial Owners, of any such notice and in its content or effect will not affect the validity of any proceedings for the redemption of any Bonds or portions of Bonds. See **Appendix E**.

SECURITY AND SOURCES OF PAYMENT

The Bonds will be unvoted general obligation debt of the City payable from the sources described, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

Basic Security

The basic security for payment of the Bonds is the requirement that the City levy ad valorem property taxes within the ten-mill limitation imposed by Ohio law to pay debt charges on the Bonds. The State constitution specifically prohibits a subdivision such as the City from incurring general obligation indebtedness unless the authorizing legislation makes provision “for levying and collecting annually by taxation an amount sufficient to pay” the debt charges on the bonds. (Ohio Constitution Article XII Section 11.)

The Ohio Supreme Court has stated:

“Section 11 of Article XII of the Constitution of Ohio imposes a mandatory duty upon the State and its political subdivisions to pay the interest and principal of their indebtedness before provisions are to be made for current operating expenses.” *State ex rel. Nat’l City Bank v. Bd. of Ed. of the Cleveland City School District*, 52 Ohio St. 2d 81, 85 (1977).

Under State law, the levy for debt charges on unvoted general obligations of the City is to be placed before and in preference to all other levies and for the full amount of those debt charges. See the further discussions under **Ad Valorem Property Taxes** and **City Debt and Other Long-Term Obligations**.

Ohio law requires the City to levy and collect that property tax to pay debt charges on the Bonds as they come due, unless and to the extent those debt charges are paid from other sources, such as described below.

The Authorizing Legislation provides further security by making a pledge of the full faith and credit and the general property taxing power of the City for the payment of debt charges on the Bonds as they come due. All funds of the City are included in that pledge, except those specifically limited to another use or prohibited from that use by the Ohio Constitution, or Ohio or federal law, or revenue bond trust agreements. Those exceptions as to portions of the Bonds include tax levies voted for specific purposes or expressly pledged to certain obligations, special assessments pledged to particular bonds or notes, and certain utility revenues and highway use receipts (limited by the Ohio Constitution to highway-related purposes). A similar pledge is made in each ordinance authorizing voted or unvoted general obligation debt.

Enforcement of Rights and Remedies

In addition to the right of individual bondholders to sue upon their particular Bonds, Ohio law authorizes the holders of not less than 10% in principal amount of the outstanding Bonds, whether or not then due and payable or reduced to judgment, to bring mandamus or other actions to enforce all contractual or other rights of the bondholders, including the right to require the City to levy, collect and apply the unvoted property taxes to pay debt charges, and in the case of any default in payment of debt charges to bring action to require the City to account as if it were the trustee of an express trust for the holders or to enjoin any acts that may be unlawful or in violation of bondholder rights.

The law also provides that the holders of not less than 25% in principal amount of the outstanding Bonds may appoint a trustee to represent the bondholders if the City defaults in the payment of debt charges on the Bonds and that default continues for a period of 30 days, or if the City fails or refuses to comply with the requirements of the State’s Uniform Public Securities Law (Chapter 133 of the Revised Code) or the applicable bond proceedings. Such a trustee may (and if requested by bondholders of not less than 25% in principal amount of the outstanding Bonds shall) (i) bring an action for payment of any debt charges then due on the Bonds, (ii) by mandamus or other action enforce all rights of the bondholders, including requiring the City to assess, levy, charge, collect and apply pledged receipts (including without limitation ad valorem property taxes, income taxes, utility revenues and other receipts) in accordance with the Authorizing Legislation, (iii) bring action upon the Bonds, (iv) by action, require the City to account as if it were the trustee of an express trust for the bondholders and (v) by action, enjoin any acts or things that may be unlawful or in violation of the rights of the bondholders, but may not declare all Bonds due and payable (acceleration). See also **Appendix E**.

The State has pledged to and agreed with holders of securities such as the Bonds that

“...the state will not, by enacting any law or adopting any rule, repeal, revoke, repudiate, limit, alter, stay, suspend, or otherwise reduce, rescind, or impair the power or duty of a subdivision to exercise, perform, carry out, and fulfill its responsibilities or covenants under this chapter [Chapter 133, the State’s Uniform Public Securities Law] or legislation or agreements as to its Chapter 133. securities, including a credit enhancement facility, passed or entered into pursuant to this chapter, or repeal, revoke, repudiate, limit, alter, stay, suspend, or otherwise reduce, rescind, or impair the rights and remedies of any such holders fully to enforce such responsibilities, covenants, and agreements or to enforce the pledge and agreement of the State contained in this division, or otherwise exercise any sovereign power materially impairing or materially inconsistent with the provisions of such legislation, covenants, and agreements.” (Section 133.25(D) of the Revised Code.)

Bankruptcy

Federal and State laws provide procedures for the adjustment of indebtedness of political subdivisions, such as the City. Chapter 9 of the U.S. Bankruptcy Code would permit the City to make such an adjustment if (i) it were “insolvent” (i.e., the City was not paying its debt charges as they came due or it was unable to pay those debt charges as they became due), (ii) it met certain other criteria (e.g., having negotiated in good faith with its creditors and failed to reach agreement or such negotiation was impractical because of time restrictions, the number of creditors or other reasons) and (iii) it were authorized under State law (by legislation or by a governmental officer) to seek relief under Chapter 9. The State’s Uniform Public Securities Law provides that the City or any other subdivision must obtain the approval of the State Tax Commissioner in order to file a bankruptcy petition stating that it is insolvent and “that it desires to effect a plan for the composition or adjustment of its debts and to take such further proceedings” under the Bankruptcy Code. That law also states:

“No taxing subdivision shall be permitted, in availing itself of such acts of congress [the Bankruptcy Code], to scale down, cut down, or reduce the principal sum of its securities, except that interest thereon may be reduced in whole or in part.” (Section 133.36 of the Revised Code.)

The County may also initiate proceedings under the Bankruptcy Code. Because it collects, distributes or otherwise provides revenues to the City, the City’s financial condition could be affected by such an action.

Refunding

State law authorizes the refunding and advance refunding of all or a portion of the Bonds. If the City places in escrow either money or direct obligations of, or obligations guaranteed as to payment by, the United States, or a combination of both, that with investment income thereon will be sufficient for the payment of debt charges on the refunded Bonds, those Bonds will no longer be considered to be outstanding. They will also not be considered in determining any direct or indirect limitation on City indebtedness, and the levy of taxes to pay debt charges on them will not be required. For this purpose, direct obligations of or obligations guaranteed by the United States include rights to receive payments or portions of payments of the principal of or interest or other investment income on (i) those U.S. obligations and (ii) other obligations fully secured as to payment by those U.S. obligations and the interest or other investment income on those obligations.

INVESTMENT CONSIDERATIONS

General

The following discussion on investment considerations is not exclusive, and various investment considerations are specified throughout this Official Statement. This Official Statement should be considered in its entirety and no one investment consideration should be considered less important than another by reason of location in the text.

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations and faces multiple cybersecurity threats, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, Systems Technology). As a recipient and provider of personal, private, or sensitive information, the City may be the target of cybersecurity incidents that could result in adverse consequences to the City and its Systems Technology, requiring action to mitigate the consequences. Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

To mitigate the risk of operations impact and/or damage from cybersecurity incidents or cyberattacks, the City invests in multiple forms of cybersecurity and operational safeguards. While City cybersecurity and operational safeguards are periodically tested, no assurances can be given by the City that such measures will ensure against cybersecurity threats and attacks, and any breach could damage the City's Systems Technology and cause material disruption to the City's finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial and may exceed applicable insurance coverages. See **The City - General Information - City Facilities; Insurance**. Furthermore, cybersecurity breaches could expose the City to material litigation and other legal risks, which could cause the City to incur material costs. The City has not had any direct cybersecurity incidents in the last five years.

Climate and Population Change

There are a number of factors, both known and unknown, that could potentially impact the City's future financial position directly or impact the City's economy generally in a manner that affects the City's financial position. Such factors include but are not limited to population migration away from areas, like the City, as a result of changes in technology or otherwise and/or the impact of climate change, such as rising temperatures, drought and water availability, and severe weather events, which could have a negative impact on the City's population and economy as well as the operating expenses of, and availability of resources for, the City. To date, such factors have not had a material adverse impact on the City or the ability of the City to pay debt service on its debt obligations when due; however the future fiscal and operational impacts of any such factor, or a combination of one or more of these factors, on the City and its finances are difficult to predict.

Real Property Tax Reform

From time to time, (i) legislative proposals may be introduced in the General Assembly, (ii) ballot initiatives may be proposed by electors and (iii) court proceedings may be filed, which, in each case, if to become law, could alter or amend one or more of the ad valorem property tax

matters referred to herein and which may have a materially adverse effect on the market value of the Bonds. There can be no assurance that legislation enacted, ballot initiatives approved, or actions by a court, after the date of issuance of the Bonds, will not have a materially adverse effect on the market value or marketability of or security for the Bonds. Prospective purchasers of the Bonds should consult their own counsel regarding pending or proposed State property tax legislation, related ballot initiatives, and court proceedings, as to all of which the City and Bond Counsel express no opinion.

Specifically, on May 9, 2025, the Ohio Attorney General's Office certified, and on May 14, 2025, the Ohio Ballot Board voted to certify a petition title and summary of a proposed amendment to the Ohio Constitution from Citizens for Property Tax Reform, "Abolishment of Taxes on Real Property", proposing to add a new Section 14 to Article XII of the Ohio Constitution abolishing taxes on real property. The proposed amendment is limited to the abolishment of real property taxes and does not address any implications of that. In order to appear on the ballot, the petitioners must collect signatures from registered voters equal to at least 10% of the vote cast in the most recent gubernatorial election. Those signatures must come from voters in at least 44 of Ohio's 88 counties, and for each of those counties the number must equal at least 5% of the vote cast in the most recent gubernatorial election. If sufficient signatures are verified by the Ohio Secretary of State's Office at least 65 days before the election, the full text of the proposed amendment would be placed on the ballot at the next regular or general election that occurs subsequent to 125 days after the filing of such petition. At soonest, the proposed amendment could appear on the ballot at the November 3, 2026 election; however, there can be no assurance when or if the proposed amendment would be on the ballot.

On July 21, 2025, Governor DeWine formed, and announced the membership of, a Property Tax Reform Working Group. The Working Group, informally announced during the Governor's signing of the 2025 Budget Act and his related veto message, is tasked with examining issues related to how to provide meaningful property tax relief to homeowners and businesses while ensuring that funding for local schools, fire, police, EMS, libraries, and developmental disabilities is adequate. The Governor is asking the Working Group to issue a report with concrete proposals by September 30, 2025.

COVID-19 Pandemic

The spread of the strain of coronavirus commonly known as COVID-19 (COVID-19 or the Pandemic) began altering the behavior of businesses and people early in Fiscal Year 2020 in a manner that had negative effects on global, state and local economies and, in turn, on state and local governments and their revenues and expenses.

As the initial effects of the Pandemic became known, the City actively monitored its revenue collections and implemented certain mitigation and expense reduction measures. As a part of its response to the Pandemic, the federal government provided assistance under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and other legislation to assist states in addressing the adverse impacts of COVID-19.

The amounts of the reductions (and any offsets) in any local tax sources, additional grant assistance received as well as both Pandemic-related expenses and any operational cost savings experienced by the City in Fiscal Years 2020 and 2021, are all taken into account in the information provided in this Annual Information Filing. See, e.g., **Municipal Income Tax, State Local Government Assistance Funds and Appendix A.**

LITIGATION

To the knowledge of the appropriate City officials, no litigation or administrative action or proceeding is pending restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, or the levy and collection of taxes to pay the debt charges on the Bonds, or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, signed or delivered, or the validity of the Bonds. No petitions for referendum with respect to the Authorizing Legislation or any other measure authorizing the payment of or security for the Bonds, or the carrying out of the government purposes to which the Bond proceeds are to be applied, and no petitions seeking to initiate any measure affecting the same or the proceedings therefor, have been filed. The City will deliver to the Underwriter a certificate to that effect at the time of original delivery of the Bonds to the Underwriter.

The City is a party to various legal proceedings seeking damages or injunctive or other relief and generally incidental to its operations. These proceedings are unrelated to the Bonds or the security for the Bonds, or the permanent improvements being financed. The ultimate disposition of these proceedings is not now determinable, but will not, in the opinion of the Director of Law, have a material adverse effect on the Bonds, the security for the Bonds, or those improvements or the City's operating revenues.

Under current Ohio law, City money, accounts and investments are not subject to attachment to satisfy tort judgments in State courts against the City.

See also **General Information - City Facilities; Insurance.**

LEGAL MATTERS

Certain legal matters incident to the issuance of the Bonds and with regard to certain tax matters (see **Tax Matters**) are subject to the opinion of Squire Patton Boggs (US) LLP, Bond Counsel to the City. The signed legal opinion of Bond Counsel, substantially in the form attached hereto as **Appendix D**, dated and premised on law in effect on the date of issuance of the Bonds, will be delivered on the date of issuance of the Bonds. The text of the opinion to be delivered may vary from the text as set forth in **Appendix D** if necessary to reflect facts and law on the date of issuance. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date.

Squire Patton Boggs (US) LLP, in its capacity as Bond Counsel, has drafted those portions of this Official Statement under the captions **Certain Terms of the Bonds** (excluding certain information concerning the book-entry system there and in **Appendix E**), **Security and Sources of Payment** and **Tax Matters**.

Squire Patton Boggs (US) LLP, both in its capacity as Bond Counsel and Disclosure Counsel to the City, and others, including the Municipal Advisor, have assisted the City with its preparation of certain other portions of this Official Statement and participated with responsible City officials and staff in telephone conferences where other statements and information contained in this Official Statement were reviewed for accuracy and completeness. Bond Counsel and Disclosure Counsel and those other parties, however, have not been engaged to, and will not, independently confirm or verify such statements or information or any other statements or information provided by the City or others, and will not be responsible for the accuracy, completeness or fairness of any such statements or information or any other reports, financial information, offering or disclosure documents or other information pertaining to the Bonds that may be prepared or made available by

the City or others to potential or actual purchasers of the Bonds, to owners of the Bonds, including Beneficial Owners, or to others.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinions or advice are rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion or letter guarantee the outcome of any legal dispute that may arise out of the transaction.

In addition to rendering its opinion, Squire Patton Boggs (US) LLP will assist in the preparation of and advise the City concerning documents for the bond transcript. The City has also retained the legal services of that law firm from time to time as special counsel in connection with matters that do not relate to City financings. Squire Patton Boggs (US) LLP also serves and has served as bond counsel for one or more of the political subdivisions that the City territorially overlaps.

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the Code), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the City's certifications and representations or the continuing compliance with the City's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (IRS) or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the City may cause loss of such status and result in the interest on the Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The City has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excluded from gross income

for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market value of the Bonds.

Interest on the Bonds may be subject: (1) to a federal branch profits tax imposed on certain foreign corporations doing business in the United States; (2) to a federal tax imposed on excess net passive income of certain S corporations; and (3) to the alternative minimum tax imposed under Section 55(b) of the Code on "applicable corporations" (within the meaning of Section 59(k) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Prospective purchasers of the Bonds upon their original issuance at prices other than the respective prices indicated on the Cover, and prospective purchasers of the Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest or other income on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in

the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax that was in effect at that time, and eliminated the tax-exempt advance refunding of tax-exempt bonds and tax-advantaged bonds, among other things. Additionally, investors in the Bonds should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of holders to sell their Bonds in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Bonds (Discount Bonds) may be offered and sold to the public at an original issue discount (OID). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the issue price (described above) for that Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds (Premium Bonds) may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

ELIGIBILITY FOR INVESTMENT AND AS PUBLIC MONEY SECURITY

To the extent that the matter as to the particular investor is governed by Ohio law, and subject to any applicable limitations under other provisions of Ohio law, the Bonds are lawful investments for banks, savings and loan associations, credit union share guaranty corporations, trust companies, trustees, fiduciaries, insurance companies (including domestic for life and domestic not for life), trustees or other officers having charge of sinking and bond retirement or other funds of the State and State subdivisions and taxing districts, the Commissioners of the Sinking Fund, the Administrator of Workers' Compensation, and State retirement systems (Teachers, Public Employees, Public School Employees, and Police and Fire), notwithstanding any other provisions of the Revised Code or rules adopted pursuant to those provisions by any State agency with respect to investments by them.

The Bonds are acceptable under Ohio law as security for the repayment of the deposit of public money.

Beneficial Owners of the Bonds should make their own determination as to such matters as legality of investment in or pledgability of book-entry interests.

RATING

The City has applied for a rating on the Bonds from S&P Global Ratings (S&P). The rating has not been assigned as of this date. The City expects that the rating will be available on or before the sale date of the Bonds. No application for a rating has been made by the City to any other rating service.

The rating, when available, reflects only the views of the rating service, and any explanation of the meaning or significance of the rating may only be obtained from the rating service. The City furnished to the rating service certain information and materials, some of which may not have been included in this Official Statement, relating to the Bonds and the City. Generally, rating services base their ratings on such information and materials and on their own investigation, studies and assumptions.

There can be no assurance that a rating, when assigned, will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating service if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market value of the Bonds.

The City expects to furnish the rating service with information and materials that may be requested. The City, however, assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Bonds.

TRANSCRIPT AND CLOSING CERTIFICATES

A complete transcript of proceedings and a certificate (described under **Litigation**) relating to litigation will be delivered by the City when the Bonds are delivered by the City to the Underwriter. The City at that time will also provide to the Underwriter a certificate, signed by the City officials who sign this Official Statement and addressed to the Underwriter, relating to the accuracy and completeness of this Official Statement and to its being a “final official statement” in the judgment of the City for purposes of SEC Rule 15c2-12(b)(3).

CONTINUING DISCLOSURE AGREEMENT

The City has agreed, for the benefit of the holders and Beneficial Owners from time to time of the Bonds, in accordance with SEC Rule 15c2-12 (the Rule), to provide or cause to be provided to the Municipal Securities Rulemaking Board such annual financial information and operating data, audited financial statements and notices of the occurrence of certain events in such manner as may be required for purposes of paragraph (b)(5)(i) of the Rule (the Continuing Disclosure Agreement). See **Appendix F** for the proposed form of the Continuing Disclosure Agreement. The foregoing information, data and notices can be obtained from:

Jina E. Alaback
Director of Finance
City of North Canton, Ohio
145 North Main Street
North Canton, Ohio 44720
Telephone: 330-499-8223
E-Mail: jalaback@northcantonohio.gov

The performance by the City of the Continuing Disclosure Agreement will be subject to the annual appropriation by the City of any funds that may be necessary to perform it. The Continuing Disclosure Agreement will remain in effect only for such period that the Bonds are outstanding in accordance with their terms and the City remains an obligated person with respect to the Bonds within the meaning of the Rule.

The City has previously made other continuing disclosure agreements for purposes of the Rule. The Director of Finance is the designated person within the City charged with ensuring the City's compliance with its continuing disclosure agreements. The City engages Disclosure Counsel on an annual basis to assist it in meeting the requirements of its continuing disclosure agreements.

The City believes that, within the last five years, it has complied in all material respects with its prior continuing disclosure agreements.

MUNICIPAL ADVISOR

The City has retained Sudsina & Associates, LLC (the Municipal Advisor), to provide financial advice in connection with the City's issuance of the Bonds and the refunding of the Refunded Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the Underwriter), at a price of \$ _____. The aggregate initial offering price of the Bonds is \$ _____; therefore, the gross underwriting spread is \$ _____. In the Bond Purchase Agreement between the Underwriter and the City, from the purchase price, the Underwriter has agreed to wire funds to the Bond Registrar at closing for further distribution by the Bond Registrar at closing to pay certain costs of issuance of the Bonds (\$ _____).

The Underwriter has provided the information in this Official Statement pertaining to the Offering Prices and to the offering of the Bonds in the seventh paragraph of **Regarding This Official Statement**. As noted in that paragraph, the Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing into investment trusts) and others at prices lower than the Offering Prices. The Offering Prices may be changed after the initial offering by the Underwriters. The purchase of the Bonds by the Underwriter is subject to certain conditions and requires that the Underwriter will purchase all of the Bonds, if any are purchased.

The Underwriter and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriter and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City.

BOND REGISTRAR

The Huntington National Bank will act as bond registrar, paying agent, transfer agent and authenticating agent for the Bonds (the Bond Registrar). The Bond Registrar will keep all books and records necessary for registration, exchange and transfer of the Bonds, in accordance with the terms of agreements between it and the City. The Bond Registrar is a national banking association. It has designated its Columbus, Ohio corporate trust office in connection with the Bonds.

The Huntington National Bank acts in a similar capacity in connection with other bonds of the City and as a depository of City funds.

On June 6, 2025, Argent Institutional Trust Company (“AITC”), a Tampa, Florida-based trust company and an affiliate of Argent Financial Group, Inc. (“Argent”), announced that it has entered into a definitive agreement to acquire the corporate trust and institutional custody business of The Huntington National Bank. The acquisition is expected to be effective as of August 31, 2025. Upon completion of such acquisition, AITC shall become the successor Bond Registrar under the Bond Registrar Agreement between the City and the Bond Registrar and shall succeed to the rights, powers, duties, immunities and privileges as its predecessor without the execution or filing of any paper or any further act on the part of the parties to the Bond Registrar Agreement.

THE CITY

GENERAL INFORMATION

The City is located in Stark County in northeastern Ohio, approximately 54 miles southeast of the City of Cleveland. It was incorporated as a village, then known as New Berlin, in 1831, and became a city in 1962.

In the 2020 Census classifications, the City was in the Canton-Massillon Metropolitan Statistical Area (MSA), comprised of the two counties of Carroll and Stark. Only limited statistics are now available for the new MSA.

The City's 2020 population of 17,244 placed it as the second largest city in the County. The U.S. Census Bureau estimates that the City's 2023 population was 17,773. See **Economic and Demographic Information – Population**.

The City's area is approximately 6.73 square miles. Land use, as measure by the assessed value of real property, is present in the following table:

	Percent of Assessed Valuation of Real Property
Residential/Agricultural	76.8%
Commercial/Industrial/Other	20.6
Public Utility	2.6
Undeveloped	(a)

(a) Included in above categories.

Source: County Auditor.

The City of North Canton has some of the best transportation linkages in the region. The City is located along the I-77 corridor and is immediately accessible to four freeway interchanges. Public mass transit for the area is provided by the SARTA. (Stark Area Regional Transit Authority). The community is located within minutes of the Akron-Canton Airport, providing passenger and freight service to destinations nationwide. Cleveland Hopkins International Airport is located 56 miles northwest of the City.

The Akron-Canton Airport (the Airport), a cooperative effort of Stark County and Summit County, has an operational area of 2,800 acres, immediately off of I-77. The Airport is served by four commercial airlines, American Airlines, Allegiant Air, Breeze Airways and United Airlines, and provides passenger, cargo and general aviation transport facilities. The Airport served approximately 760,000 total passengers in 2024, up from 687,000 in 2023. It is projected to serve nearly 800,000 passengers in 2025.

Two daily newspapers and one weekly newspaper serve the area. The City is within the broadcast area of Cleveland and Akron television stations and numerous AM and FM radio stations. Multi-channel cable TV service, including educational, governmental and public access channels, is provided by Spectrum.

The City is home to Walsh University, a private four-year university. Also nearby are two other private four-year schools, the University of Mount Union and Malone University. Stark

State College of Technology and a branch of Kent State University and Ashland University also are located in the County. Aultman College in nearby Canton offers degrees in nursing, radiography, health sciences and social work, and branches of Kent State University and Ashland University are also located in the County. Within commuting distance are a number of other public and private two-year and four-year colleges and universities, including Kent State University (with its main campus in the City of Kent and a branch in Tuscarawas County); Cleveland State University, Cuyahoga Community College, John Carroll University, Baldwin-Wallace University and Case Western Reserve University in the Cleveland metropolitan area; the University of Akron in Akron; The College of Wooster, Ashland University, Hiram College and Youngstown State University. Northeast Ohio Medical University, a State-assisted medical college, is located in nearby Portage County.

Medical care is available to the community through Aultman Hospital and Cleveland Clinic Mercy Hospital. Akron area medical centers include Summa Health System, Cleveland Clinic Akron General Medical Center and Akron Children's Hospital Medical Center. The community is also served by facilities of the University Hospitals Health System in Cleveland and other facilities of the Cleveland Clinic Health System. Aultman Hospital, Akron Children's Hospital and Cleveland Clinic Mercy Hospital have constructed medical centers in the City to provide immediate care, pediatric care, out-patient examination and surgery and specialized care in the area of sports-medicine.

Park systems of the County and the City are readily accessible to residents. The City operates 14 parks and recreational facilities, including three large community parks, seven neighborhood parks, Bitzer Park in the Town Square, the North Canton Civic Center, and Arrowhead Golf and Events Center. Other recreational facilities include the Dogwood Swimming Pool and Spray Park and the Hoover Community Recreation Complex which includes a hiking/biking trail and is home to the North Canton Little League Ball Fields. Arrowhead Golf and Events Center and the North Canton Civic Center are owned by the City but are operated under a management agreement by a private golf course operator and events manager.

The County's Park District administers a seven-park system with an area of approximately 475 acres. In addition, Quail Hollow State Park, a 703-acre park with scenic woodland trails, gardens and a 40-room manor operated by the State Department of Natural Resources, is located approximately 10 miles from the City.

The County is the home of the National Professional Football Hall of Fame and Hall of Fame Village.

Additionally, the City is within a short drive of many cultural activities in the cities of Canton, Akron, Cleveland and Pittsburgh.

Professional sports are available at various facilities located in the City of Cleveland. The Gateway Sports Complex, located in the central business district of the City of Cleveland, includes Progressive Field, home of the Cleveland Guardians professional baseball franchise of the American League of Major League Baseball, and the Rocket Arena, home of the Cleveland Cavaliers professional basketball franchise of the National Basketball Association. Huntington Bank Field, located on the lakefront in downtown Cleveland, is the home of the Cleveland Browns professional football franchise of the National Football League.

Canal Park, a minor league baseball stadium that is home to the Akron RubberDucks, a Class AA affiliate of the Cleveland Guardians, is located in downtown Akron.

City Government

The City operates under and is governed by the mayor-administrator-council form of government in accordance with general laws. Under the Ohio Constitution, the City may exercise all powers of local self-government, and police powers to the extent not in conflict with applicable general laws.

The City operates under and is governed by its Charter, adopted by the voters in 1960 and which has been and may be amended by the voters from time to time. The Charter provides for a Mayor-Administrator-Council form of government. The City is also subject to some general laws applicable to all cities. Under the Ohio Constitution the City may exercise all powers of local self-government and police powers to the extent not in conflict with applicable general laws.

Legislative authority is vested in a seven-member Council, of whom three are elected at-large and four are elected from wards, each for two-year terms. The Council fixes compensation of City officials and employees, and enacts ordinances and resolutions relating to the City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The presiding officer is the President, who is elected by the Council for a one-year term. The Charter establishes certain administrative departments; the Council may establish divisions of those departments, and additional departments.

The City's chief executive officer is the Mayor, who is elected by the voters specifically to that office for a two-year term.

The Mayor appoints, subject to the approval of Council, the Director of Administration. The Mayor also appoints members to a number of boards and commissions.

The Mayor may veto any legislation passed by the Council. A veto may be overridden by an affirmative vote of five or more members of the Council.

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All elected officials serve part-time. The current elected officials, and some of the major appointed officials, are:

ELECTED

Office	Name	Years in Office	Years Service with the City	Vocation in Private Life
Mayor	Matthew Stroia*	<1	6	Accounting/Financial Planning
Members of Council				
Ward 1	Jamie McCleaster	4	4	Pharmaceuticals
Ward 2	David Metheney	4	4	New Brands Manager
Ward 3	Melissa Owens	2	2	Leadership Coach
Ward 4	John Orr	4	4	Director of Sales & Business Development
At Large	Stephanie Werren(a)	13	13	Leadership Coach
At Large	Christina Weyrick	4	4	Community Relations Manager
At Large	[Vacant]			

(a) President of Council.

(b) The Vice President of Council position is currently vacant.

* As of July 25, 2025, Stephan B. Wilder, the City's previous Mayor of six years retired. Pursuant to the City's Charter, in such event, the then President of Council assumes the position of Mayor for the remainder of the mayoral term. Thus, as of that date, Matthew Stroia, who had served on City Council for six years, assumed the office of Mayor, leaving a vacancy on Council until such time as Council appoints a successor Council member. Also, at that time and pursuant to the City Charter, Stephanie Werren, as the then Vice President of Council, assumed the position of President of Council. Council has not yet appointed a successor Vice President of Council.

APPOINTED

Office	Name	Years in Position	Years Service with the City	Vocation in Private Life
Clerk of Council	Liam Ott	1	2	Full-time position
Director of Finance	Jina E. Alaback	1	13	Full-time position
Director of Administration	Catherine Farina	6	6	Full-time position

The present terms of all elected officials expire on November 30, 2025. The Director of Administration serves at the pleasure of the Mayor. The Clerk of Council and Director of Finance serve at the pleasure of the City Council.

Employees

The City has 114 full-time and 36 part-time employees. The number of full-time employees has increased by 19 since December 31, 2020.

A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining.

Full-time employees are represented by the following bargaining units:

Bargaining Unit	Agreement Duration	Number of Employees
Services & Clerical	3 years: 5/1/2025-4/30/2028	23
Water Plant Operations	3 years: 7/1/2025-6/30/2028	6
OPBA-Dispatcher's/Chief Dispatcher	3 years: 1/1/2024-12/31/2026	7
IAFF-Firefighter & EMS	3 years: 1/1/2025-12/31/2027	20
FOP-Lieutenants & Sergeants	3 years: 1/1/2024-12/31/2026	6
OPBA-Patrolman	3 years: 1/1/2024-12/31/2026	18

The remaining full-time City employees have not elected to join a bargaining unit.

The Council by ordinance establishes salaries, wages and other economic benefits for City employees, the terms of which generally are the products of negotiations with representatives of the employees or bargaining unit.

In the City's judgment, its employee relations have been and are good.

The City is self-insured for employee health insurance benefits. The City purchases stop-loss coverage for claims in excess of \$60,000 per covered individual per year with a lifetime maximum of \$1,000,000. Employees contribute 11% of the COBRA rate towards their health insurance premiums. The City offers a high deductible plan and a traditional PPO plan with separate co-insurances, deductibles and out-of-pocket maximums for network and out-of-network providers.

Retirement Expenses

Present and retired employees of the City are covered under two statewide public employee retirement (including disability retirement) systems. The Ohio Police and Fire Pension Fund (OP&F) covers uniformed full-time members of the police and fire departments. Part-time firefighters are covered by Social Security. All other eligible City employees are covered by the Ohio Public Employees Retirement System (OPERS).

OPERS and OP&F are two of five statewide public employee retirement systems created by and operating pursuant to Ohio law, all of which currently have unfunded actuarial accrued liabilities. The General Assembly has the power to amend the format of those systems and to revise rates and methods of contributions to be made by public employers and their employees and eligibility criteria, benefits or benefit levels for employee members. In 2012, the General Assembly passed five separate pension reform measures intended to assist each of the five retirement systems in addressing its unfunded actuarial accrued liabilities. The reform legislation passed with respect to OPERS and OP&F provided for (i) no change in the City contribution rates with respect to its employees' earnable salaries, (ii) no change in OPERS employee contribution rate, and (iii) an increase in the OP&F employee contribution rate from 10% to 12.25% in annual increments of 0.75% that began on July 2, 2013. With certain transition provisions applicable to certain current employees, the reform legislation has, among other changes, increased minimum age and service requirements for retirement and disability benefits, revised the calculation of an employee's final average salary on which pension benefits are based to include the five highest years (rather than the three highest years), provided for OPERS pension benefits to be calculated on a lower, fixed formula, changed provisions with respect to future cost-of-living adjustments to limit those adjustments to the lesser of any increase in the Consumer Price Index or three percent. The OP&F reform legislation also authorizes the OP&F board to further adjust member contribution rates or further adjust age and service requirements after

November 1, 2017, if, after an actuarial investigation, the board determines that an adjustment is appropriate.

For further information on these pension plans, see the Notes to the Fiscal Year 2023 Financial Statements. Financial and other information for OPERS and OP&F can also be found on the respective website for each retirement system including its Comprehensive Annual Financial Report.

As of December 31, 2023, the City had the net pension liability reported and explained in the Notes to the Fiscal Year 2023 Financial Statements attached as **Appendix C-1**.

In Fiscal Year 2024, City employees covered by OPERS contributed at a statutory rate of 10.0% of earnable salary. As the employer, the City's statutory contribution rate for those employees was 14.0% of the same base. City employees covered by OP&F contributed at a statutory rate of 12.25% of earnable salary. As the employer, the City's statutory contribution rates, applied to the same base, are 19.5% for police personnel and 24.0% for fire personnel. These employee and employer contribution rates have been and are now the maximums permitted under current State law.

The City's annual basic financial statements have reflected a net pension liability determined in accordance with GASB Statement No. 68 and GASB Statement No. 71, since they were implemented beginning for Fiscal Year 2015. The City's net pension liability as of December 31, 2023 is reported and explained in the Notes to the Fiscal Year 2023 Financial Statements attached as **Appendix C-1**.

The City's current employer contributions to OPERS and OP&F, and the payments toward the accrued OP&F liability, have been treated as current expenses and included in the City's operating expenditures.

Federal law requires City employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, City employees who are covered by a State retirement system are not currently covered under the federal Social Security Act. OPERS and OP&F are not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

City Facilities; Insurance

The City owns several buildings which serve a variety of municipal purposes. The buildings include a municipal building which houses all administrative offices including the Mayor and Administrator, Council, law, finance, engineering, permits and inspection offices and Police Department; a fire station and an EMS station; a parks and maintenance garage; Water Treatment Plant; and a service center. The proceeds of the Bonds will be used to consolidate the fire and EMS stations in a new fire station. It is anticipated that, upon completion of that project, the currently existing fire station will be sold and the EMS station will be repurposed.

The City also owns several recreational facilities, including the North Canton Civic Center and Dogwood Pool which is open during the summer and is accessible to City residents through pool memberships or with a daily admission fee. The City purchased in 2003 Arrowhead Country Club and golf course. This facility is managed by a professional golf course operator/events manager and is open to the public.

The City currently carries real property and contents casualty insurance in the amount of \$81,167,735, with a deductible of \$15,000. The City holds \$1,000,000 of general liability

insurance per occurrence with a \$0 deductible for each loss. The City also carries public official and employee liability insurance coverage with a \$1,000,000 limit of liability with a \$10,000 deductible for each loss. The City also maintains a variety of liability insurance coverages with varying deductibles. The City holds a cyber liability policy based on specific coverage areas in liability, breach response, cyber crime and business loss.

Economic and Demographic Information

Population

Recent Census population has been:

Year	City	County	MSA
1970	15,228	372,210	393,789
1980	14,228	378,823	404,421
1990	14,748	367,585	394,106
2000	16,369	378,098	406,934
2010	17,488	375,586	404,422
2020	17,244	371,516	398,711
2023(est.)	17,773	373,764	400,495

2023 Census figures show the following breakdown by age groups of the population of the City:

Under 5	5-14	15-19	20-24	25-44	45-54	55-59	60-64	65+	Total
686	1,851	1,168	1,275	4,029	2,084	1,090	1,191	4,399	17,773

Educational attainment for the City's, the County's and the MSA's population (25 years or older) is set forth in the following table.

	City		County		MSA	
Less than 9th Grade	97	0.7%	4,399	1.7%	5,815	2.1%
9th to 12th Grade (no diploma)	185	1.4	17,035	6.5	15,065	5.4
High School graduate (includes GED)	3,671	28.3	89,402	34.1	106,233	37.8
Some college, no degree	2,787	21.5	54,339	20.7	58,815	20.9
Associate degree	1,279	9.9	27,671	10.5	27,272	9.7
Bachelor degree	3,135	24.2	46,854	17.9	44,111	15.7
Graduate or professional degree	1,801	13.9	22,685	8.6	24,078	8.6

Source: U.S. Census Bureau Selected Source Characteristics in the United States 2019-2023.

Industry and Commerce

The City of North Canton is in close proximity to the cities of Canton, Akron and Cleveland, where residents benefit from employment and recreational opportunities. The City also has strong infrastructure, with easy access to several railroads, I-77, I-76, I-71, I-80, I-271, I-277,

I-480 and the Akron-Canton Regional Airport for commerce and travel. Additionally, the City is only a two hour drive away from Pittsburgh and Columbus, two large and thriving cities.

North Canton has experienced a growing economy, despite the loss of the Hoover Company in 2007. The City has since filled the job losses seen by Hoover's departure and did not experience a large loss in income tax receipts. In fact, income tax receipts are currently above their pre-Hoover departure level. The City has turned the vacant Hoover Company facility into what is now known as the Hoover District. The Hoover District is a 70-acre mixed-use redevelopment area centered on the site of the Hoover Company's former corporate campus and industrial complex. The complex contains over 1.5 million square feet of commercial, industrial, and (proposed) residential development under roof. The District includes Diebold-Nixdorf's world headquarters, a Fortune 1000 company, with over 600 office and manufacturing employees based in North Canton. The company is located in the heart of the Hoover District, and has recently completed a 160,000 square foot expansion of its facilities to house its training, customer service, research & development, and other back-office support positions, as well as many of the company's manufacturing and administrative functions. The District also houses the offices of the Ohio Bureau of Worker's Compensation along with a variety of other companies and small businesses. In early 2025, several hundred workers who were previously working remotely returned to work in the District, providing additional local income tax revenue.

The City continues to work closely with Industrial Realty Group (IRG), the master developer and owner of the Hoover District, on the renovation and adaptive reuse of the historic Hoover West Factory building. Current plans call for the creation of 226 market-rate apartments, along with 45,000 square feet of commercial space. The developer has received Historic Preservation Tax Credits from the Ohio Department of Development, has a Tax Increment Financing (TIF) agreement with the city, and is currently pursuing financing to complete the project.

Another economic development focus for the City is the continued revitalization of Main Street. Main Street is the commercial spine of North Canton and contains much of the commercial activity and most of the City's small businesses, and has been a focal point for the City's land banking and economic development initiatives through its Community Improvement Corporation (CIC). Recent successes in the Main Street corridor include the sale of CIC-owned properties for a new Meijer store and the construction of nearly a dozen new retail businesses. The City actively partners with economic development drivers such as Team NEO, JobsOhio, and the Stark Economic Development Board to continue growing. The City also has several other areas of shovel-ready land available for development.

In addition to the successful Hoover District, the City has grown in several specific industries including medical, education and miscellaneous small commercial businesses. Some examples of this growth include Aultman Hospital and Mercy Medical Center. Another successful example of growth in education is Walsh University. Walsh University is a Catholic-based institution of higher learning that is continually expanding its physical presence in the community and completed the construction of approximately \$121 million in new nursing, business and science buildings as well as new residence halls during its last major capital campaign. Employment at Walsh is over 1,000 employees and student enrollment is over 2,100 students.

The remaining business community in North Canton is made up of approximately 330 businesses involved in banking, insurance, investment, software development, dental, and other personal services. Many of these businesses are housed in smaller office buildings along Main and Maple Streets. The City supports these businesses with strong partnerships with local business groups such as the North Canton Area Chamber of Commerce.

Additionally, the City can assist commercial office and industrial business development through the Community Reinvestment Area (CRA) and Enterprise Zone (EZ) tax incentive programs. North Canton also participates with the Stark Economic Development Board to provide larger financing opportunities via the Small Business Administration and State of Ohio 166 Loan Program.

Steel and Bearings. The world headquarters of TimkenSteel, renamed to Metallus Inc. (Metallus) in February 2024, is in the neighboring City of Canton. Founded in 1917 and established as a standalone public company in 2014, Metallus (NYSE:MTUS) is a provider of high-quality specialty steel, manufactured components and supply chain solutions. Metallus has its roots in continuously improving steel for one of the most demanding applications, bearings. Metallus has made almost \$400 million in capital investments in their respective complexes in the region since 2012, including a \$42 million office building at The Timken Research Center in Jackson Township (2013); \$85 million in capital improvements at The Timken Company's Faircrest and Gambrinus plants which have City of Canton addresses (2013); a \$220 million installation of the largest continuous vertical bloom caster in North America at its Faircrest plant (2014); and a \$40 million installation of an advanced quench-and-temper facility at its Gambrinus complex (2017). In 2024, it was announced that Metallus received \$3.5 million in grants from JobsOhio in support of its steelmaking plants in the region.

Over the past several years, Metallus has made numerous organizational changes to enhance profitable and sustainable growth. These company-wide actions included the restructuring of its business support functions, the reduction of management layers throughout the organization and other domestic and international actions to further improve the company's overall cost structure. Approximately 75 salaried positions were eliminated through restructuring actions in 2021. During this overall period of organizational changes, the company has eliminated approximately 290 salaried positions. In 2021, TimkenSteel idled its Harrison Steel Mill located in the City of Canton in a move that affected approximately 100 jobs. All steel melting and casting activities moved to the Faircrest Steel Mill also in the City of Canton and which has seen upgrades in recent years. Finishing operations and rolling mills in the Harrison plant continue operating.

Oil and Gas. Recent industrial and commercial activity in the County has included the formation of midstream companies to help produce, locate and explore the Utica Shale natural gas region (Utica Shale Region) in eastern Ohio. Chesapeake Energy built and opened regional field operations in Louisville to help develop their one million acre leasehold interest in the Utica Shale Region, a large portion of which is within 50 miles east and south of the County. In November 2018, all Chesapeake Energy's Ohio assets in the Utica Shale Region were purchased by Encino Acquisition Partners, a company comprised of Encino Energy and the Canada Pension Plan and Investment Board (Encino). Klingelhofer Management Group, or KMG, replaced Encino's headquarters with its headquarters post-COVID in 2022. KMG brought several of its businesses to the Louisville location, which has been renamed KMG Center. Five KMG entities — Alliance Crane & Rigging, DirtWorks Drainage, Advanced TechWorks and TerraWorks Property Management, and Special Power Sources LLC, relocated to the Louisville property.

Baker Hughes (now Byron Jackson Services) built and opened its regional well completion facility in the City of Massillon to frack and complete Chesapeake drilled wells. Midstream Access (now Williams Partners) has leased 70,000 square feet of office space in Jackson Township and partnered with Chesapeake Energy, now Encino Acquisition Partners, to develop the Kensington Syngeneic plant, located in Columbiana County, and the Scio fractionation plant, located in Harrison County, that represents a \$2.0 billion investment to process natural gas liquids in the Utica Shale Region.

Three transmission lines, the Rover, Nexus and Kinder Morgan pipelines have been constructed to natural gas products from the Utica Shale Region to western Ohio and Canada. Each passes through the County and affords the opportunity to serve chemical and plastics manufacturing concerns.

Stark State College of Technology, a public two-year technical college, partnered with the State to develop a \$10 million oil and gas training center in downtown Canton to provide education opportunities in the petroleum industry and related trades. Stark State College partners with several other community colleges in the Utica Shale and Marcellus regions to offer complement any oil and gas programs.

Healthcare. In 2019, Akron Children’s Hospital opened its 38,000 square-foot, \$13 million Health Center in the City.

In 2022, Cleveland Clinic Mercy Hospital in the City of Canton announced plans for a new cancer center, the latest change to the hospital after The Cleveland Clinic Foundation acquired the facility in 2021. A renovation of 25,000 square feet of open space on the second floor will house the cancer center, which will include hematology and oncology services, infusion therapy, radiation treatment, support services and a breast center for diagnosis, treatment and survivor care. The project will cost an estimated \$7 million.

Mercy Hospital has constructed medical centers in the City to provide immediate care, out-patient examination and surgery and specialized care in the area of sports-medicine.

In 2022, Aultman Hospital opened its 45,000 square foot, \$28 million Timken Family Cancer Center (the Center) in the City of Canton. Hallways connect the Center to the 13,000-square-foot Radiation Oncology Department, which was renovated as part of the Center’s project and received \$5 million in equipment upgrades. The Aultman Health Foundation put \$10 million toward the \$28 million Center and the balance came from community donations. The Timken Foundation, for which the Center is named, donated \$3 million.

Other Developments. Diebold Nixdorf, an ATM and self-checkout manufacturer, announced in January 2024 it will be leaving its headquarters in the City of Hudson in Summit County to consolidate its Northeast Ohio employees in one location in the City. The move will result in 100 more jobs moving to its operations in the City. The City location formerly housed the company’s manufacturing, research and development and logistics functions. As part of the move, Diebold expects to add space at the City location. Diebold had filed for bankruptcy in May 2023 and emerged from bankruptcy in August 2023.

The City, beginning in 2020, launched a land bank by acquiring over a dozen commercial properties for the purpose of controlled development including 30 acres surrounding and including a former K-Mart property. In April 2023, the City announced the sale of 24 acres of that property for the commercial development of four new business locations, including a new Meijer store, fuel station, Chic-Fil-A, Papa Bears Italian restaurant, Seargent Clean Car Wash, and a Seven Brew Coffee shop. The CIC currently owns and is marketing a prime 12.2 acre parcel in the Whipple Ave corridor, which is located along a heavily traveled arterial roadway, only a half mile from I-77. The site is a promising location for attracting new high-paying jobs to the City and its anticipated to bring in significant income tax revenue.

Employment and Income

The following table shows comparative employment and unemployment statistics for the indicated periods.

Year(a)	Employed in		Unemployment Rate			
	County	MSA	County	MSA	State(a)	U.S.(a)
2020	165,900	177,000	8.2%	8.2%	8.2%	8.1%
2021	169,500	180,900	5.5	5.5	5.1	5.3
2022	170,000	181,400	4.1	4.1	4.0	3.6
2023	172,200	183,900	3.9	3.9	3.5	3.6
2024	174,700	186,400	4.5	4.5	4.3	4.0
2025						
Jan.	172,500	184,100	5.7	5.7	5.3	4.0
Feb.	174,000	185,600	5.7	5.8	5.4	4.5
Mar.	176,400	188,100	5.6	5.6	5.2	4.2
Apr.(b)	175,800	187,400	5.2	5.2	4.9	3.9

(a) Not seasonally adjusted.

(b) Preliminary.

Source: Ohio Department of Job and Family Services – Bureau of Labor Market Information.

The following employers (private and public) have the largest work forces within the City (as of December 31, 2024):

Employer	Nature of Activity or Business	Approximate Number of Employees
Walsh University	Higher Education	1,015
North Canton City Schools	PreK-12 Education	889
Diebold Nixdorf, Inc.	Retail Technology	622
Meijer Stores Limited Partners	Grocery Superstore	586
Empower HR, LLC	Human Resources	370
Childrens Hospital Medical Center	Medical	339
The Tamarkin Company	Grocery	334
St. Luke Lutheran Home	Nursing Home	307
Trubridge, Inc.	Healthcare	242
Windsor Medical Center, Inc.	Senior Living Center	220

Source: Regional Income Tax Agency.

The 2023 median family and household incomes, as reported by the Census Bureau in its “2019-2023 American Community Survey 5-Year Estimates,” are set forth in the following table.

	2023 Median Income	
	Family	Household
City	\$93,333	\$72,193
County	83,609	65,740
MSA	83,112	65,666
State	86,508	66,990
United States	92,646	75,149

According to the Ohio Department of Taxation, the average federal adjusted gross income for residents within the North Canton City School District (which overlaps the City) filing Ohio personal income tax returns for calendar year 2022 (the most recent information available) was \$90,632, compared to the averages of \$112,498 for all Ohio school districts (for all tax returns filed, the 2022 State average for tax returns that indicated school districts was \$78,768) and \$68,511 for all school districts in the County.

The income per household in the City, the County and the MSA is estimated to be distributed as set forth in the following table.

Income and Benefits(a)	City		County		MSA	
Less than \$10,000	368	4.4%	7,127	4.6%	7,560	4.5%
\$10,000 to \$14,999	72	0.9	5,932	3.8	6,323	3.8
\$15,000 to \$24,999	576	7.0	12,786	8.2	13,905	8.3
\$25,000 to \$34,999	498	6.0	13,830	8.9	14,808	8.9
\$35,000 to \$49,999	872	10.5	19,373	12.5	20,758	12.4
\$50,000 to \$74,999	1,955	23.6	29,076	18.7	31,632	19.0
\$75,000 to \$99,999	1,243	15.0	22,101	14.2	23,685	14.2
\$100,000 to \$149,999	1,358	16.4	25,450	16.4	27,156	16.3
\$150,000 to \$199,999	630	7.6	10,804	7.0	11,505	6.9
\$200,000 or more	699	8.5	8,887	5.7	9,510	5.7

(a) In 2023 inflation-adjusted dollars.

Source: U.S. Census Bureau Selected Source Characteristics in the United States 2019-2023.

The U.S. Census Bureau also estimates that 6.2% of people in the City, 12.7% of people in the County and 12.7% of the people in the MSA have incomes that fall below the poverty level.

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Housing and Building Permits

The following is U.S. Census Bureau information concerning housing in the City, with comparative County and State statistics.

	2023 Median Value of Owner-Occupied Homes(a)	% Constructed Prior to 1940(a)	Number of Housing Units		% Change
			2010(b)	2023(a)	
City	\$194,200	8.8%	8,078	8,552	+5.5%
County	177,700	21.0	165,215	167,525	+1.4
State	183,300	19.3	5,127,508	5,251,209	+2.4

(a) Source: U.S. Census Bureau Selected Source Characteristics in the United States 2019-2023.

(b) Source: U.S. Census Bureau American Fact-Finder 2010 Census Redistricting Data (Public Law 94-171) Summary File.

County Auditor figures for average sale prices of residential property in the County and the City are shown in the following table.

Year	County	City
2020	\$190,981	\$203,399
2021	196,783	190,518
2022	241,173	320,420
2023	215,326	257,500
2024	235,454	278,400

The number and value of all building permits (including commercial, industrial, residential and public, remodeling, repairs and new construction) issued by the City are shown in the following table.

Year	Number	Value
2020	1,391	\$ 49,340,387
2021	1,506	27,769,358
2022	1,075	81,893,651
2023	1,845	109,071,503
2024	1,566	117,163,787

Utilities; Public Safety and Services

Water service within the City and certain areas outside the City are provided by the City's water system. The City has a water treatment plant and distributes the water directly to the consumers. Sewage collection and disposal is provided by the City to its residents. The City contracts with the City of Canton and Stark County for sewage disposal. Electricity is obtained from AEP, and natural gas is supplied by Enbridge Gas. Fire protection is provided by the North Canton Fire Department. Residential trash and recycling collection, which is sent to a landfill, is billed by the City and provided by Kimble Recycling and Disposal Services Ohio.

The Water System

The City passed an Ordinance to provide for an increase in water rates, commencing on June 1, 2022. The following table shows the increase in recent years:

Year	% Increase
2020	0%
2021	0
2022	5
2023	5
2024	5

An annual increase commensurate with Consumer Price Index shall apply to each of the above rates on June 1 of each years 2025 and 2026, unless amended by Council. It is the City's intention that the Water System be self-supporting from user charges and rates.

The following are the residential water rates for the years 2021-2025:

<u>Average Water Rate (per 1,000 gallons)</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Inside Residential	\$ 5.56	\$ 5.84	\$ 6.13	\$ 6.44	\$ 6.76
Outside Residential	\$10.47	\$10.99	\$11.54	\$12.12	\$12.73

Those rates have resulted in the following revenues:

Year	Water Revenues
2021	\$6,670,927
2022	6,889,965
2023	6,821,858
2024	7,199,586
2025	3,521,234*

*Reflects amount through June 30, 2025

FINANCIAL MATTERS

Introduction

The City's Fiscal Year corresponds with the calendar year.

The main sources of City revenue have been and are property and income taxes, and State distributions, as described below.

The responsibilities for the major financial functions of the City are divided among the Mayor, the Director of Finance (the Director of Finance), and the Council.

Other important financial functions include general financial recommendations and planning by the Mayor; budget preparation by the Mayor with the assistance of the Director of Finance; and express approval of appropriations by the Council.

The Director of Finance is the City's fiscal and chief accounting officer. Among that officer's duties are to keep the books and accurate statements of all moneys received and expended and of all taxes and assessments; at the end of each Fiscal Year, or more often if requested by the Council, to examine all accounts of City officers and departments; and not to allow the amount set aside for any appropriation to be overdrawn, or the amount appropriated for any one item of expense to be drawn upon for any other purpose, or a voucher to be paid unless sufficient funds are in the City treasury to the credit of the fund on which the voucher is drawn. The Director of Finance is responsible for receiving, maintaining custody of, investing and disbursing all City funds.

The Director of Finance has charge of the financial affairs of the City, including the keeping and supervision of all City accounts, except that the Treasurer has responsibility for the custody and disbursements of all City funds and moneys. The Director of Finance is appointed by the Mayor.

For property taxation purposes, assessment of real property is by the County Auditor subject to supervision by the State Tax Commissioner, and assessment of public utility and tangible personal property is by the State Tax Commissioner. Property taxes and assessments are billed and collected by County officials.

Budgeting, Property Tax Levy and Appropriations Procedures

Detailed provisions for budgeting, property tax levies and appropriations are made in the Revised Code, including a requirement that the City levy a property tax in a sufficient amount, with any other money available for the purpose, to pay the debt charges on securities payable from property taxes.

The law requires generally that a subdivision prepare, and then adopt after a public hearing, a tax budget approximately six months before the start of the next fiscal year. The tax budget then is presented for review by the county budget commission, which is comprised of the county auditor, treasurer and prosecuting attorney. However, a county budget commission may waive the requirement for a tax budget and require an alternative form of more limited information required by the commission to perform its duties. The Stark County Budget Commission has not waived the requirement or permitted an alternative form of a tax budget from the City.

The county budget commission then determines and approves levies for debt charges outside and inside the ten-mill limitation. The Revised Code provides that "if any debt charge is omitted from the budget, the commission shall include it therein."

The county budget commission then certifies to each subdivision its action on the tax budget together with the estimate by the county auditor of the tax rates outside and inside the ten-mill limitation. Thereafter, and before the end of the then Fiscal Year, the taxing authority (the Council in the case of the City) approves the tax levies and certifies them to the county auditor. The approved and certified tax rates are then reflected in the tax bills sent to property owners. Real property taxes are payable in two equal installments, the first usually in February and the second in July.

The Council may adopt a temporary appropriation measure in December and then, by April 1, a permanent appropriation measure for that Fiscal Year. Although called "permanent," the annual appropriation measure may be, and often is, amended during the Fiscal Year. Annual

appropriations may not exceed the County Budget Commission's official estimates of resources, and the County Auditor must certify that the City's appropriation measures do not appropriate money in excess of the amounts set forth in those estimates.

Financial Reports and Audits

The City maintains its accounts, appropriations and other fiscal records in accordance with the procedures established and prescribed by the Ohio Auditor of State (the State Auditor). The State Auditor is charged by law with the responsibility of inspecting and supervising the accounts and records of each taxing subdivision and most public agencies and institutions.

City receipts and expenditures are compiled on a cash basis, pursuant to accounting procedures prescribed by the State Auditor that are generally applicable to all Ohio political subdivisions. The records of these cash receipts and expenditures are converted annually for reporting purposes to a modified accrual basis of accounting for governmental funds and an accrual basis for proprietary funds. These accounting procedures conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Those principles, among other things, provide for a modified accrual basis of accounting for the general fund, all special revenue funds and the debt service (bond retirement) fund and for a full accrual basis of accounting for all other funds, and for the preparation for each fund of balance sheets, statements of revenues and expenditures and statements showing changes in fund balances.

The City has issued an Annual Comprehensive Financial Report (ACFR), or analogous predecessor report, including Basic Financial Statements, for each Fiscal Year since 1988. The CAFRs through Fiscal Year 2023 have been awarded the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting, which is awarded to those governmental reporting agencies that comply with the GFOA reporting standards.

Audits are made by the State Auditor, or by private auditing firms (CPAs) at the direction of that officer, pursuant to Ohio law and under certain federal program requirements. No other independent examination or audit of the City's financial records is made.

The most recent audit (including compliance audit) of the City's accounts was completed through Fiscal Year 2023. The Basic Financial Statements of the City for Fiscal Year 2023, set forth as **Appendix C-1**, have been audited by Perry & Associates, independent auditors, as stated in their report appearing in those statements. No material findings, citations or items for adjustment, or material weaknesses in internal controls, were noted as part of the audit.

Annual financial reports are prepared by the City and are filed as required by law with the State Auditor after the close of each Fiscal Year.

See **Appendix A** for an unaudited comparative budgetary-basis summary, prepared by the City, of General Fund receipts and expenditures for the last five Fiscal Years and budgeted for Fiscal Year 2025. All funds receipts and expenditures for the two prior Fiscal Years are set forth in **Appendix B**. See **Appendix C-1** for the City's audited Fiscal Year 2023 Financial Statements, and **Appendix C-2** for the City's unaudited Basic Financial Statements for Fiscal Year 2024. The City has not yet received the State Auditor's final executed report for Fiscal Year 2024, which is forthcoming. City officials anticipate the audit to be materially consistent with the unaudited information presented in the Official Statement and do not anticipate that the audit will contain any information that would materially adversely affect the City's financial condition. To the extent that the State Auditor releases the final executed report for Fiscal Year 2024 before the closing date of the Bonds, the City will post such final executed report on EMMA as soon possible.

The audited financial statements are public records, no consent to their inclusion is required, and no bring-down procedures have been undertaken by the private audit firm since their date.

Investments

Investments and deposits of City funds are governed by the Uniform Depository Law (Chapter 135 of the Revised Code) applicable to all subdivisions and by the City Charter and ordinances. The Director of Finance is responsible for those investments and deposits. Under recent and current practices, and the City's adopted investment policy, in addition to deposits evidenced by interest-bearing certificates of deposit, agencies, and money market investments through Meeder Public Funds Investments portfolio and The Huntington National Bank. See also Notes to the Basic Financial Statements in **Appendix C-1**.

The Director of Finance is responsible for the City's investments and is charged with the day-to-day responsibility of carrying out the investment objectives and practices of the City. Under recent and current practices, investments are made in direct obligations of the United States, obligations guaranteed by the United States (including obligations of certain federal agencies), certificates of deposit, repurchase agreements (with the underlying securities held on the City's behalf by third-party institutions or in the customer safekeeping account of the Federal Reserve account of the City's depository institutions), and certain of the City's own bonds and notes.

The City also invests in STAR Ohio (State Treasury Asset Reserve), which is an investment pool managed by the Ohio Treasurer of State. STAR Ohio is similar in concept to a registered investment company issuing redeemable securities, commonly called a "money market mutual fund." A treasurer, governing board or investment authority of a subdivision may deposit public money of the subdivision with the Treasurer of State. Subdivision is defined in Section 135.5(E)(2) of the Revised Code as any county, municipal corporation, school district, township, municipal or school district sinking fund, special taxing or assessment district and other district or local authority electing or appointing a treasurer. The Treasurer of State can invest the public money deposited in STAR Ohio in the same types of instruments as are provided for the investment of interim money of the State.

The City does not invest in any securities that would be characterized as derivatives or in reverse repurchase agreements and purchases all investments with the intent to hold to maturity.

The following table presents a summary of the City's investment portfolio as of December 31, 2024.

	Investments	% of Portfolio
FAMC	\$ 379,962	1.6%
FHLB	3,057,982	12.5
FHLMC	274,629	1.1
FFCB	3,268,344	13.4
U.S. Government money market	165,819	0.7
FNMA	631,079	2.6
Negotiable CD's	4,357,722	17.9
U.S. Treasury Note	9,137,987	37.4
STAROhio	3,121,150	12.8
Total	\$24,394,674	100%

Financial Outlook

The City's General Fund cash balance as of December 31 for each of the years 2020 through 2024 and projected for 2025 are shown in **Appendix A**.

The City's General Fund is supplemented by State shared revenues. The State Budget Act reduced certain sources of revenues historically provided by the State, including (i) Local Government Fund distributions (see **State Local Government Assistance Funds**), (ii) tangible personal property tax reimbursements (see **Ad Valorem Property Taxes and Special Assessments – Assessed Valuation**), and (iii) estate taxes (see **State Local Government Assistance Funds**). The City anticipated and planned for these reductions by budgeting conservatively and implementing cost reduction measures. The City expects actual revenues from these sources to be near forecast or slightly favorable in Fiscal Year 2025.

The City recently adopted a comprehensive, city-wide Capital Investment Plan. This 10-year plan provides the City with a strategic framework to prioritize investments, ensure fiscal responsibility, and proactively address infrastructure needs that support long-term community growth and resilience.

GENERAL FUND

The General Fund is the City's main operating fund, from which most expenditures are paid and into which most revenues are deposited. The General Fund receives money from many sources, but primarily from ad valorem property taxes and income taxes levied by the City and State local government assistance distributions. **Appendices A and B** provide further information regarding other revenue sources for the General Fund and other City funds.

AD VALOREM PROPERTY TAXES

Assessed Valuation

The following table shows the recent assessed valuations of property subject to ad valorem taxes levied by the City.

Collection Year	Real(a)	Public Utility(b)	Total Assessed Valuation
2021	\$435,100,990	\$13,229,830	\$448,330,820
2022(c)	495,135,120	14,095,330	509,230,450
2023	498,555,280	13,967,270	512,522,550
2024	502,963,170	15,716,940	518,680,110
2025(d)	650,687,520	16,610,090	667,297,610

(a) Other than real property of railroads. The real property of public utilities, other than railroads, is assessed by the County Auditor. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.

(b) Tangible personal property of all public utilities and real property of railroads; see footnote (a).

(c) Reflects triennial adjustment.

(d) Reflects sexennial reappraisal.

Source: County Auditor.

Taxes collected on “Real” property in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. “Public Utility” (real and tangible personal) 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.

Based on County Auditor records of assessed valuations for the 2025 collection year, the largest City ad valorem property taxpayers are:

Name of Taxpayer	Nature of Business	Total Assessed Valuation	% of Total Assessed
Maple Street IO LLC	Commercial Developer	\$ 7,346,940	1.46%
McKinley Development Leasing Co LTD	Commercial Developer	7,106,940	1.41
Versailles Gardens LTD	Residential Housing	4,110,230	0.82
West Tuscarawas Property Management LLC	Property Management	3,569,780	0.71
Albrecht Incorporated	Commercial Property	2,753,770	0.55
Sanctuary Grande Senior Living LLC	Assisted Living	2,712,500	0.54
Mullinax Ford of North Canton	Vehicle Sales	2,480,840	0.49
Berlin Commons LTD	Commercial Property	2,350,790	0.47
Waterford at St. Luke	Senior Living	2,334,260	0.46
Euro Development LTD	Business Development	2,196,250	0.44

Pursuant to statutory requirements for sexennial reappraisals, in 2024 the County Auditor adjusted the true value of taxable real property to reflect current fair market values. These adjustments were first reflected in the 2024 duplicate (collection year 2025) and in the ad valorem taxes distributed to the City in 2025 and thereafter. The County Auditor is required to adjust (but without individual appraisal of properties except in the sexennial reappraisal), and has adjusted, taxable real property value triennially to reflect true values. The County Auditor conducted such a triennial adjustment in 2021 (collection year 2022).

The “assessed valuation” of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its assessed value.

As indicated herein, the General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These tax credits apply only to certain voted levies on real property, and they do not apply to unvoted levies or to voted levies to pay debt charges on general obligation debt. None of the City’s tax levies are affected by these credits. These credits are discussed further following **Tax Table A**.

Overlapping Governmental Entities

The major political subdivisions or other governmental entities that overlap all or a portion of the territory of the City are listed below. The “() %” figure is that approximate percentage of a recent assessed valuation of the overlapping entity that is located within the City.

- The County (functions allocated to counties by Ohio law, such as elections, health and human services and judicial). (4.99%)
- Jackson Local School District which includes 1.69% of the territory within the City (K-12 educational responsibilities) (0.23%)
- A portion of the Plain Local School District is also included in the City (5.71%)
- North Canton City School District (45.03%)
- Township of Plain (3.32%) limited functions allocated to townships by Ohio law.
- Stark County Library District (public library (1.17%)
- Stark County Park District (4.99%)
- Muskingum Watershed Conservancy District (Conservancy District). (0.95%)

Source: OMAC.

Each of these entities operates independently, with its own separate budget, taxing power and sources of revenue. Only the County, school districts, and the JVSD may, as may the City, levy ad valorem property taxes within the ten-mill limitation (subject to available statutory allocation of the 10 mills) described under **Indirect Debt and Unvoted Property Tax Limitations**.

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Tax Rates

All references to tax rates under this caption are in terms of stated rates in mills per \$1.00 of assessed valuation.

The following are the rates at which the City and overlapping taxing subdivisions have in recent years levied ad valorem property taxes in that area of the City having the highest overlapping tax rate.

TAX TABLE A
Overlapping Tax Rates

Collection Year	City	County(a)	School District	Plain Township	Total
2021	7.40	14.00	86.60	0.10	108.10
2022	7.40	14.00	86.90	1.10	109.40
2023	10.70	14.00	85.60	1.10	111.40
2024	10.70	14.00	87.90	1.10	113.70
2025	10.70	14.00	87.20	1.10	113.00

(a) Includes the Park District and North Canton Library.

Source: County Auditor.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

- the proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year; and
- amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

The tax credit provisions do not apply to amounts realized from taxes levied at whatever rate is required to produce a specified amount or an amount to pay debt charges on voted obligations, or from taxes levied inside the ten-mill limitation or any applicable charter tax rate limitation. To calculate the limited amount to be realized, a reduction factor is applied to the stated rates of the levies subject to these tax credits. A resulting “effective tax rate” reflects the aggregate of those reductions, and is the rate based on which real property taxes are in fact collected. As an example, the total overlapping tax rate for the 2025 tax collection year of 113.00 mills within the City is reduced by reduction factors of 0.569468 for residential/agricultural property and 0.468728 for all other real property, which results in “effective tax rates” of 48.650198 mills for residential and agricultural property and 60.033737 mills for all other real property. See **Tax Table A**.

Residential and agricultural real property tax amounts paid by taxpayers generally have been further reduced by an additional 10% (12.5% in the case of owner-occupied residential property); however, legislation passed by the State’s General Assembly in 2013 eliminated such reductions for additional and replacement levies approved at elections after September 29, 2013, and for other taxes (or increases in taxes) not levied for tax year 2013. See **Collections** for a discussion of reimbursements by the State to taxing subdivisions for these reductions and related changes made by that State legislation.

The following are the rates at which the City levied property taxes for the general categories of purposes for the years shown, both inside and outside the ten-mill limitation.

TAX TABLE B
City Tax Rates

Inside the Limitation

Collection Year	Operating
2021	2.40
2022	2.40
2023	2.40
2024	2.40
2025	2.40

Voted

Collection Year	Total
2021	5.00
2022	5.00
2023	8.30
2024	8.30
2025	8.30

The voted levies for “Debt Retirement” continue for the life of the bonds authorized by the voters, in annual amounts sufficient to pay debt charges on those bonds as they become due.

See the discussion of the ten-mill limitation, and the priority of claim on that millage for debt charges on unvoted general obligation debt, under **Indirect Debt and Unvoted Property Tax Limitations**.

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The following table presents certain information concerning the City's voted property tax levies (except levies for voted bond issues).

<u>Millage Rate</u>				Last Collection Year
Voter Authorized	Levied for			
	<u>Collection Year 2025</u> Res./Agr.	All Other		
			Purpose	
1.50	0.841023	0.969634	Ambulance/EMS	2025*
1.80	1.372802	1.461400	Ambulance/EMS	2025*
1.00	0.560682	0.646423	Ambulance/EMS	Cont.
0.50	0.280341	0.323211	Fire	Cont.
1.00	0.560682	0.646423	Street Improvement	2025*
1.00	0.560682	0.646423	Storm Sewer	2025*
1.50	1.144002	1.217833	Fire	2025*

* Upon passage of Issue 4 in May 2025 to increase income tax rate from 1.5% to 2% effective January 1, 2026, City Council voted to retire the 1.0 mill Street Improvement Levy, replace the 1.0 mill Storm Sewer Levy with a tiered monthly assessment based on impervious surface area to be billed with utilities, and to rescind 1.5 mills fire levy and 3.3 mills Ambulance/EMS levies; thus the last year of collection has been limited to 2025.

Collections

The following are the amounts billed and collected for City ad valorem property taxes on real and public utility property for the tax collection years shown.

Collection Year	Current Billed	Current Collected	Current % Collected	Delinquent	
				Current	Accumulated
2020	\$2,917,747	\$2,905,663	99.59%	\$12,084	\$66,147
2021	2,955,374	2,919,202	98.78	36,172	68,515
2022	3,107,316	3,035,960	97.70	71,356	92,135
2023	4,813,287	4,738,266	98.44	75,021	99,244
2024	4,847,302	4,794,142	98.90	53,160	71,661

Source: County Auditor.

Included in the "Current Billed", "Current Collected" and "Current % Collected" figures above are payments made from State revenue sources under three Statewide real property tax relief programs – the Non-Business Credit, the Owner-Occupancy Credit and the Homestead Exemption.

The Non-Business Credit (formerly the "10% Rollback") and the Owner-Occupancy Credit (formerly the "2.5% Rollback") apply to all non-business properties, and reduces each property owner's ad valorem property tax liability as to certain "qualifying levies" by 10% and, if the property is owner-occupied and the owner does not claim any other property as a primary residence, an additional 2.5%, respectively. The Non-Business Credit and Owner-Occupancy Credit and related reimbursements have been eliminated with respect to new or replacement tax levies approved at elections after September 29, 2013. "Qualifying levies" include (i) levies approved at an election held before September 29, 2013, (ii) levies within the ten-mill limitation, (iii) levies provided for by the charter of a municipal corporation that were levied on the tax list for tax year 2013 and (iv) subsequent renewals and substitutes of such levies. See **Tax Rates**.

A Homestead Exemption is available for those who own and occupy a property as a primary residence as of January 1 in the year of application and (i) are 65 years of age or older, (ii) are totally or permanently disabled, (iii) are a military veteran with a 100% disability rating, (iv) already receive the Homestead Exemption, and have recently changed residence, or (v) a surviving spouse of a person who was totally or permanently disabled or 65 years of age or older, and had applied and qualified for a reduction of property taxes in the year of death, so long as the surviving spouse was not younger than 59 or older than 65 years of age on the date of their deceased spouses' death. Those qualifying for the Homestead Exemption for the first time in 2025 must have an Ohio Adjusted Gross Income of \$40,000 or less (the amount is annually adjusted for inflation). The Homestead Exemption exempts a portion (\$28,000 for tax year 2024, increased to \$56,000 for disabled veterans with a 100% disability rating or their surviving spouses, and for surviving spouses of public service officers killed in the line of duty, with each of those amounts adjusted annually for inflation) of the homestead's market value from taxation, thereby reducing the property owner's ad valorem property tax liability.

Payments to taxing subdivisions have been made in amounts approximately equal to the Non-Business Credit and Owner-Occupancy Credits and Homestead Exemptions granted. This State assistance reflected in the School District's tax collections for 2024 was \$284,056 for the Non-Business Credit and Owner-Occupancy Credit and \$103,929 for the Homestead Exemption.

Real property taxes are payable in two installments, the first usually by February and the second in July.

Special Assessments

The City on occasion conducts residential and other street improvements, which can include paving, resurfacing, draining, planting shade trees and constructing curbs, sidewalks, storm sewers, sanitary sewers and water lines. The cost of these improvements is paid in part from special assessments levied against the property benefiting from those improvements; the remaining cost is paid by the City. Unless all of the benefiting property owners petition to pay all costs, State law requires the City to pay at least 2% (plus the cost associated with intersections) of the total cost of the improvements.

Owners of benefiting properties may commence a street improvement project by filing a petition with City Council requesting the improvement. Alternatively, Council, with a three-quarter majority, may by resolution declare the necessity for such an improvement. The special assessment proceedings provide for notice to property owners and an opportunity for property owners to object to the special assessments. At the commencement of construction of the improvement, bond anticipation notes may be issued to pay the property owners' portion of the project cost. Following completion of the work and determination of final costs, the special assessments are levied by Council against the benefiting property. Special assessments not paid within 30 days are certified to the County Auditor for collection over a period of time (usually 10 to 20 years for most projects). Special assessments are billed by the County Auditor and collected by the County Treasurer along with and at the same time as real property taxes. The real property taxes levied on any property against which special assessments have been levied are not to be paid unless those special assessments are also paid.

If bond anticipation notes are issued to pay the property owner's portion of the project cost as described above, bonds may be issued in anticipation of the collection of the special assessments to refund (together with any cash payments of special assessments) those notes. The special assessments certified for collection bear the same interest as the bonds. Under State law, those bonds are to be paid from the anticipated special assessments, but they are also general

obligations of the City, payable from ad valorem property taxes to the extent not paid from those special assessments. See **City Debt and Other Long-Term Obligations – Statutory Direct Debt Limitations, Indirect Debt and Unvoted Property Tax Limitations** and **Debt Tables A and B**.

The following are the amounts billed and collected for City special assessments for the tax collection years shown.

Collection Year	Current Billed	Current Collected	Current % Collected	Delinquent	
				Current	Accumulated
2020	\$ 7,206	\$6,642	92.17%	\$564	\$ 564
2021	5,873	4,919	83.76	954	1,518
2022	5,833	4,872	83.52	961	1,309
2023	9,449	9,449	100.00	0	0
2024	19,930	19,393	97.30	537	591

Source: County Auditor.

Delinquencies

The following is a general description of delinquency procedures under Ohio law, the implementation of which may vary in practice among the counties. Under the Revised Code, taxes become a lien of the State on the first day of January, annually, and continue until the taxes, including any penalties, interest or other charges, are paid. Real estate taxes and special assessments that are not paid in the year they are due are to be certified by the county auditor's office as delinquent. Any amount of a previous tax bill not paid before new tax bills are mailed for the next half of the year is considered delinquent and becomes subject to a 10% penalty. A list of delinquent properties is compiled by the county auditor (the "delinquent land duplicate"). If delinquent taxes (and special assessments) are not paid within 60 days after a copy of the county auditor's delinquent land duplicate is delivered to the county treasurer, then the county treasurer is to enforce the lien of the State that attached on January 1 of the year the taxes first became payable. Under State law (Section 323.25 of the Revised Code), the county treasurer is to enforce the lien "in the same way mortgage liens are enforced," that is, by an action in the court of common pleas for foreclosure and sale of the property in satisfaction of the delinquency. If the county treasurer fails to bring an action to enforce the lien, then the State Tax Commissioner is to do so. In addition, one year after certification of a delinquent land list, the county prosecuting attorney is authorized to institute foreclosure proceedings in the name of the county treasurer to foreclose the lien.

The property owner may arrange a payment plan with the county treasurer providing for payments over a period not to exceed five years. If payments are made when due under the plan, no further interest will be assessed against delinquent balances covered by the plan; a default in any payment under the plan or in the payment of current taxes will invalidate the taxpayer's participation in the plan. If a payment plan is not adhered to or if none is arranged, foreclosure proceedings may be initiated by the county. Mass foreclosure proceedings and sales are permitted after three years' delinquency. Proceeds from delinquent property foreclosure sales become part of and are distributed as current collections to the taxing subdivisions.

In recent years, the State legislature has enacted several programs with respect to forestalling the foreclosure process or the forfeiture of property due to tax delinquency that may have the effect of delaying or eliminating the collection of certain property taxes. Notwithstanding the delay or loss of the tax revenues from those properties, an issuer of general obligation notes or

bonds, such as the City, remains obligated to pay the debt charges on those notes or bonds from the available revenues. See **Security and Sources of Payment**.

Of the 7,196 nonexempt parcels in the City for collection year 2024, the number of delinquent parcels was 61, against five of which foreclosure proceedings were commenced.

There was no one taxpayer that accounted for more than 5% of any of the delinquencies of ad valorem real property taxes or special assessments identified above for tax collection year 2024.

MUNICIPAL INCOME TAX

Ohio law authorizes a city or village to levy a municipal income tax on both business income and employee wages and salaries at a rate of up to 1.0% without voter authorization. An income tax rate in excess of 1.0% requires approval by the voters. In 1970, City electors authorized an additional income tax at the rate of 1.0%. The City, pursuant to Council action, currently levies the tax at the rate of 1.50%. This tax on business income and individuals' salaries and wages is collected and administered by the City. For taxable years beginning on or after January 1, 2018, taxpayers subject to a municipal net profit tax may elect to file one municipal net profit tax return that covers its total municipal net profit tax liability to all municipal corporations through the Ohio Business Gateway for processing by the Ohio Department of Taxation. The Ohio Department of Taxation will provide all administrative functions for those centrally-filed returns and will distribute payments to the appropriate municipalities, as well as address audits and appeals.

The tax is in effect for a continuing period of time. It could be reduced or terminated by action of the Council (unless restricted by a Charter provision), or by vote of the electors initiated by petition of 25% of the electors of the City who voted at the last preceding City general election, following charter amendment procedures. Under current law, the Council could reimpose a 1% tax without authorization by the electors.

Income tax proceeds, after payment of collection expenses, have been allocated by the Council for Fiscal Year 2022 was as follows: 30% to capital expenditures, including payment of debt charges, and 70% to the General Fund.

Annual income tax receipts (all at 1.50%) in recent years were:

Year	Receipts	Accumulated Delinquency
2020	\$ 8,975,383	\$169,390
2021	8,121,715	188,071
2022	9,669,045	381,698
2023	10,903,770	329,513
2024	11,126,948	453,686

Residents are currently permitted, as a credit against their City income tax liability, up to a maximum of 1.5% paid as municipal income tax on the same income in another municipal corporation.

Pursuant to a ballot issue approved by the voters of the City at an election held in May 2025, the City's income tax rate will increase from 1.50% to 2.00%, effective January 1, 2026.

No single employer contributed, by way of net profit and withheld income taxes, more than 5% of the City income taxes received in 2024.

Certain of the income subject to the City income tax is also subject to the State income tax.

Effective January 1, 2022, Ohio's 20-day rule — requiring employers to withhold municipal income taxes for the municipality in which an employee has worked for more than 20 days during the calendar year — was reinstated to the form in which it existed prior to COVID-19 era modifications (see **Investment Considerations - COVID-19 Pandemic**). If an employee has worked in a municipality 20 days or less during a calendar year, an employer is not required to withhold municipal income taxes for that municipality for that calendar year. An employee can only be considered working in one municipality per calendar day.

STATE LOCAL GOVERNMENT ASSISTANCE FUNDS

Statutory state-level local government assistance funds, comprised of designated State revenues, are another source of revenue to the General Fund. Most are distributed to each county and then allocated on a formula basis, or in some cases on an agreement basis, among the county and cities, villages and townships, and in some cases park districts, in the county. City receipts from those funds were.

Year	Receipts
2020	\$364,420
2021	416,280
2022	450,410
2023	434,626
2024	413,740

The amounts of and formula for distribution of these funds have been and may be revised from time to time.

CITY DEBT AND OTHER LONG-TERM OBLIGATIONS

The following describes the security for general obligation debt such as the Bonds, and applicable debt and ad valorem property tax limitations, and outstanding and projected bond and note indebtedness and certain other long-term financial obligations of the City.

As used in the discussions that follow, the term “BANs” refers to notes issued in anticipation of the issuance of general obligation bonds.

As further described below, the Bonds are:

- unvoted general obligations of the City, subject to the indirect debt and related property tax limitation (the ten-mill limitation tax limitation)
- subject to both the 5½% and 10½% direct debt limitations except those portions that are “exempted debt” (discussed below).

As used in the discussions that follow, the term “BANs” refers to notes issued in anticipation of the issuance of general obligation bonds.

The City has one issue of hospital facility revenue bonds for hospital facilities used by private nonprofit corporations. The City is not obligated in any way to pay debt charges on those bonds from any of its funds.

The City is not, and to the knowledge of current City officials has not in at least the last 25 years been in default in the payment of debt service on any of the bonds or notes on which the City is obligor. The City, however, makes no representation as to the existence of a condition of default resulting from a default by any private entity under any financing documents relating to industrial development or hospital revenue bonds for which the City was the issuer.

Security for General Obligation Debt; Bonds and BANs

The following describes the security for City general obligation debt: bonds (such as the Bonds) and bond anticipation notes (BANs).

Voted Bonds. The basic security for voted City general obligation bonds is the authorization by the electors for the City to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes, without limitation as to rate or amount, on all real and tangible personal property subject to ad valorem taxation by the City. These taxes are outside of the ten-mill limitation and are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on the voted bonds (subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities).

The City has no voted general obligation bonds outstanding.

Unvoted Bonds. The basic security for unvoted City general obligation bonds is the City's ability to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the City, within the ten-mill limitation described below. These taxes are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on unvoted general obligation bonds. The law provides that the levy necessary for debt charges has priority over any levy for other purposes within that tax limitation; that priority may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion, and to limitations on legal remedies against public entities. See the discussion under **Indirect Debt and Unvoted Property Tax Limitations** of the ten-mill limitation, and the priority of claim on it for debt charges on unvoted general obligation debt of the City and all overlapping taxing subdivisions.

The City has \$18,613,000* of unvoted general obligation bonds outstanding, including the Bonds.

BANs. BANs may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the BANs, or available funds of the City, or a combination of these sources. While BANs are outstanding, Ohio law requires the levy of ad valorem property taxes in an amount not less than what would have been levied if bonds had been issued without the prior issuance of the BANs. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs,

* Preliminary, subject to change.

including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months from the date of issuance of the original notes. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated. Portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five-year period.

The City has no outstanding BANs.

Statutory Direct Debt Limitations

The Revised Code provides two debt limitations on general obligation debt that are directly based on tax (assessed) valuation, applicable to all municipal corporations, including the City.

- The net principal amount of both voted and unvoted debt of the City, excluding “exempt debt” (discussed below), may not exceed 10½% of the total tax (assessed) valuation of all property in the City as listed and assessed for taxation.
- The net principal amount of unvoted debt of the City, excluding exempt debt, may not exceed 5½% of that valuation, as discussed below.

These two limitations, which are referred to as the “direct debt limitations,” may be amended from time to time by the General Assembly.

The City’s ability to incur unvoted debt (whether or not exempt from the direct debt limitations) is also restricted by the indirect debt limitation discussed under **Indirect Debt and Unvoted Property Tax Limitations**.

Certain debt that the City may issue is exempt from the direct debt limitations (exempt debt). Exempt debt includes, among others, the following categories.

- General obligation debt:
 - That is “self-supporting” (i.e., nontax revenues from the facility or category of facilities are sufficient to pay operating and maintenance expenses and related debt charges and other requirements) issued for facilities for city utility systems, airports, railroads, mass transit systems, parking, health care, solid waste, urban development, recreation, sports, convention, auditorium, museum, trade show and other public attractions, facilities for natural resource exploration, development, recovery, use or sale and correctional, detention and related rehabilitation facilities.
 - To the extent debt charges are expected to be paid from tax increment financing payments in lieu of taxes pledged to the payment of those debt charges (subject to certain limitations).
 - For highway improvements if the municipality has covenanted to pay debt charges and financing costs from distributions of motor vehicle license and fuel taxes.
 - In anticipation of the levy or collection of special assessments.

- To pay final judgments or court-approved settlements.
- Securities for water or sanitary or storm water sewerage facilities to the extent that another subdivision has agreed to pay to the City amounts equal to debt charges on those securities.
- Unvoted general obligation bonds to the extent that debt charges will be met from lawfully available municipal income taxes, to be applied to those debt charges pursuant to ordinance covenants.
- Revenue debt and mortgage revenue bonds to finance municipal utilities.
- Notes issued in anticipation of (i) the collection of current revenues (which have a latest maturity of the last day of the Fiscal Year in which issued) or (ii) the proceeds of a specific tax levy.
- Notes issued for certain energy conservation improvements or certain emergency purposes.
- Debt issued in anticipation of the receipt of federal or State grants for permanent improvements, or to evidence loans from the State capital improvements fund or State infrastructure bank.
- Voted debt for urban redevelopment purposes not in excess of 2% of the City's assessed valuation.
- Securities issued to make a single payment on certain accrued liability to the statewide Police and Fire Pension Fund.
- Securities issued for municipal educational and cultural facilities and sports facilities.

BANs issued in anticipation of exempt bonds also are exempt debt.

The City may incur debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority.

In the calculation of debt subject to the direct debt limitations, the amount in a city's bond retirement fund allocable to the principal amount of nonexempt debt is deducted from gross nonexempt debt. Without consideration of amounts in the Bond Retirement Fund, and based on outstanding debt and the Bonds and the current tax (assessed) valuation, the City's voted and unvoted nonexempt debt capacities are:

Limitation	Nonexempt Debt Outstanding	Additional Debt Capacity Within Limitation
10½% = \$70,066,249	\$18,613,000	\$51,453,249
5½% = \$36,701,368	\$18,613,000	\$18,088,368

This is further detailed in **Debt Table A**.

Indirect Debt and Unvoted Property Tax Limitations

Voted general obligation debt may be issued by the City if authorized by vote of the electors. Ad valorem taxes, without limitation as to amount or rate, to pay debt charges on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds.

General obligation debt such as the Bonds also may be issued by the City without a vote of the electors. This unvoted debt may not be issued unless the ad valorem property tax for the payment of debt charges on those bonds (or the bonds in anticipation of which BANs are issued) and all outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions including the City resulting in the highest tax required for such debt charges in any year is 10 mills or less per \$1.00 of assessed valuation. This indirect debt limitation, the product of what is commonly referred to as the “ten-mill limitation,” is imposed by a combination of provisions of the Ohio Constitution and the Revised Code.

The ten mill limitation is the maximum aggregate millage for all purposes that may be levied on any single piece of property by all overlapping taxing subdivisions without a vote of the electors. The 10 mills are allocated pursuant to a statutory formula among certain overlapping taxing subdivisions in the County, including the City. For collection year 2025, the entire 10 mills are currently being levied by the combination of the City and taxing subdivisions overlapping the City. For collection year 2025, the current allocation of the 10 mills (sometimes referred to as the “inside millage”) was as follows: 2.40 City, 2.20 County and North Canton City School District 5.30. That allocation has remained constant for at least the last five years.

Present Ohio law requires the inside millage allocated to a taxing subdivision to be used first for the payment of debt charges on its unvoted general obligation debt, unless provision has been made for that payment from other sources, with the balance usable for other purposes. To the extent this inside millage is required for debt charges of a taxing subdivision (which may exceed the formula allocation to that subdivision), the amount that would otherwise be available to that subdivision for general fund purposes is reduced. Because the inside millage that may actually be required to pay debt charges on a subdivision’s unvoted general obligation debt may exceed the formula allocation of that millage to the subdivision, the excess reduces the amount of inside millage available to overlapping subdivisions. In the case of the City, however, a law applicable to all Ohio cities and villages requires that any lawfully available receipts from a municipal income tax or from voted property tax levies be allocated to pay debt charges on City unvoted debt before the formula allocations of the inside millage to overlapping subdivisions can be invaded for that purpose.

In the case of BANs issued in anticipation of unvoted general obligation bonds, the highest estimate of annual debt charges for the anticipated bonds is used to calculate the millage required.

Revenue bonds and notes and mortgage revenue bonds are not included in debt subject to the indirect limitation since they are not general obligations of the City, and the full faith and credit and property taxing power of the City is not pledged for their payment.

The indirect limitation applies to all outstanding unvoted general obligation debt even if debt charges on some of it is expected to be paid in fact from municipal income taxes, special assessments, utility revenues or other sources.

The total millage theoretically required by the City and the County (the only overlapping taxing subdivisions that had issued unvoted debt) for debt charges on their outstanding

unvoted general obligation debt was estimated to be 2.7382 mills for Fiscal Year 2026, the year of the highest potential debt charge requirements. There thus remains 7.2618 mills within the ten mill limitation that had yet to be allocated to debt charges and that were available to the City and overlapping subdivisions in connection with the issuance of additional unvoted general obligation debt.

Debt Outstanding

The Debt Tables attached provide information concerning the City's outstanding debt represented by bonds and notes, City and overlapping subdivisions general obligation debt allocations and projected debt charges on the City's general obligation debt, including the Bonds. See **Debt Tables**.

The following table shows the principal amount of City general obligation debt (bonds and notes) outstanding as of December 31 in the years shown.

Year	Total, all Unvoted
2020	\$6,078,000
2021	5,480,000
2022	4,869,000
2023	4,245,000
2024	3,613,000

Bond Retirement Fund

The Bond Retirement Fund is the fund from which the City pays debt charges on its general obligation debt and into which money required to be applied to those payments is deposited. See **Appendix B** for year-end balance, receipts and disbursements for the prior two Fiscal Years for this fund.

Future Financings

At this time, the City has no plans to undertake or participate in any new major capital improvement projects for which it plans to borrow additional money or enter into long term financial undertakings, or to issue any current revenue or tax anticipation notes.

Long-Term Financial Obligations Other Than Bonds and Notes

The City has entered into a loan agreement with the Ohio Water Development Authority (OWDA) pursuant to which OWDA provided funds to the City for improving the municipal sewage collection and treatment and water facilities. Final costs of that projects (and those costs eligible for federal participation) have been determined and the aggregate principal amount of the City's obligations under the loan agreements amount to \$10,263,181, requiring combined annual principal and interest payments, in the approximate amounts ranging from a high of \$824,039 in 2019 to a low of \$18,125 in 2029-2033, with the final payment due in 2032. The aggregate unpaid amount is \$436,504 as of December 31, 2024.

These payments are required to be made from City sewer and water system revenues after payment of operation and maintenance expenses of the system. The loan agreement grants no security or property interest to OWDA in any property of the City, and does not pledge the general credit of

the City, or create a debt subject to the direct or indirect debt limitations, or require the application of the general resources of the City for repayment.

The City has entered into loan agreements with the Ohio Public Works Commission (OPWC). The aggregate unpaid amount is \$790,106 as of December 31, 2024, payable in annual installments through 2038.

Other Obligations

The City had no other long-term financial obligations, other than the bonds and notes described above, the retirement obligations and liability described under **Retirement Expenses** and the compensated absences described in the Notes to the Fiscal Year 2023 Financial Statements attached as **Appendix C-1**.

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CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of those statements have been or will be realized. Information in this Official Statement has been derived by the City from official and other sources and is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as or as part of a contract with the original purchasers or subsequent holders or Beneficial Owners of the Bonds.

This Official Statement has been prepared and delivered by the City and signed for and on behalf of the City by its officials identified below.

CITY OF NORTH CANTON, OHIO

By: _____
Mayor

Director of Finance

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DEBT TABLE A

Principal Amounts of Outstanding General Obligation (GO) Debt; Leeway for Additional Debt within Direct Debt Limitations

A.	Total debt including the Bonds:		\$	18,613,000
B.	Exempt debt:			
	Category	Outstanding Principal Amount		
	Exempt	\$	0	
	Total exempt debt:		\$	0
C.	5½% of tax (assessed) valuation (unvoted nonexempt debt limitation):		\$	36,701,368
D.	Total nonexempt limited tax bonds and notes outstanding:			
	Bonds (including the Bonds)	\$	18,613,000	
	Notes		0	\$
				18,613,000
E.	Debt leeway within 5½% unvoted debt limitation [D minus E]:		\$	18,088,368(a)
F.	10½% of tax (assessed) valuation (voted and unvoted debt limitation):		\$	70,066,249
G.	Total nonexempt bonds and notes outstanding:			
	Bonds (including the Bonds)	\$	18,613,000	
	Notes		0	\$
				18,613,000
H.	Debt leeway within 10½% debt limitation [G minus H]:		\$	51,453,249(a)

(a) Debt leeway in this table determined without considering money in the Bond Retirement Fund.

DEBT TABLE B

Various City and Overlapping GO Debt Allocations (Principal Amounts)

	Amount	Per Capita(a)	% of City's Current Assessed Valuation(b)
Total City GO Debt (exempt and nonexempt)	\$18,613,000	\$1,047.26	2.79%
Highest Total Overlapping GO Debt(c)	54,945,050	3,091.49	8.23

(a) Based on 2023 population of 17,773.

(b) The City's current assessed valuation is \$667,297,610.

(c) Includes, in addition to "Total City GO Debt," allocations of total GO debt of overlapping debt issuing subdivisions (as of August 28, 2025) resulting in the calculation of highest total overlapping debt based on percent of tax (assessed) valuation of territory of the subdivisions located within the City (% figures are resulting percent of total debt of subdivisions allocated to the City in this manner), as follows:

\$ 526,445 County (4.99%); and
\$35,805,605 School District (45.03%).

Allocation of GO debt of the remaining overlapping debt issuing subdivisions is as follows:

\$ 50,899 Jackson Local School District (0.23%).

Source of tax (assessed) valuation and confirmation of GO debt figures for overlapping subdivisions: OMAC*

* Ohio Municipal Advisory Council (OMAC) compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Annual Information Filing to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

DEBT TABLE C
Projected Debt Charges Requirements on City GO Debt

Year	Debt Charges On		Total; All to be
	The	Outstanding	Paid from
	Bonds*	Bonds	Limited Ad
			Valorem Taxes*
2025	\$ 0.00	\$704,826.40	\$ 704,826.40
2026	1,018,750.00	705,596.80	1,724,346.80
2027	1,021,250.00	408,688.00	1,429,938.00
2028	1,017,500.00	416,908.80	1,434,408.80
2029	1,018,250.00	414,476.80	1,432,726.80
2030	1,018,250.00	412,792.00	1,431,042.00
2031	1,017,500.00	219,836.80	1,237,336.80
2032	1,021,000.00	220,228.80	1,241,228.80
2033	1,018,500.00	220,550.40	1,239,050.40
2034	1,020,250.00	219,801.60	1,240,051.60
2035	1,021,000.00	0.00	1,021,000.00
2036	1,020,750.00	0.00	1,020,750.00
2037	1,019,500.00	0.00	1,019,500.00
2038	1,017,250.00	0.00	1,017,250.00
2039	1,019,000.00	0.00	1,019,000.00
2040	1,019,500.00	0.00	1,019,500.00
2041	1,018,750.00	0.00	1,018,750.00
2042	1,021,750.00	0.00	1,021,750.00
2043	1,018,250.00	0.00	1,018,250.00
2044	1,018,500.00	0.00	1,018,500.00
2045	1,017,250.00	0.00	1,017,250.00
2046	1,019,500.00	0.00	1,019,500.00
2047	1,020,000.00	0.00	1,020,000.00
2048	1,018,750.00	0.00	1,018,750.00
2049	1,020,750.00	0.00	1,020,750.00
2050	1,020,750.00	0.00	1,020,750.00
2051	1,018,750.00	0.00	1,018,750.00
2052	1,019,750.00	0.00	1,019,750.00
2053	1,018,500.00	0.00	1,018,500.00

* Preliminary; assumes the Bonds have estimated interest rate of 5.00% per year; subject to change, based on actual sale

DEBT TABLE D
Outstanding GO Bonds

The following debt is reflected in **Debt Tables A, B and C.**

Issue	Bonds(a)		Original Principal Amount	Outstanding Principal Amount
	Date of Issuance	Final Maturity		
Various Purpose Refunding Bonds, Series 2016	April 19, 2016	2030	\$4,925,000	\$ 1,610,000
Safety Center Bonds, Series 2020	April 3, 2020	2034	2,900,000	2,003,000
The Bonds*	August 28, 2025	2055	15,000,000	15,000,000

(a) Certain other City debt issues, which are not general obligations of the City and thus are not set forth in this Table, include:

- Economic Development Nontax Revenue Bonds, Series 2023 (Federally Taxable), outstanding in the principal amount of \$4,314,000, payable solely from nontax revenue of the City.

* Preliminary, subject to change

APPENDIX A

Comparative Budgetary-Basis Summary of General Fund Receipts and Expenditures for Fiscal Years 2020 through 2024 and Budgeted Fiscal Year 2025^(a)

	2020	2021	2022	2023	2024	Budgeted 2025
BEGINNING BALANCE	\$ 9,434,264	\$11,378,196	\$ 8,910,770	\$ 8,807,269	\$ 7,979,836	\$10,038,918
RECEIPTS						
Property Taxes	\$ 914,690	\$ 927,977	\$ 1,041,737	\$ 1,127,002	\$ 1,131,303	\$ 1,395,375
Municipal Income Taxes	6,475,633	8,121,715	9,669,046	10,903,856	11,126,947	11,353,350
Charges for Service	15,295	106,110	86,670	72,530	173,234	156,425
Licenses and Permits	329,254	363,316	572,763	668,738	706,762	749,000
Fines and Forfeitures	197,120	182,957	180,424	221,265	473,045	386,000
Intergovernmental	496,730	536,897	585,556	588,936	611,034	707,725
Interest	361,177	273,950	331,071	563,144	648,417	650,000
Rentals	63,040	163,770	191,207	223,005	205,680	386,800
Other Sources	210,601	31,039	12,330	26,950	59,087	29,500
TOTAL REVENUES	\$ 9,063,540	\$10,707,731	\$12,670,804	\$14,395,426	\$15,135,509	\$15,814,175
EXPENDITURES						
General Government	\$ 2,104,911	\$ 2,921,156	\$ 2,311,517	\$ 2,778,918	\$ 2,992,313	\$ 3,658,632
Security of Persons & Property	3,319,916	4,184,021	4,414,195	4,571,244	5,325,838	6,419,059
Public Health & Welfare	96,408	98,015	99,113	100,566	102,432	110,000
Community Environment	591,667	725,921	1,210,943	1,362,837	1,347,248	1,138,333
Leisure Activities	908,222	943,419	1,235,047	1,569,929	1,154,924	1,654,431
Basic Utility Services	25,895	80,107	0	218,443	0	141,975
Debt Service	89,675	4,750,816 ^(b)	4,829,105	7,510,683	477,672	26,450
TOTAL EXPENDITURES	\$ 7,136,694	\$13,703,455	\$14,099,920	\$18,112,620	\$11,400,427	\$13,148,880
OTHER FINANCING SOURCES						
Sale of Capital Assets	\$ 22,086	\$ 15,866	\$ 467,087	\$ 31,741	\$ 0	\$ 14,300
Proceeds from Notes	0	4,530,150 ^(b)	4,531,500	0	0	0
Advances In	1,397,667	378,000	648,778	\$83,020	80,400	380,000
Transfers In	0	0	0	\$5,600,000	2,250,505	13,950
Premium on Bond	0	0	0	0	0	0
Advances Out	(352,667)	(731,797)	0	0	(80,400)	(380,000)
Transfers Out	(1,050,000)	(3,663,921)	(4,321,750)	(2,825,000)	(3,926,505)	(3,716,000)
TOTAL OTHER FINANCING SOURCES	\$ 17,086	\$ 528,298	\$ 1,325,615	\$2,889,761	(\$1,676,000)	(\$3,687,750)
ENDING BALANCE	\$11,378,196	\$ 8,910,770	\$ 8,807,269	\$7,979,836	\$10,038,918	\$9,016,463

(a) See **Investment Considerations COVID-19 Pandemic**.

(b) Represents funds mainly relating to the issuance of the City's (i) Safety Center Bonds, Series 2020 and (ii) Series 2021 Revenue Notes (including the related payoff of the then-outstanding Series 2020 Notes).

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APPENDIX B-1
All-Funds Summary 2023^(a)
(Cash Basis)

Fund	Beginning Balance	Receipt	Expenditures	Ending Balance
General Fund(b)	\$ 7,658,759	\$20,110,187	\$20,819,764	\$ 6,949,181
Fire Operating	278,794	1,476,544	1,357,253	398,085
EMS Operating	571,977	2,833,494	2,497,759	907,712
Law Enforcement & Education	35,279	2,118	0	37,397
Street Construction	1,636,703	1,554,853	1,426,161	1,765,396
Storm Sewer	725,690	389,881	381,107	734,464
Street Improvement	275,630	389,853	441,130	224,353
Municipal Road	333,722	205,866	539,588	0
General Trust	52,233	27,603	33,334	46,502
Law Enforcement Trust	53,064	9,391	1,344	61,111
Compensated Absences(b)	1,148,510	0	117,855	1,030,655
Continuing Education	8,535	19,269	19,269	8,535
OneOhio Opioid Settlement	4,536	20,349	533	24,352
Coronavirus Relief	1,157,187	0	885,000	272,187
Capital Improvement	3,392,632	7,436,902	9,342,021	1,487,512
Park Development	879,872	47,484	182,789	744,567
Indoor Firearms Training	224,000	0	0	224,000
Dogwood Pool Capital Reserve	85,720	25,951	6,469	105,202
Water Operating	5,796,571	7,388,925	6,318,271	6,867,225
Water Capital	1,159,172	0	889,859	269,313
Sewer Operating	2,295,912	3,911,492	3,191,253	3,016,152
Garbage Service	658,410	1,292,032	1,325,767	624,675
Insurance	1,405,833	2,168,466	2,158,110	1,416,189
Permit Fee	3,244	2,054	0	5,299
Required Deposits	136,923	31,367	0	168,290
Unclaimed Monies	15,943	659	1,602	15,000
North Ridge Developer Payments	0	21,595	21,595	0
Totals:	\$29,994,852	\$49,366,335	\$51,957,833	\$27,403,354

(a) See **Investment Considerations - COVID-19 Pandemic**.

(b) Sum of indicated funds reflected in **Appendix A**.

APPENDIX B-2
All-Funds Summary 2024^(a)
(Unaudited Budgetary Basis)

Fund	Beginning Balance	Receipt	Expenditures	Ending Balance
General Fund(b)	\$ 6,949,181	\$17,466,414	\$15,235,962	\$9,179,633
Fire Operating	398,085	1,452,942	1,396,316	454,711
EMS Operating	907,712	2,846,020	2,846,008	907,724
Law Enforcement & Education	37,397	1,749	0	39,146
Street Construction	1,765,396	1,087,183	1,200,651	1,651,928
Storm Sewer	734,464	389,284	477,624	646,124
Street Improvement	224,353	389,284	308,656	304,981
Municipal Road	0	160,781	160,781	0
General Trust	46,502	5,970	13,663	38,809
Law Enforcement Trust	61,111	2,328	24,225	39,214
Compensated Absences(b)	1,030,655	0	171,370	859,285
Continuing Education	8,535	28,796	28,796	8,535
OneOhio Opioid Settlement	24,352	42,044	10,418	55,978
Coronavirus Relief	272,187	0	0	272,187
Capital Improvement	1,487,512	4,691,300	2,491,477	3,687,335
Park Development	744,567	37,369	478,838	303,098
Indoor Firearms Training	224,000	0	224,000	0
Dogwood Pool Capital Reserve	105,202	0	84,801	20,401
Water Operating	6,867,225	7,904,741	7,964,170	6,807,796
Water Capital	269,313	0	247,193	22,120
Sewer Operating	3,016,152	4,092,252	3,663,525	3,444,879
Garbage Service	624,675	1,335,780	1,325,555	634,900
Insurance	1,416,189	2,497,618	2,181,011	1,732,796
Permit Fee	5,299	617	0	5,916
Required Deposits	168,290	(23,509)	0	144,781
Unclaimed Monies	15,000	296	242	15,054
North Ridge Developer Payments	0	21,752	21,752	0
Totals:	\$27,403,354	\$44,431,011	\$40,557,034	\$31,277,331

(a) See **Investment Considerations - COVID-19 Pandemic**.

(b) Sum of indicated funds reflected in **Appendix A**.

APPENDIX C-1

Basic Financial Statements from the City's Financial Report for Fiscal Year 2023 (Audited)

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65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

City Council
City of North Canton
145 North 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, 2023 through December 31, 2023. 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.

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

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.

Keith Faber
Auditor of State
Columbus, Ohio

September 10, 2024



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

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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of North Canton
Stark County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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 black ink that reads "Perry & Associates CPAs A.C.".

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

June 30, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY THE UNIFORM GUIDANCE**

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

To the City Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the **City of North Canton's**, Stark County (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City of North Canton's major federal program for the year ended December 31, 2023. The City of North Canton's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of audit findings.

In our opinion, the City of North Canton complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The City's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

City of North Canton
Stark County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control
Over Compliance and on the Schedule of Expenditures of Federal
Awards Required by the Uniform Guidance

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

City of North Canton
Stark County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control
Over Compliance and on the Schedule of Expenditures of Federal
Awards Required by the Uniform Guidance

Report on Internal Control Over Compliance (Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 30, 2024. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



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

June 30, 2024

**CITY OF NORTH CANTON
STARK COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Office of Budget and Management</i>			
Coronavirus State and Local Fiscal Recovery Funds (SLFRF)	21.027	N/A	<u>\$ 885,000</u>
Total U.S. Department of Treasury			<u>885,000</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through the Stark County Regional Planning Commission</i>			
Community Development Block Grants/Entitlement Grants (CDBG)	14.218	N/A	<u>395,000</u>
Total U.S. Department of Housing and Urban Development			<u>395,000</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$ 1,280,000</u></u>

The accompanying notes are an integral part of this schedule.

**CITY OF NORTH CANTON
STARK COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of North Canton, Stark County (the City) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - MATCHING REQUIREMENTS

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

**CITY OF NORTH CANTON
STARK COUNTY**

**SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEARE ENDED DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weakness in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR §200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	AL #21.027, Coronavirus State and Local Fiscal Recovery Funds
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited 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, Ohio (City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Fire Operating Levy, and Emergency Medical Services Levy funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.



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

June 30, 2024

CITY OF NORTH CANTON, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	North Canton Community Improvement Corporation
Assets:				
Equity in pooled cash and investments	\$ 15,997,794	\$ 10,796,300	\$ 26,794,094	\$ -
Cash and cash equivalents				
With fiscal agents	-	-	-	343,273
Receivables:				
Property taxes	4,462,367	-	4,462,367	-
Municipal income taxes	3,113,777	-	3,113,777	-
Accounts	112,890	1,248,384	1,361,274	-
Intergovernmental	1,165,820	105,313	1,271,133	-
Special assessments	11,999	19,510	31,509	-
Leases	31,950	-	31,950	-
Accrued interest	99,104	-	99,104	-
Hotel motel taxes	3,076	-	3,076	-
Due from component units	1,443,635	-	1,443,635	-
Materials and supplies inventory	283,067	490,422	773,489	-
Prepayments	75,930	17,953	93,883	-
Assets held for resale	5,458,513	-	5,458,513	118,800
Net pension asset	70,234	46,698	116,932	-
Internal balance	(290,263)	290,263	-	-
Capital assets:				
Non-depreciable/amortizable capital assets	10,765,777	2,334,934	13,100,711	2,346,133
Depreciable/amortizable capital assets, net	37,133,087	41,326,379	78,459,466	1,372,215
Total capital assets, net	47,898,864	43,661,313	91,560,177	3,718,348
Total assets	79,938,757	56,676,156	136,614,913	4,180,421
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	36,070	77,547	113,617	-
Pension	6,422,421	1,381,880	7,804,301	-
OPEB	1,172,200	208,845	1,381,045	-
Total deferred outflows of resources	7,630,691	1,668,272	9,298,963	-
Liabilities:				
Accounts payable	229,926	188,440	418,366	2,620
Contracts payable	345,911	-	345,911	-
Accrued wages and benefits payable	513,407	119,624	633,031	-
Intergovernmental payable	255,249	231,344	486,593	40,472
Due to primary government	-	-	-	1,443,635
Accrued interest payable	24,468	29,736	54,204	-
Claims payable	372,697	-	372,697	-
Unearned revenue	421,542	-	421,542	6,490
Long-term liabilities:				
Due within one year	671,582	1,580,266	2,251,848	35,724
Due in more than one year:				
Net pension liability	15,895,181	3,183,329	19,078,510	-
Net OPEB liability	936,208	68,939	1,005,147	-
Other amounts	8,928,383	4,686,367	13,614,750	507,160
Total liabilities	28,594,554	10,088,045	38,682,599	2,036,101
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	4,353,415	-	4,353,415	-
Leases	31,463	-	31,463	-
Pension	528,100	111,867	639,967	-
OPEB	891,010	31,508	922,518	-
Total deferred inflows of resources	5,803,988	143,375	5,947,363	-
Net position:				
Net investment in capital assets	39,735,940	37,661,677	77,397,617	3,599,373
Restricted for:				
Capital projects	772,436	-	772,436	-
Security of persons and property - police	107,068	-	107,068	-
Transportation	2,295,784	-	2,295,784	-
Basic utilities	764,645	-	764,645	-
General trust	46,502	-	46,502	-
Pension	70,234	46,698	116,932	-
Other purposes	23,602	-	23,602	-
Unrestricted	9,354,695	10,404,633	19,759,328	(1,455,053)
Total net position	\$ 53,170,906	\$ 48,113,008	\$ 101,283,914	\$ 2,144,320

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Current:				
General government	\$ 1,729,759	\$ 95,455	\$ 10,603	\$ -
Security of persons and property:				
Police	5,861,829	228,203	24,501	-
Fire	1,600,308	7,039	-	-
Public health and welfare	3,146,064	839,912	71,819	-
Transportation	4,820,390	-	1,981,465	1,719,132
Community environment	1,390,435	648,161	-	-
Leisure time activities	2,104,038	319,810	6,926	75,228
Basic utility services	688,268	-	-	-
Interest and fiscal charges	337,625	-	-	-
Total governmental activities	<u>21,678,716</u>	<u>2,138,580</u>	<u>2,095,314</u>	<u>1,794,360</u>
Business-type activities:				
Water	6,251,504	7,292,696	-	102,605
Sewer	3,724,453	4,000,045	-	-
Garbage	1,335,890	1,265,184	10,831	-
Total business-type activities	<u>11,311,847</u>	<u>12,557,925</u>	<u>10,831</u>	<u>102,605</u>
Total primary government	<u>\$ 32,990,563</u>	<u>\$ 14,696,505</u>	<u>\$ 2,106,145</u>	<u>\$ 1,896,965</u>
Component Unit:				
North Canton Community Improvement Corporation	<u>\$ 9,973,505</u>	<u>\$ 163,109</u>	<u>\$ 5,664,306</u>	<u>\$ 710,100</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
 Hotel/motel taxes
 Grants and entitlements not restricted
 to specific programs
 Contributions not restricted
 to specific programs
 Investment earnings
 Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	North Canton Community Improvement Corporation	
\$ (1,623,701)	\$ -	\$ (1,623,701)	\$ -	
(5,609,125)	-	(5,609,125)	-	
(1,593,269)	-	(1,593,269)	-	
(2,234,333)	-	(2,234,333)	-	
(1,119,793)	-	(1,119,793)	-	
(742,274)	-	(742,274)	-	
(1,702,074)	-	(1,702,074)	-	
(688,268)	-	(688,268)	-	
(337,625)	-	(337,625)	-	
(15,650,462)	-	(15,650,462)	-	
-	1,143,797	1,143,797	-	
-	275,592	275,592	-	
-	(59,875)	(59,875)	-	
-	1,359,514	1,359,514	-	
(15,650,462)	1,359,514	(14,290,948)	-	
-	-	-	(3,435,990)	
1,117,136	-	1,117,136	-	
886,562	-	886,562	-	
1,785,858	-	1,785,858	-	
343,901	-	343,901	-	
343,901	-	343,901	-	
9,152,735	-	9,152,735	-	
1,788,538	-	1,788,538	-	
13,312	-	13,312	-	
769,248	-	769,248	-	
5,600,000	-	5,600,000	-	
1,111,005	-	1,111,005	20,949	
28,279	159,529	187,808	500	
22,940,475	159,529	23,100,004	21,449	
7,290,013	1,519,043	8,809,056	(3,414,541)	
45,880,893	46,593,965	92,474,858	5,558,861	
\$ 53,170,906	\$ 48,113,008	\$ 101,283,914	\$ 2,144,320	

CITY OF NORTH CANTON, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Fire Operating Levy	Emergency Medical Services Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in pooled cash and investments	\$ 7,390,873	\$ 398,085	\$ 907,712	\$ 1,487,513	\$ 4,397,421	\$ 14,581,604
Receivables:						
Property taxes	1,068,902	928,961	1,772,120	-	692,384	4,462,367
Municipal income taxes	2,491,022	-	-	622,755	-	3,113,777
Accounts	905	-	111,985	-	-	112,890
Intergovernmental	357,979	19,999	66,356	143,764	577,722	1,165,820
Special assessments	11,999	-	-	-	-	11,999
Leases	31,950	-	-	-	-	31,950
Accrued interest	99,104	-	-	-	-	99,104
Hotel motel taxes	3,076	-	-	-	-	3,076
Due from component units	-	-	-	1,443,635	-	1,443,635
Materials and supplies inventory	79,589	-	8,896	-	194,582	283,067
Prepayments	60,683	6,116	4,265	-	4,866	75,930
Assets held for resale	-	-	-	5,458,513	-	5,458,513
Total assets	<u>\$ 11,596,082</u>	<u>\$ 1,353,161</u>	<u>\$ 2,871,334</u>	<u>\$ 9,156,180</u>	<u>\$ 5,866,975</u>	<u>\$ 30,843,732</u>
Liabilities:						
Accounts payable	\$ 190,992	\$ 15,413	\$ 15,510	\$ -	\$ 6,292	\$ 228,207
Contracts payable	-	-	-	338,930	6,981	345,911
Accrued wages and benefits payable	333,354	41,587	113,335	-	25,131	513,407
Compensated absences payable	50,571	-	-	-	-	50,571
Intergovernmental payable	171,552	18,527	54,623	-	10,547	255,249
Unearned revenue	-	-	-	-	421,542	421,542
Total liabilities	<u>746,469</u>	<u>75,527</u>	<u>183,468</u>	<u>338,930</u>	<u>470,493</u>	<u>1,814,887</u>
Deferred inflows of resources:						
Property taxes levied for the next fiscal year	1,040,428	907,726	1,730,191	-	675,070	4,353,415
Delinquent property tax revenue not available	28,474	21,235	41,929	-	17,314	108,952
Accrued interest not available	53,199	-	-	-	-	53,199
Leases	31,463	-	-	-	-	31,463
Special assessments and miscellaneous not available	11,999	-	32,477	-	-	44,476
Income tax revenue not available	1,858,422	-	-	464,605	-	2,323,027
Intergovernmental revenues not available	243,939	19,999	66,356	31,508	463,454	825,256
Total deferred inflows of resources	<u>3,267,924</u>	<u>948,960</u>	<u>1,870,953</u>	<u>496,113</u>	<u>1,155,838</u>	<u>7,739,788</u>
Fund balances:						
Nonspendable	155,272	6,116	13,161	-	199,448	373,997
Restricted	-	322,558	803,752	-	3,718,975	4,845,285
Committed	980,084	-	-	8,321,137	329,202	9,630,423
Assigned	1,884,345	-	-	-	-	1,884,345
Unassigned (deficit)	<u>4,561,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,981)</u>	<u>4,555,007</u>
Total fund balances	<u>7,581,689</u>	<u>328,674</u>	<u>816,913</u>	<u>8,321,137</u>	<u>4,240,644</u>	<u>21,289,057</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,596,082</u>	<u>\$ 1,353,161</u>	<u>\$ 2,871,334</u>	<u>\$ 9,156,180</u>	<u>\$ 5,866,975</u>	<u>\$ 30,843,732</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023

Total governmental fund balances		\$ 21,289,057
<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.		47,898,864
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 108,952	
Municipal income taxes receivable	2,323,027	
Accounts receivable	32,477	
Special assessments receivable	11,999	
Intergovernmental receivable	825,256	
Accrued interest receivable	53,199	
Total		3,354,910
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.		1,041,774
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		(290,263)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(24,468)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		36,070
Unamortized premiums on bond issuances are not recognized in the funds.		(63,182)
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	70,234	
Deferred outflows of resources	6,422,421	
Deferred inflows of resources	(528,100)	
Net pension liability	(15,895,181)	
Total		(9,930,626)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	1,172,200	
Deferred inflows of resources	(891,010)	
Net OPEB liability	(936,208)	
Total		(655,018)
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	(1,677,753)	
General obligation bonds payable	(7,154,044)	
Leases payable	(47,885)	
Notes payable - financed purchases	(577,416)	
SBITAs payable	(29,114)	
Total		(9,486,212)
Net position of governmental activities		\$ 53,170,906

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, 2023

	General	Fire Operating Levy	Emergency Medical Services Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 1,127,002	\$ 871,318	\$ 1,773,887	\$ -	\$ 694,456	\$ 4,466,663
Municipal income taxes	9,165,469	-	-	1,739,746	-	10,905,215
Hotel motel taxes	13,312	-	-	-	-	13,312
Charges for services	51,903	7,039	858,771	-	25,951	943,664
Licenses and permits	648,161	-	-	-	-	648,161
Fines and forfeitures	305,993	-	-	-	31,883	337,876
Intergovernmental	590,549	48,176	126,503	1,481,758	2,337,567	4,584,553
Interest	1,076,863	-	-	-	-	1,076,863
Rentals	241,956	-	-	-	-	241,956
Contributions and donations	5,600,000	-	-	-	53,682	5,653,682
Other	28,279	-	-	-	1,331	29,610
Total revenues	<u>18,849,487</u>	<u>926,533</u>	<u>2,759,161</u>	<u>3,221,504</u>	<u>3,144,870</u>	<u>28,901,555</u>
Expenditures:						
Current:						
General government	2,806,940	-	-	-	12,804	2,819,744
Security of persons and property:						
Police	4,769,783	-	-	-	25,968	4,795,751
Fire	-	1,366,483	-	-	-	1,366,483
Public health and welfare	100,566	-	2,535,625	-	8,094	2,644,285
Transportation	-	-	-	-	3,235,363	3,235,363
Community environment	1,367,678	-	-	-	-	1,367,678
Leisure time activities	1,552,304	-	-	-	8,364	1,560,668
Basic utility services	40,609	-	-	-	379,921	420,530
Capital outlay	91,806	-	-	3,609,953	106,238	3,807,997
Debt service:						
Principal retirement	4,553,708	1,789	1,789	194,574	-	4,751,860
Interest and fiscal charges	287,331	29	29	40,442	-	327,831
Bond issuance costs	-	-	-	66,012	-	66,012
Total expenditures	<u>15,570,725</u>	<u>1,368,301</u>	<u>2,537,443</u>	<u>3,910,981</u>	<u>3,776,752</u>	<u>27,164,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,278,762</u>	<u>(441,768)</u>	<u>221,718</u>	<u>(689,477)</u>	<u>(631,882)</u>	<u>1,737,353</u>
Other financing sources (uses):						
Bonds issued	-	-	-	4,314,000	-	4,314,000
Sale of capital assets	31,741	-	29	28,400	12,645	72,815
Lease transaction	33,571	-	-	-	-	33,571
Transfers in	-	550,000	100,000	-	450,000	1,100,000
Transfers out	(1,100,000)	-	-	-	-	(1,100,000)
SBITA transaction	58,235	-	-	-	-	58,235
Total other financing sources (uses)	<u>(976,453)</u>	<u>550,000</u>	<u>100,029</u>	<u>4,342,400</u>	<u>462,645</u>	<u>4,478,621</u>
Net change in fund balances	2,302,309	108,232	321,747	3,652,923	(169,237)	6,215,974
Fund balance at beginning of year	<u>5,279,380</u>	<u>220,442</u>	<u>495,166</u>	<u>4,668,214</u>	<u>4,409,881</u>	<u>15,073,083</u>
Fund balances at end of year	<u>\$ 7,581,689</u>	<u>\$ 328,674</u>	<u>\$ 816,913</u>	<u>\$ 8,321,137</u>	<u>\$ 4,240,644</u>	<u>\$ 21,289,057</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2023

Net change in fund balances - total governmental funds	\$	6,215,974
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*Amounts reported for governmental activities in the
Statement of Activities are different because:*

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/amortization expense.

Capital asset additions	\$ 5,643,422	
Current year depreciation/amortization	<u>(3,223,952)</u>	
Total		2,419,470

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.	(89,814)
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Revenues in the Statement of Activities that do not provide
current financial resources are not reported as revenues in
the funds.

Delinquent property taxes	10,695	
Municipal income taxes	36,058	
Charges for services	(39,208)	
Intergovernmental	17,213	
Special assessments	8,274	
Interest	<u>34,142</u>	
Total		67,174

Repayment of bond, notes, lease and SBITA principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Position.	4,751,860
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The issuance of long-term liabilities is recorded as an other financing
source in the governmental funds; however, the proceeds
increase long-term liabilities on the statement of net assets.

General obligation bonds	(4,314,000)	
Leases payable	(33,571)	
SBITAs payable	<u>(58,235)</u>	
Total		(4,405,806)

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	52,298	
Amortization of deferred amounts on refunding	9,134	
Amortization of bond premiums	<u>(5,214)</u>	
Total		56,218

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.	(21,685)
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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	1,204,579
OPEB	24,866

Except for amounts reported as deferred inflows/outflows, changes in
the net pension asset/liability and net OPEB liability/asset are reported
as pension/OPEB expense in the Statement of Activities.

Pension	(2,606,979)
OPEB	(100,511)

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.

(225,333)

Change in net position of governmental activities	\$	<u>7,290,013</u>
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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, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 1,195,000	\$ 1,127,000	\$ 1,127,002	\$ 2
Municipal income taxes	7,845,000	9,276,376	9,178,186	(98,190)
Charges for services	26,000	51,900	51,903	3
Licenses and permits	488,000	651,350	652,130	780
Fines and forfeitures	308,000	221,275	221,265	(10)
Intergovernmental	614,000	595,350	595,310	(40)
Interest	300,000	565,000	563,144	(1,856)
Rentals	308,000	146,250	243,632	97,382
Hotel/motel taxes	11,000	10,250	10,236	(14)
Contributions and donations	7,000,000	7,000,000	5,600,000	(1,400,000)
Other	10,000	27,750	27,620	(130)
Total revenues	<u>18,105,000</u>	<u>19,672,501</u>	<u>18,270,428</u>	<u>(1,402,073)</u>
Expenditures:				
Current:				
General government	3,616,734	2,989,351	2,816,708	172,643
Security of persons and property:				
Police	5,467,037	4,919,725	4,737,225	182,500
Public health and welfare	108,000	100,575	100,566	9
Community environment	1,721,675	1,430,757	1,390,721	40,036
Leisure time activities	2,003,688	1,741,351	1,643,822	97,529
Debt service:				
Principal retirement	7,091,981	7,225,931	7,225,914	17
Interest and fiscal charges	284,769	284,769	284,769	-
Total expenditures	<u>20,293,884</u>	<u>18,692,459</u>	<u>18,199,725</u>	<u>492,734</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,188,884)</u>	<u>980,042</u>	<u>70,703</u>	<u>(909,339)</u>
Other financing sources (uses):				
Sale of capital assets	-	31,750	31,741	(9)
Advances in	300,000	83,025	83,020	(5)
Advances out	(300,000)	-	-	-
Transfers out	(1,250,000)	(1,100,000)	(1,100,000)	-
Total other financing sources (uses)	<u>(1,250,000)</u>	<u>(985,225)</u>	<u>(985,239)</u>	<u>(14)</u>
Net change in fund balances	(3,438,884)	(5,183)	(914,536)	(909,353)
Fund balances at beginning of year	7,483,075	7,483,075	7,483,075	-
Prior year encumbrances appropriated	175,684	175,684	175,684	-
Fund balance at end of year	<u>\$ 4,219,875</u>	<u>\$ 7,653,576</u>	<u>\$ 6,744,223</u>	<u>\$ (909,353)</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)
FIRE OPERATING LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Real and other taxes	\$ 963,000	\$ 871,325	\$ 871,318	\$ (7)
Charges for services	4,000	7,025	7,049	24
Intergovernmental	24,000	48,200	48,176	(24)
Total revenues	<u>991,000</u>	<u>926,550</u>	<u>926,543</u>	<u>(7)</u>
Expenditures:				
Current:				
Security of persons and property	1,722,138	1,421,127	1,384,102	37,025
Total expenditures	<u>1,722,138</u>	<u>1,421,127</u>	<u>1,384,102</u>	<u>37,025</u>
Excess of expenditures over revenues	<u>(731,138)</u>	<u>(494,577)</u>	<u>(457,559)</u>	<u>37,018</u>
Other financing sources:				
Transfers in	550,000	550,000	550,000	-
Total other financing sources	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>	<u>-</u>
Net change in fund balances	(181,138)	55,423	92,441	37,018
Fund balances at beginning of year	253,456	253,456	253,456	-
Prior year encumbrances appropriated	25,388	25,388	25,388	-
Fund balance at end of year	<u>\$ 97,706</u>	<u>\$ 334,267</u>	<u>\$ 371,285</u>	<u>\$ 37,018</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, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 1,891,700	\$ 1,773,900	\$ 1,773,887	\$ (13)
Charges for services	666,000	833,075	833,075	-
Intergovernmental	121,300	126,525	126,503	(22)
Total revenues	<u>2,679,000</u>	<u>2,733,500</u>	<u>2,733,465</u>	<u>(35)</u>
Expenditures:				
Current:				
Public health and welfare	2,808,401	2,638,008	2,529,069	108,939
Total expenditures	<u>2,808,401</u>	<u>2,638,008</u>	<u>2,529,069</u>	<u>108,939</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(129,401)</u>	<u>95,492</u>	<u>204,396</u>	<u>108,904</u>
Other financing sources:				
Sale of capital assets	-	25	29	4
Transfers in	100,000	100,000	100,000	-
Total other financing sources	<u>100,000</u>	<u>100,025</u>	<u>100,029</u>	<u>4</u>
Net change in fund balances	(29,401)	195,517	304,425	108,908
Fund balance at beginning of year	515,976	515,976	515,976	-
Prior year encumbrances appropriated	56,001	56,001	56,001	-
Fund balance at end of year	<u>\$ 542,576</u>	<u>\$ 767,494</u>	<u>\$ 876,402</u>	<u>\$ 108,908</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Total	
Assets:					
Current assets:					
Equity in pooled cash and investments	\$ 7,155,473	\$ 3,016,152	\$ 624,675	\$ 10,796,300	\$ 1,416,190
Receivables:					
Accounts	786,974	455,334	6,076	1,248,384	-
Special assessments	138	19,372	-	19,510	-
Intergovernmental	102,605	-	2,708	105,313	-
Materials and supplies inventory	480,423	9,999	-	490,422	-
Prepayments	14,328	2,602	1,023	17,953	-
Total current assets	8,539,941	3,503,459	634,482	12,677,882	1,416,190
Noncurrent assets:					
Net pension asset	34,017	11,347	1,334	46,698	-
Capital assets:					
Non-depreciable capital assets	2,169,459	165,475	-	2,334,934	-
Depreciable/amortizable capital assets, net	32,233,609	9,092,770	-	41,326,379	-
Total capital assets, net	34,403,068	9,258,245	-	43,661,313	-
Total noncurrent assets	34,437,085	9,269,592	1,334	43,708,011	-
Total assets	42,977,026	12,773,051	635,816	56,385,893	1,416,190
Deferred outflows of resources:					
Unamortized deferred charges on debt refunding	77,547	-	-	77,547	-
Pension	1,001,005	335,291	45,584	1,381,880	-
OPEB	152,117	50,741	5,987	208,845	-
Total deferred outflows of resources	1,230,669	386,032	51,571	1,668,272	-
Liabilities:					
Current liabilities:					
Accounts payable	79,822	6,795	101,823	188,440	1,719
Accrued wages and benefits payable	91,694	26,675	1,255	119,624	-
Intergovernmental payable	43,219	187,072	1,053	231,344	-
Accrued interest payable	28,538	1,198	-	29,736	-
General obligation bonds payable	351,876	-	-	351,876	-
OWDA loans payable	777,453	9,770	-	787,223	-
OPWC loans payable	100,932	14,968	-	115,900	-
Intergovernmental loans payable	-	244,671	-	244,671	-
Claims and judgements payable	-	-	-	-	372,697
Leases payable	5,428	-	-	5,428	-
Notes payable - financed purchase	75,168	-	-	75,168	-
Total current liabilities	1,554,130	491,149	104,131	2,149,410	374,416
Long-term liabilities:					
General obligation bonds payable	1,214,811	-	-	1,214,811	-
OWDA loans payable	376,403	60,101	-	436,504	-
OPWC loans payable	662,884	127,222	-	790,106	-
Notes payable - financed purchase	77,077	-	-	77,077	-
Intergovernmental loans payable	-	2,161,047	-	2,161,047	-
Leases payable	6,822	-	-	6,822	-
Net pension liability	2,318,859	773,538	90,932	3,183,329	-
Net OPEB liability	50,218	16,752	1,969	68,939	-
Total long-term liabilities	4,707,074	3,138,660	92,901	7,938,635	-
Total liabilities	6,261,204	3,629,809	197,032	10,088,045	374,416
Deferred inflows of resources:					
Pension	94,761	16,276	830	111,867	-
OPEB	22,557	8,189	762	31,508	-
Total deferred inflows of resources	117,318	24,465	1,592	143,375	-
Net position:					
Net investment in capital assets	31,021,211	6,640,466	-	37,661,677	-
Restricted for pension	34,017	11,347	1,334	46,698	-
Unrestricted	6,773,945	2,852,996	487,429	10,114,370	1,041,774
Total net position	\$ 37,829,173	\$ 9,504,809	\$ 488,763	47,822,745	\$ 1,041,774
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.				290,263	
Net position of business-type activities				\$ 48,113,008	

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, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Garbage	Total	
Operating revenues:					
Charges for services	\$ 7,124,973	\$ 3,924,956	\$ 1,265,184	\$ 12,315,113	\$ 2,166,665
Tap-in fees	167,723	75,089	-	242,812	-
Other operating revenues	97,948	52,287	9,294	159,529	1,800
Total operating revenues	<u>7,390,644</u>	<u>4,052,332</u>	<u>1,274,478</u>	<u>12,717,454</u>	<u>2,168,465</u>
Operating expenses:					
Personal services	2,215,158	779,550	99,434	3,094,142	-
Contract services	1,254,499	2,047,027	1,180,057	4,481,583	550,181
Materials and supplies	773,570	29,164	53,017	855,751	-
Claims expense	-	-	-	-	1,927,381
Depreciation/amortization	1,878,269	768,577	-	2,646,846	-
Total operating expenses	<u>6,121,496</u>	<u>3,624,318</u>	<u>1,332,508</u>	<u>11,078,322</u>	<u>2,477,562</u>
Operating income (loss)	<u>1,269,148</u>	<u>428,014</u>	<u>(58,030)</u>	<u>1,639,132</u>	<u>(309,097)</u>
Nonoperating revenues (expenses):					
Interest and fiscal charges	(92,947)	(78,605)	-	(171,552)	-
Gain on disposal of capital assets	21,791	-	-	21,791	-
Intergovernmental	-	-	10,831	10,831	-
Total nonoperating revenues (expenses)	<u>(71,156)</u>	<u>(78,605)</u>	<u>10,831</u>	<u>(138,930)</u>	<u>-</u>
Income (loss) before capital contributions	1,197,992	349,409	(47,199)	1,500,202	(309,097)
Capital contributions	<u>102,605</u>	<u>-</u>	<u>-</u>	<u>102,605</u>	<u>-</u>
Change in net position	1,300,597	349,409	(47,199)	1,602,807	(309,097)
Net position at beginning of year	<u>36,528,576</u>	<u>9,155,400</u>	<u>535,962</u>		<u>1,350,871</u>
Net position at end of year	<u>\$ 37,829,173</u>	<u>\$ 9,504,809</u>	<u>\$ 488,763</u>		<u>\$ 1,041,774</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(83,764)</u>	
Change in net position of business-type activities				<u>\$ 1,519,043</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, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 7,017,974	\$ 3,784,117	\$ 1,264,017	\$ 12,066,108	\$ -
Cash received from interfund services	-	-	-	-	2,166,665
Cash received from tap-in fees	167,723	75,089	-	242,812	-
Cash received from other operations	97,948	52,287	9,294	159,529	1,800
Cash payments for personal services	(2,213,635)	(761,335)	(93,683)	(3,068,653)	-
Cash payments for contractual services	(1,247,471)	(2,015,608)	(1,179,048)	(4,442,127)	(550,471)
Cash payments for materials and supplies	(808,771)	(30,034)	(53,036)	(891,841)	-
Cash payments for claims	-	-	-	-	(1,607,637)
Net cash provided by (used in) operating activities	3,013,768	1,104,516	(52,456)	4,065,828	10,357
Cash flows from noncapital financing activities:					
Cash received from grants and subsidies	-	-	18,721	18,721	-
Net cash provided by noncapital financing activities	-	-	18,721	18,721	-
Cash flows from capital and related financing activities:					
Sale of capital assets	24,000	-	-	24,000	-
Acquisition of capital assets	(1,422,224)	(57,180)	-	(1,479,404)	-
Notes payable - financed purchase proceeds	-	-	-	-	-
Principal payments - bonds	(349,528)	-	-	(349,528)	-
Principal payments - OWDA loans	(750,028)	(9,444)	-	(759,472)	-
Principal payments - OPWC loans	(50,061)	(7,484)	-	(57,545)	-
Principal payments - intergovernmental loans	-	(231,401)	-	(231,401)	-
Principal payments - leases payable	(4,671)	-	-	(4,671)	-
Principal payments - notes payable - financed purchase	(157,060)	-	-	(157,060)	-
Interest and fiscal charges - bonds	(50,577)	-	-	(50,577)	-
Interest and fiscal charges - OWDA loans	(64,567)	(2,308)	-	(66,875)	-
Interest and fiscal charges - intergovernmental loans	-	(76,459)	-	(76,459)	-
Interest and fiscal charges - leases	(401)	-	-	(401)	-
Interest and fiscal charges - notes payable - financed purchase	(7,856)	-	-	-	-
Net cash used in capital and related financing activities	(2,832,973)	(384,276)	-	(3,209,393)	-
Net change in cash and cash equivalents	180,795	720,240	(33,735)	875,156	10,357
Cash and cash equivalents at beginning of year	6,974,678	2,295,912	658,410	8,017,163	1,405,833
Cash and cash equivalents at end of year	<u>\$ 7,155,473</u>	<u>\$ 3,016,152</u>	<u>\$ 624,675</u>	<u>\$ 10,796,300</u>	<u>\$ 1,416,190</u>

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CITY OF NORTH CANTON, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,269,148	\$ 428,014	\$ (58,030)	\$ 1,639,132	\$ (309,097)
Adjustments:					
Depreciation/amortization	1,878,269	768,577	-	2,646,846	-
Changes in assets, deferred outflows, liabilities and deferred inflows:					
Accounts receivable	(107,147)	(138,752)	(1,167)	(247,066)	-
Special assessments receivable	148	(2,087)	-	(1,939)	-
Materials and supplies inventory	(41,727)	(851)	-	(42,578)	-
Prepayments	(3,436)	(761)	(1,023)	(5,220)	-
Net pension asset	29,557	7,641	551	37,749	-
Net OPEB asset	266,293	79,536	7,895	353,724	-
Deferred outflows - Pension	(601,795)	(212,112)	(34,136)	(848,043)	-
Deferred outflows - OPEB	(110,490)	(35,465)	(5,036)	(150,991)	-
Accounts payable	(52,700)	(2,496)	2,013	(53,183)	(290)
Accrued wages and benefits	2,156	12,502	131	14,789	-
Intergovernmental payable	5,002	8,385	359	13,746	-
Net pension liability	1,599,379	558,644	69,602	2,227,625	-
Net OPEB liability	50,218	16,752	1,969	68,939	-
Deferred inflows - Pension	(900,763)	(301,365)	(27,860)	(1,229,988)	-
Deferred inflows - OPEB	(268,344)	(81,646)	(7,724)	(357,714)	-
Claims payable	-	-	-	-	319,744
Net cash provided by (used in) operating activities	<u>\$ 3,013,768</u>	<u>\$ 1,104,516</u>	<u>\$ (52,456)</u>	<u>\$ 4,065,828</u>	<u>\$ 10,357</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

**STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2023**

	<u>Custodial</u>
Assets:	
Equity in pooled cash and investments	<u>\$ 5,299</u>
Total assets	<u>5,299</u>
Net position:	
Restricted for individuals, organizations and other governments	<u>5,299</u>
Total net position	<u><u>\$ 5,299</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Custodial</u>
Additions:	
Licenses, permits and fees for other governments	\$ 2,199
Other custodial fund collections	<u>21,595</u>
Total additions	<u>23,794</u>
Deductions:	
Other custodial fund disbursements	<u>21,595</u>
Total deductions	<u>21,595</u>
Net change in fiduciary net position	2,199
Net position beginning of year	<u>3,100</u>
Net position end of year	<u><u>\$ 5,299</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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.

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 discretely presented 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 19 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 22.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023

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.

Fire Operating Levy fund - The fire operating levy fund accounts for property taxes that are restricted for the partial operation of the fire department.

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.

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 custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's custodial funds are the permit fee fund and the North Ridge development fund.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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.

Fiduciary Funds - The fiduciary funds are prepared using the economic resources measurement focus.

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.

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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.

Unearned Revenues - The City defers revenue recognition in connection with resources that have been received, but not earned. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. Unearned revenue consists primarily of deposits held for various programs and grants.

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 represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 12 and 13 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 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. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

See Notes 12 and 13 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are 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, 2023

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

E. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. 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".

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

Investments were limited to Federal Home Loan Mortgage Corporation (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, negotiable certificates of deposit, U.S. Treasury notes, U.S. government money market and State Treasury Asset Reserve of Ohio (STAR Ohio).

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 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 2023 amounted to \$1,076,863, which includes \$788,957 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. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepayments 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.

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 back trending (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. Capital assets received in a service concession arrangement are reported at acquisition value. 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

All reported capital assets except land, easements and right of ways and construction in progress are depreciated/amortized. 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/amortization is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities	Business-Type Activities
	<u>Estimated Lives</u>	<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
Intangible right-to-use assets	5 - 50 years	5 years
Infrastructure	20 - 50 years	40 years
Sewer Rights	n/a	10 years

The City is reporting intangible right-to-use assets related to land, equipment and Subscription Based Information Technology Arrangements (SBITAs). The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

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. At December 31, 2023, there were interfund balances outstanding.

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.

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 and only if they have matured (i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement). The noncurrent portion of the liability is not reported.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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.

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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.

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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 15.

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. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net pension asset, net OPEB 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.

U. 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

For 2023, the City has implemented GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription Based Information Technology Arrangements", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the City.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. These changes were incorporated in the City's 2023 financial statements.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the City.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

B. Deficit Fund Balances

Fund balances at December 31, 2023 included the following individual fund deficit:

	<u>Deficit</u>
<u>Nonmajor governmental funds</u>	
Municipal Road Fund	\$ 6,981

The general fund is liable for any deficit in these funds 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;
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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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 deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (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.

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. Except as noted above, 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.

A. Deposits with Financial Institutions

At December 31, 2023, the carrying amount of all City deposits was \$3,428,078. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2023, \$3,274,106 of the City's bank balance of \$3,526,858 was exposed to custodial risk as discussed below, while \$252,752 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 2023, 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.

B. Investments

As of December 31, 2023, the City had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Fair value:</i>						
FFCB	\$ 2,395,174	\$ -	\$ 480,390	\$ 118,578	\$ 1,048,898	\$ 747,308
FHLB	3,839,091	254,607	1,123,718	-	1,579,367	881,399
FHLMC	1,468,448	-	-	378,837	271,623	817,988
FNMA	1,073,584	-	-	-	1,073,584	-
U.S. Treasury notes	941,251	698,586	-	242,665	-	-
Negotiable CDs	7,062,248	2,121,430	1,095,938	478,763	869,891	2,496,226
U.S government money market	702,922	702,922	-	-	-	-
<i>Amortized cost:</i>						
STAR Ohio	<u>5,887,397</u>	<u>5,887,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 23,370,115	\$ 9,664,942	\$ 2,700,046	\$ 1,218,843	\$ 4,843,363	\$ 4,942,921

The weighted average of maturity of investments is 1.06 years.

The City's investments in federal agency securities (FFCB, FHLB, FHLMC and FNMA), negotiable CD's, and U.S. Treasury notes 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. 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2023:

Measurement/ Investment type	Measurement Value	% of Total
<i>Fair value:</i>		
FFCB	\$ 2,395,174	10.25%
FHLB	3,839,091	16.43%
FHLMC	1,468,448	6.28%
FNMA	1,073,584	4.59%
U.S. Treasury notes	941,251	4.03%
Negotiable CD's	7,062,248	30.22%
U.S. government money market	702,922	3.01%
<i>Amortized cost:</i>		
STAR Ohio	<u>5,887,397</u>	<u>25.19%</u>
Total	<u>\$ 23,370,115</u>	<u>100.00%</u>

C. 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, 2023:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,428,078
Investments	23,370,115
Cash on hand	<u>1,200</u>
Total	<u>\$ 26,799,393</u>
<u>Cash and Investments per Statement of Net Position</u>	
Governmental activities	\$ 15,997,794
Business-type activities	10,796,300
Custodial funds	<u>5,299</u>
Total	<u>\$ 26,799,393</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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 proceeding the tax collection year, the lien date. Public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 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, 2023 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 2023 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.

The full tax rate for all City operations for the year ended December 31, 2023 was \$7.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2023 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 390,965,860
Commercial/industrial/mineral	107,589,420
Public utility	<u>14,728,550</u>
Total assessed value	<u>\$ 513,283,830</u>

NOTE 6 - RECEIVABLES

Receivables at December 31, 2023, 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 \$54,919 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 \$31,509. At December 31, 2023, the amount of delinquent special assessments was \$14,441.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 - RECEIVABLES - (Continued)

A. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Governmental activities:

Local government	\$ 205,079
Homestead and rollback	193,239
Street construction, maintenance and repair	507,100
Miscellaneous	<u>260,402</u>
Total governmental activities	<u>\$ 1,165,820</u>

Business-type activities:

Water	\$ 102,605
Garbage	<u>2,708</u>
Total business-type activities	<u>\$ 105,313</u>

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.

C. Leases Receivable

The City is reporting leases receivable of \$31,950 in the general fund. For 2023, the City recognized lease revenue of \$22,209, which is reported in rental income, and interest revenue of \$1,265.

The City has entered into lease agreements for building space with multiple companies at varying years and terms as follows:

Leases	Lease Commencement Date	Years	Lease End Date	Payment Method
1204 N. Main Street	2021	4	2025	Monthly
1206 N. Main St. Suite 119 & 120	2022	3	2025	Monthly

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 - RECEIVABLES - (Continued)

Lease payments will be paid into the general fund. The following is a schedule of future lease payments under the lease agreements:

Year End December 31,	Principal	Interest	Total
2024	\$ 22,874	\$ 646	\$ 23,520
2025	9,076	65	9,141
Total	<u>\$ 31,950</u>	<u>\$ 711</u>	<u>\$ 32,661</u>

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 2023, the City contracted with U.S. Specialty Insurance for the following coverages:

Commercial General Liability & Employee Benefits:	
Each Occurrence	\$1,000,000
Damage to Rented Premises	\$100,000
Medical Expense	\$10,000
Personal and Advertising Injury	\$1,000,000
General Aggregate	\$3,000,000
Products - Comp/Op Aggregate	\$3,000,000
Stop Gap	\$1,000,000
Automobile:	
Combined Single Limit	\$1,000,000
Comprehensive/Collision Deductible	\$1,000
Umbrella Liability:	
Each Occurrence	\$5,000,000
Aggregate	\$5,000,000
Blanket Property - Building/Contents	\$67,649,923
Law Enforcement Liability	\$1,000,000
Public Officials Liability	\$1,000,000
Employment Practices Liability	\$1,000,000
Employee Dishonesty	\$100,000

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 Sedgwick as the Third Party Administrator (TPA).

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 7 - RISK MANAGEMENT - (Continued)

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 is offered to employees as a traditional preferred provider option (PPO) or a high-deductible health savings account (HSA). The traditional PPO plan provides a medical/surgical plan with a \$500 single/\$1,000 family deductible for in-network providers and \$2,000 single/\$4,000 family in-network out-of-pocket, with claims paid at 90% in-network and 70% out-of-network. The deductible doubles for out-of-network providers, and the out-of-pocket is \$3,500 single/\$7,000 family for out-of-network providers. The high-deductible HSA PPO plan has a \$1,500 single/\$3,000 family deductible, and \$6,000 single/\$12,000 family out-of-network out-of-pocket maximum, with claims paid at 100% in-network after deductible. Medical Mutual serves as the City's 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 \$60,000 per employee per year and an aggregate of \$1,000,000. The City pays 89%, and employees pay 11% of monthly COBRA rates into the self-insurance internal service fund for total monthly premium:

	Traditional PPO	High-deductible HSA
Single	\$ 743	\$ 660
Employee/Child(ren)	\$1,342	\$1,191
Employee/Spouse	\$1,564	\$1,389
Family	\$2,232	\$1,981

The City also contributes half of the annual deductible to any employee's HSA account. This premium is paid by the fund that pays the salary of the employee and is based on historical cost information.

The claims liability of \$372,697 reported in the internal service fund at December 31, 2023 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 2023 and 2022 are:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2022	\$ 52,953	\$ 1,927,381	\$ (1,607,637)	\$ 372,697
2022	159,242	1,116,648	(1,222,937)	52,953

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - GOLF COURSE OPERATING MANAGEMENT AGREEMENT

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.

In January 2020, the City entered into a management agreement with North Canton Golf, LLC (NCG) to manage Arrowhead for a five year period expiring January 31, 2025. Under the agreement, the City provided NCG with initial funding of \$50,000 for operations and pay a base management fee of \$6,000 per month. NCG will be entitled to earn an incentive management fee that is 50% of the net operating income.

The assets involved in the agreement are as follows:

	Governmental Activities
Asset:	
Land	\$ 1,780,214
Buildings	2,466,290
Land improvements	1,250,020
Equipment	176,749
Subtotal	5,673,273
Less: accumulated depreciation	(1,987,459)
Total	<u>\$ 3,685,814</u>

NOTE 9 - CONTRACTUAL COMMITMENTS

The City had the following contractual commitments outstanding at December 31, 2023:

Vendor	Contract Amount	Amount Expended	Amount Outstanding
Stark County Engineer	\$ 200,000	\$ -	\$ 200,000
Wenger Excavating Inc	18,580	-	18,580
Superior Paving/Materials Inc	592,638	-	592,638
Core & Main LP	87,065	(34,997)	52,068
Northstar Asphalt Inc	80,000	-	80,000
Ct Consultants Inc	164,875	(71,840)	93,035
Bells Custom Concrete LLC	15,000	-	15,000
Bennett& Williams Environmental Consultants Inc	25,000	(21,702)	3,298
GPD Group	60,086	(10,808)	49,278
Lampion Companies LLC	265,188	(109,467)	155,721
Loukas Engineering	15,880	(11,600)	4,280
Ohm Advisors	9,700	(7,312)	2,388
Ray Bertolini Trucking Co Inc	447,500	(10,266)	437,234
Total Contractual Commitments	<u>\$ 1,981,512</u>	<u>\$ (277,992)</u>	<u>\$ 1,703,520</u>

CITY OF NORTH CANTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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	\$ 34,239
Emergency medical service levy fund	15,800
Capital improvement fund	602,824
Other governmental	<u>309,829</u>
Total	<u><u>\$ 962,692</u></u>

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities

Governmental capital asset activity for the year ended December 31, 2023, was as follows:

	Balance 12/31/22	Additions	Deductions	Balance 12/31/23
<u>Governmental activities:</u>				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 8,699,439	\$ -	\$ -	\$ 8,699,439
Easements and rights-of-way	658,336	-	-	658,336
Construction in progress	<u>59,859</u>	<u>1,348,143</u>	<u>-</u>	<u>1,408,002</u>
Total capital assets, not being depreciated/amortized	<u>9,417,634</u>	<u>1,348,143</u>	<u>-</u>	<u>10,765,777</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	5,582,771	2,088,925	(49,934)	7,621,762
Buildings	11,149,836	352,954	(804,650)	10,698,140
Equipment	10,794,375	1,149,567	(481,440)	11,462,502
Software	163,666	-	-	163,666
Intangible right-to-use assets:				
Land	13,087	-	-	13,087
Equipment	34,690	33,571	-	68,261
SBITAs	-	58,235	-	58,235
Infrastructure - streets subsystem	47,448,518	612,027	-	48,060,545
Infrastructure - storm sewers subsystem	11,527,922	-	-	11,527,922
Infrastructure - bridge subsystem	<u>203,000</u>	<u>-</u>	<u>-</u>	<u>203,000</u>
Total capital assets, being depreciated/amortized	<u>86,917,865</u>	<u>4,295,279</u>	<u>(1,336,024)</u>	<u>89,877,120</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(1,775,386)	(326,228)	48,685	(2,052,929)
Buildings	(6,677,719)	(285,232)	803,825	(6,159,126)
Equipment	(6,899,946)	(699,223)	393,700	(7,205,469)
Software	(157,167)	(5,599)	-	(162,766)
Intangible right-to-use assets:				
Land	(265)	(266)	-	(531)
Equipment	(12,980)	(19,375)	-	(32,355)
SBITAs	-	(23,294)	-	(23,294)
Infrastructure - streets subsystem	(28,464,670)	(1,614,905)	-	(30,079,575)
Infrastructure - storm sewers subsystem	(6,596,683)	(246,755)	-	(6,843,438)
Infrastructure - bridge subsystem	<u>(181,475)</u>	<u>(3,075)</u>	<u>-</u>	<u>(184,550)</u>
Total accumulated depreciation/amortization	<u>(50,766,291)</u>	<u>(3,223,952)</u>	<u>1,246,210</u>	<u>(52,744,033)</u>
Total capital assets, being depreciated/amortized, net	<u>36,151,574</u>	<u>1,071,327</u>	<u>(89,814)</u>	<u>37,133,087</u>
Governmental activities capital assets, net	<u>\$ 45,569,208</u>	<u>\$ 2,419,470</u>	<u>\$ (89,814)</u>	<u>\$ 47,898,864</u>

CITY OF NORTH CANTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 11 - CAPITAL ASSETS - (Continued)

Depreciation/amortization expense was charged to governmental activities as follows:

General government	\$ 253,891
Police	160,367
Fire	160,724
Public health and welfare	60,388
Transportation	1,911,609
Community environment	470
Leisure time activities	424,838
Basic utility services	<u>251,665</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 3,223,952</u>

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - CAPITAL ASSETS - (Continued)

A. Business-Type Activities

Business-type activities capital asset activity for 2023 is as follows.

	Balance			Balance
<u>Business-type activities:</u>	<u>12/31/22</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/23</u>
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 1,023,702	\$ -	\$ -	\$ 1,023,702
Construction in progress	<u>580,183</u>	<u>731,049</u>	<u>-</u>	<u>1,311,232</u>
Total capital assets, not being depreciated/amortized	<u>1,603,885</u>	<u>731,049</u>	<u>-</u>	<u>2,334,934</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	1,521,139	24,999	-	1,546,138
Buildings	18,591,239	-	-	18,591,239
Equipment	9,859,877	686,676	(166,897)	10,379,656
Software	46,778	-	-	46,778
Intangible right-to-use assets:				
Equipment	21,507	-	-	21,507
Sewer rights	2,838,240	-	-	2,838,240
Infrastructure - water lines	42,452,879	-	-	42,452,879
Infrastructure - sewer lines	<u>16,743,383</u>	<u>36,680</u>	<u>-</u>	<u>16,780,063</u>
Total capital assets, being depreciated/amortized	<u>92,075,042</u>	<u>748,355</u>	<u>(166,897)</u>	<u>92,656,500</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(416,290)	(50,161)	-	(466,451)
Buildings	(11,499,965)	(404,806)	-	(11,904,771)
Equipment	(7,127,907)	(534,679)	164,688	(7,497,898)
Software	(44,354)	(2,424)	-	(46,778)
Intangible right-to-use assets:				
Equipment	(4,791)	(4,790)	-	(9,581)
Sewer rights	(281,479)	(281,479)	-	(562,958)
Infrastructure - water lines	(19,499,441)	(949,465)	-	(20,448,906)
Infrastructure - sewer lines	<u>(9,973,736)</u>	<u>(419,042)</u>	<u>-</u>	<u>(10,392,778)</u>
Total accumulated depreciation/amortization	<u>(48,847,963)</u>	<u>(2,646,846)</u>	<u>164,688</u>	<u>(51,330,121)</u>
Total capital assets, being depreciated/amortized, net	<u>43,227,079</u>	<u>(1,898,491)</u>	<u>(2,209)</u>	<u>41,326,379</u>
Business-type activities capital assets, net	<u>\$ 44,830,964</u>	<u>\$ (1,167,442)</u>	<u>\$ (2,209)</u>	<u>\$ 43,661,313</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - CAPITAL ASSETS - (Continued)

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

Water	\$ 1,878,269
Sewer	<u>768,577</u>
Total depreciation expense - business-type activities:	<u>\$ 2,646,846</u>

NOTE 12 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Asset and Net OPEB Liability

The net pension liability/asset and the net OPEB liability reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions and 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 pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset and the net OPEB liability represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB 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/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the pension disclosures. See Note 13 for the OPEB disclosures.

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 is a cost-sharing, multiple employer public employee retirement system which 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. 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. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. 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 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	State and Local	
	Traditional	Combined
2023 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
2023 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
Total Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

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 \$757,453 for 2023. Of this amount, \$122,496 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 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.

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F 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, statutory survivors and annuity beneficiaries. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

	<u>Police</u>	<u>Firefighters</u>
2023 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2023 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
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 \$749,622 for 2023. Of this amount, \$93,617 is reported as intergovernmental payable.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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 OPERS was measured as of December 31, 2022, 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, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. 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:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.02640200%	0.05025100%	0.02743000%	0.11319670%	
Proportion of the net pension liability/asset current measurement date	<u>0.02698400%</u>	<u>0.04888900%</u>	<u>0.02180900%</u>	<u>0.11693220%</u>	
Change in proportionate share	<u>0.00058200%</u>	<u>-0.00136200%</u>	<u>-0.00562100%</u>	<u>0.00373550%</u>	
Proportionate share of the net pension liability	\$ 7,971,084	\$ -	\$ -	\$ 11,107,426	\$ 19,078,510
Proportionate share of the net pension asset	-	(115,226)	(1,706)	-	(116,932)
Pension expense	1,339,271	14,773	(165)	1,743,521	3,097,400

At December 31, 2023, 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	\$ 264,766	\$ 7,083	\$ 4,906	\$ 166,606	\$ 443,361
Net difference between projected and actual earnings on pension plan investments	2,272,011	41,994	801	1,617,110	3,931,916
Changes of assumptions	84,208	7,625	110	1,001,853	1,093,796
Changes in employer's proportionate percentage/ difference between employer contributions	141,156	-	-	686,997	828,153
Contributions subsequent to the measurement date	712,765	27,491	17,197	749,622	1,507,075
Total deferred outflows of resources	<u>\$ 3,474,906</u>	<u>\$ 84,193</u>	<u>\$ 23,014</u>	<u>\$ 4,222,188</u>	<u>\$ 7,804,301</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources					
Differences between expected and actual experience	\$ -	\$ 16,470	\$ -	\$ 253,061	\$ 269,531
Changes of assumptions	-	-	-	216,592	216,592
Changes in employer's proportionate percentage/ difference between employer contributions	105,290	-	-	48,554	153,844
Total deferred inflows of resources	<u>\$ 105,290</u>	<u>\$ 16,470</u>	<u>\$ -</u>	<u>\$ 518,207</u>	<u>\$ 639,967</u>

\$1,507,075 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/increase to the net pension liability/asset in the year ending December 31, 2024.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Year Ending December 31:					
2024	\$ 318,368	\$ 1,708	\$ 816	\$ 447,760	\$ 768,652
2025	556,731	7,725	871	708,254	1,273,581
2026	668,764	10,715	889	761,035	1,441,403
2027	1,112,988	18,083	1,005	1,026,794	2,158,870
2028	-	(56)	573	10,515	11,032
Thereafter	-	2,057	1,663	1	3,721
Total	<u>\$ 2,656,851</u>	<u>\$ 40,232</u>	<u>\$ 5,817</u>	<u>\$ 2,954,359</u>	<u>\$ 5,657,259</u>

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, 2022, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2022, compared to the December 31, 2021 actuarial valuation, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	2.75%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	6.90%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, 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 of 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 a loss of 12.1% for 2022.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 long-term expected 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	22.00 %	2.62 %
Domestic equities	22.00	4.60
Real estate	13.00	3.27
Private equity	15.00	7.53
International equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	100.00 %	

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2022 was 6.90%. 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 benefit 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/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 11,940,420	\$ 7,971,084	\$ 4,669,311
Combined Plan	(60,133)	(115,226)	(158,889)
Member-Directed Plan	(1,090)	(1,706)	(2,181)

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, 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 retirement plan involve estimates of the value 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. Experience study assumptions were performed by OP&F's prior actuary and completed as of December 31, 2016. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful lives of the participants which was 5.81 years at December 31, 2022.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2022, compared to December 31, 2021, are presented below.

Valuation date	1/1/22 with actuarial liabilities rolled forward to 12/31/22
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

Health Mortality

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

Contingent Annuitant Mortality

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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, 2022 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	18.60	4.80
Non-US equity	12.40	5.50
Private markets	10.00	7.90
Core fixed income *	25.00	2.50
High yield fixed income	7.00	4.40
Private credit	5.00	5.90
U.S. inflation linked bonds *	15.00	2.00
Midstream energy infrastructure	5.00	5.90
Real assets	8.00	5.90
Gold	5.00	3.60
Private real estate	12.00	5.30
Commodities	2.00	3.60
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

** Numbers are net of expected 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 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. A discount rate of 7.50% was used in the previous measurement date. 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 earnings were calculated using the longer-term assumed investment rate of return 7.50%. 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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 7.50%, as well as what the net pension liability 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.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 11,652,837	\$ 11,107,426	\$ 8,160,124

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 12 for a description of the net OPEB liability.

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. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - The Ohio Revised Code provides the statutory authority allowing 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, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. 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. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan. 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 2023 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$11,461 for 2023. Of this amount, \$1,853 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 health care 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. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: 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. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

OP&F maintains funds for health care in two separate accounts: 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. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.50% 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.

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.

The City's contractually required contribution to OP&F was \$17,982 for 2023. Of this amount, \$2,246 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, 2021, rolled forward to the measurement date of December 31, 2022, 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, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. 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:

	OPERS	OP&F	Total
Proportion of the net OPEB liability/asset prior measurement date	0.02714400%	0.11319670%	
Proportion of the net OPEB liability current measurement date	<u>0.02737800%</u>	<u>0.11693220%</u>	
Change in proportionate share	<u>0.00023400%</u>	<u>0.00373550%</u>	
Proportionate share of the net OPEB liability	\$ 172,624	\$ 832,523	\$ 1,005,147
OPEB expense	(172,613)	191,659	19,046

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2023, 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	\$ -	\$ 49,680	\$ 49,680
Net difference between projected and actual earnings on OPEB plan investments	342,836	71,409	414,245
Changes of assumptions	168,605	414,878	583,483
Changes in employer's proportionate percentage/ difference between employer contributions	22	304,172	304,194
Contributions subsequent to the measurement date	11,461	17,982	29,443
Total deferred outflows of resources	<u>\$ 522,924</u>	<u>\$ 858,121</u>	<u>\$ 1,381,045</u>
	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 43,059	\$ 164,158	\$ 207,217
Net difference between projected and actual earnings on OPEB plan investments	-	-	-
Changes of assumptions	13,873	680,936	694,809
Changes in employer's proportionate percentage/ difference between employer contributions	9,381	11,111	20,492
Total deferred inflows of resources	<u>\$ 66,313</u>	<u>\$ 856,205</u>	<u>\$ 922,518</u>

\$29,443 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/increase to the net OPEB liability in the year ending December 31, 2024.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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
2024	\$ 47,493	\$ 111,202	\$ 158,695
2025	125,130	110,512	235,642
2026	106,908	(18,536)	88,372
2027	165,619	(7,623)	157,996
2028	-	(59,257)	(59,257)
Thereafter	-	(152,364)	(152,364)
Total	<u>\$ 445,150</u>	<u>\$ (16,066)</u>	<u>\$ 429,084</u>

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 health care costs 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 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, 2021, rolled forward to the measurement date of December 31, 2022.

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75% including wage inflation
Prior Measurement date	2.75 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	5.22%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	4.05%
Prior Measurement date	1.84%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2036
Prior Measurement date	5.50% initial, 3.50% ultimate in 2034
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, 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 was a loss of 15.6% for 2022.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	2.56 %
Domestic equities	26.00	4.60
Real Estate Investment Trusts (REITs)	7.00	4.70
International equities	25.00	5.51
Risk parity	2.00	4.37
Other investments	6.00	1.84
Total	100.00 %	

Discount Rate - A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. 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 the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, 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 proportionate share of the net OPEB liability calculated using the single discount rate of 5.22%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22%) or one-percentage-point higher (6.22%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability/(asset)	\$ 587,532	\$ 172,624	\$ (169,744)

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. 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 the health care 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 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 161,804	\$ 172,624	\$ 184,802

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, 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 the value 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	4.27%
Prior measurement date	2.84%
Cost of Living Adjustments	2.20% simple per year

Health Mortality

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

Contingent Annuitant Mortality

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

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 OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2022, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	18.60	4.80
Non-US equity	12.40	5.50
Private markets	10.00	7.90
Core fixed income *	25.00	2.50
High yield fixed income	7.00	4.40
Private credit	5.00	5.90
U.S. inflation linked bonds *	15.00	2.00
Midstream energy infrastructure	5.00	5.90
Real assets	8.00	5.90
Gold	5.00	3.60
Private real estate	12.00	5.30
Commodities	2.00	3.60
Total	125.00 %	

Note: assumptions are geometric.

* levered 2x

** Numbers are net of expected 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 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2022, the total OPEB liability was calculated using the discount rate of 4.27%. For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. The projection of cash flows used to determine the discount rate assumed the contributions 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 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50% was applied to periods before December 31, 2035 and the Municipal Bond Index Rate of 3.65% was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27%.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 4.27%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27%), or one percentage point higher (5.27%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,025,174	\$ 832,523	\$ 669,876

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

NOTE 14 - OTHER EMPLOYEE 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.

Fulltime Employees will be credited with accrued vacation:

Exempt Employees and Utility Workers and Service Union Employees

Each full-time employee shall earn and be entitled to paid vacation in accordance with the following schedule:

	<u>Annual</u>	<u>Bi-Weekly</u>
0 through 4 years	80 hours	3.08 hours
5 years through 9 years	120 hours	4.62 hours
10 years through 14 years	160 hours	6.16 hours
15 years through 19 years	200 hours	7.70 hours
> than 19 years	240 hours	9.23 hours

Vacation Payout. Employees shall be paid quarterly for any vacation leave to their credit if their current vacation balance exceeds two (2) years accumulating at their current rate of pay.

OPBA Police, OPBA Dispatch, FOP Sergeants and Lieutenants and IAFF Union Employees

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14 - OTHER EMPLOYEE BENEFITS - (Continued)

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 hired on or before August 1, 2006 shall: 1) be paid for 50% of all sick time accumulated on or before the pay date ends August 6, 2011, as certified by the Director of Finance, that is not subsequently used; and, 2) shall receive an additional amount equal to 25% of all unused sick time accumulated after the pay period ending August 6, 2011, as certificated by the Director of Finance, up to a maximum payment of 240 hours. Employees hired after August 1, 2006 shall be paid for 25% of the total number of accumulated but unused sick hours earned by the employee, as certified by the Finance Director, up to a maximum payment equal to 240 hours.

B. Insurance

The City provides \$50,000 basic term life insurance and accidental death and dismemberment insurance to its full-time employees, and one times salary for administrative employees, through Medical Mutual of Ohio.

NOTE 15 - LONG-TERM OBLIGATIONS

<u>Debt Issued</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
Governmental activities:			
General obligation bonds			
Series 2016 Refunding	2.00 - 4.00	1,233,180	December 1, 2026
Real Estate Acquisition - Series 2020	1.76	2,900,000	December 1, 2034
Series 2023 1 & 2 bonds	5	4,314,000	December 1, 2037
Business-type activities:			
OWDA loans - direct borrowing			
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 - direct borrowing			
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 - direct borrowing			
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, 2023

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

The changes in governmental activities long-term obligations during the year were as follows.

	Balance <u>12/31/2022</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>12/31/2023</u>	Amounts Due <u>in One Year</u>
Governmental activities:					
General obligation bonds					
Series 2023 Bonds	\$ -	3,298,000	-	\$ 3,298,000	-
Series 2023 Bonds	-	1,016,000	-	1,016,000	-
Series 2016 Refunding	750,516	-	(95,472)	655,044	98,124
Real Estate Acquisition - Series 2020	<u>2,364,000</u>	<u>-</u>	<u>(179,000)</u>	<u>2,185,000</u>	<u>182,000</u>
Total GO bonds	<u>3,114,516</u>	<u>4,314,000</u>	<u>(274,472)</u>	<u>7,154,044</u>	<u>280,124</u>
Various purpose notes					
Various purpose notes - Series 2022	<u>4,314,000</u>	<u>-</u>	<u>(4,314,000)</u>	<u>-</u>	<u>-</u>
Total notes payable	<u>4,314,000</u>	<u>-</u>	<u>(4,314,000)</u>	<u>-</u>	<u>-</u>
Other long-term liabilities					
Unamortized premiums on bonds	72,316	-	(9,134)	63,182	-
Compensated absences	1,656,068	553,375	(481,119)	1,728,324	228,895
Notes payable - financed purchase	691,932	-	(114,516)	577,416	119,652
Leases payable	34,065	33,571	(19,751)	47,885	13,797
SBITAs payable	-	58,235	(29,121)	29,114	29,114
Net pension liability	8,413,252	7,481,929	-	15,895,181	-
Net OPEB liability	<u>1,240,733</u>	<u>103,685</u>	<u>(408,210)</u>	<u>936,208</u>	<u>-</u>
Total governmental activities	<u>\$ 19,536,882</u>	<u>\$ 12,544,795</u>	<u>\$ (5,650,323)</u>	<u>\$ 26,431,354</u>	<u>\$ 671,582</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.

On April 3, 2020, the City issued a total of \$2,900,000 in Series 2020 Real Estate Acquisition Bonds to purchase land for the future site of a Safety Service Center.

On May 10, 2022, the City issued \$4,314,000 in bond anticipation notes for economic development. The notes have been financed on a long-term basis prior to the issuance of the financial statements. See Note 24 for details on note issuance.

On May 2, 2023, the City issued \$4,314,000 in Economic Development Nontax Revenue Bonds to refund the previous notes. The bonds carry an interest rate of 5.00% and have a final maturity date of December 1, 2037.

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

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

Notes payable - financed purchase: During 2022, the City entered into agreements for the purchase of salt dome equipment and land on Orion St. The payments for the salt dome equipment will be paid from the capital improvement fund and the payments for the land purchase will be paid from the general fund.

Leases payable: The City has entered into lease agreements for the use of right to use land and equipment. Due to the implementation of GASB Statement No. 87, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund, the EMS operating fund, and the fire operating fund (a nonmajor governmental fund).

The City has entered into lease agreements for copier equipment and land at varying years and terms as follows:

<u>Leases</u>	Lease Commencement	<u>Length</u>	Lease End	Payment Method
	<u>Date</u>		<u>Date</u>	
Postage Machine Lease	2020	5 years	2025	Quarterly
Masonic Temple Ground Lease	2021	50 years	2071	Annually
Utilities Copier Lease	2019	63 months	2025	Monthly
Finance Copier Lease	2019	63 months	2024	Monthly
Building/Engineering Copier Lease	2020	63 months	2025	Monthly
Police/Fire/EMS Copier Lease	2018	63 months	2024	Monthly

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.

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

The changes in business-type activities long-term obligations during the year were as follows.

	Balance <u>12/31/2022</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>12/31/2023</u>	Amounts Due <u>in One Year</u>
Business-type activities:					
OWDA loans - direct borrowing					
Water treatment plant improvement	\$ 920,256	\$ -	\$ (451,807)	\$ 468,449	\$ 468,449
Water treatment plant improvement	608,447	-	(195,310)	413,137	202,721
Water treatment backwash tank	375,181	-	(102,911)	272,270	106,283
Portage St./W. Park sanitary	<u>79,315</u>	<u>-</u>	<u>(9,444)</u>	<u>69,871</u>	<u>9,770</u>
Total OWDA loans	<u>1,983,199</u>	<u>-</u>	<u>(759,472)</u>	<u>1,223,727</u>	<u>787,223</u>
Intergovernmental loans - direct borrowing					
Sewer rights - City of Canton 2022 - 2031	<u>2,637,119</u>	<u>-</u>	<u>(231,401)</u>	<u>2,405,718</u>	<u>244,671</u>
Total intergovernmental loans	<u>2,637,119</u>	<u>-</u>	<u>(231,401)</u>	<u>2,405,718</u>	<u>244,671</u>
OPWC loans - direct borrowing					
Booster pump station	255,228	-	(25,522)	229,706	51,045
Applegrove waterline	223,508	-	(6,981)	216,527	13,970
North Main St. waterline	136,141	-	(8,008)	128,133	16,017
Water Tower #1 exterior painting	199,000	-	(9,550)	189,450	19,900
Lynbrook sanitary sewer	<u>149,674</u>	<u>-</u>	<u>(7,484)</u>	<u>142,190</u>	<u>14,968</u>
Total OPWC loans	<u>963,551</u>	<u>-</u>	<u>(57,545)</u>	<u>906,006</u>	<u>115,900</u>
General obligation bonds					
Series 2016 Refunding	664,484	-	(84,528)	579,956	86,876
Series 2016 Refunding	<u>1,090,000</u>	<u>-</u>	<u>(265,000)</u>	<u>825,000</u>	<u>265,000</u>
Total general obligation bonds	<u>1,754,484</u>	<u>-</u>	<u>(349,528)</u>	<u>1,404,956</u>	<u>351,876</u>
Unamortized premiums on bonds	185,119	-	(23,388)	161,731	-
Notes payable - financed purchase	309,305	-	(157,060)	152,245	75,168
Leases payable	16,921	-	(4,671)	12,250	5,428
Net pension liability	955,704	2,227,625	-	3,183,329	-
Net OPEB liability	<u>-</u>	<u>68,939</u>	<u>-</u>	<u>68,939</u>	<u>-</u>
Total business-type activities	<u>\$ 8,805,402</u>	<u>\$ 2,296,564</u>	<u>\$ (1,583,065)</u>	<u>\$ 9,518,901</u>	<u>\$ 1,580,266</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

OWDA Loans - 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. These loans are considered direct borrowings. Direct borrowings have terms negotiated directly between the City and the lender and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default. 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 16.10% of net revenues and 7.94% of total revenues. The total principal and interest remaining to be paid on the loans is \$1,278,274. Principal and interest paid for the current year were \$824,039, total net revenues were \$4,344,088 and total revenues were \$11,442,976.

Intergovernmental Loans Payable - In 2022, the City entered into a contractual agreement with the City of Canton for the use of the Water Reclamation Facility that is in the area and 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 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, 2023 is \$2,405,718. 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.

OPWC Loans - 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.

These loans are considered direct borrowings. Direct borrowings have terms negotiated directly between the City and the lender and are not offered for public sale. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC incurring the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

General Obligation Bonds - 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.

Notes payable - financed purchase: During 2022, the City entered into an agreement for the purchase of a valve turning truck and other equipment. The payments for this purchase will be paid from the water fund.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

Leases payable: The City has entered into lease agreements for the intangible right-to-use equipment. Due to the implementation of GASB Statement No. 87, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the water fund.

The City has entered into lease agreements for copier equipment at varying years and terms as follows:

<u>Leases</u>	<u>Lease Commencement Date</u>	<u>Length</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Water Treatment Copier Lease	2021	63 months	2027	Quarterly
Service Center Copier Lease	2020	63 months	2025	Annually

Principal and interest requirements to retire the outstanding debt at December 31, 2023, are as follows:

<u>Year Ending December 31,</u>	<u>Total Governmental General Obligation Bonds</u>			<u>Total Governmental Notes Payable - Financed Purchase</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 280,124	\$ 295,457	\$ 575,581	\$ 119,652	\$ 18,206	\$ 137,858
2025	526,428	288,329	814,757	123,481	14,377	137,858
2026	521,212	268,202	789,414	16,785	9,632	26,417
2027	540,864	248,177	789,041	17,268	9,149	26,417
2028	566,820	278,834	845,654	17,764	8,653	26,417
2029-2033	2,853,596	797,743	3,651,339	96,782	35,303	132,085
2034-2038	1,865,000	230,056	2,095,056	111,518	20,567	132,085
2039-2041	-	-	-	74,166	5,085	79,251
Total	<u>\$ 7,154,044</u>	<u>\$ 2,406,798</u>	<u>\$ 9,560,842</u>	<u>\$ 577,416</u>	<u>\$ 120,972</u>	<u>\$ 698,388</u>

<u>Year End December 31,</u>	<u>Total Governmental Leases Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 13,795	\$ 1,244	\$ 15,039
2025	6,793	932	7,725
2026	6,668	735	7,403
2027	6,870	532	7,402
2028	1,851	375	2,226
2029 - 2033	733	1,767	2,500
2034 - 2038	851	1,649	2,500
2039 - 2043	988	1,512	2,500
2044 - 2048	1,148	1,352	2,500
2049 - 2053	1,334	1,166	2,500
2054 - 2058	1,549	951	2,500
2059 - 2063	1,800	700	2,500
2064 - 2068	2,091	409	2,500
2069 - 2072	1,414	87	1,501
Total	<u>\$ 47,885</u>	<u>\$ 13,411</u>	<u>\$ 61,296</u>

CITY OF NORTH CANTON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending December 31,	Ohio Public Works Commission - Direct Borrowing			OWDA Loans - Direct Borrowing		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 115,900	\$ -	\$ 115,900	\$ 787,223	\$ 36,813	\$ 824,036
2025	115,901	-	115,901	330,290	12,438	342,728
2026	115,901	-	115,901	66,679	2,539	69,218
2027	115,901	-	115,901	10,820	1,264	12,084
2028	90,378	-	90,378	11,194	889	12,083
2029-2033	274,399	-	274,399	17,521	604	18,125
2034-2039	<u>77,626</u>	<u>-</u>	<u>77,626</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 906,006</u>	<u>\$ -</u>	<u>\$ 906,006</u>	<u>\$ 1,223,727</u>	<u>\$ 54,547</u>	<u>\$ 1,278,274</u>

Year Ending December 31,	Total Business-Type Activities General Obligation Bonds			Total Business-Type Activities Intergovernmental Loans		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 351,876	\$ 56,198	\$ 408,074	\$ 244,671	\$ 68,833	\$ 313,504
2025	366,572	42,123	408,695	258,470	61,304	319,774
2026	357,788	27,460	385,248	272,815	53,354	326,169
2027	75,136	13,149	88,285	287,727	44,966	332,693
2028	82,180	55,788	137,968	303,224	36,122	339,346
2029-2032	<u>171,404</u>	<u>10,331</u>	<u>181,735</u>	<u>1,038,811</u>	<u>50,478</u>	<u>1,089,289</u>
Total	<u>\$ 1,404,956</u>	<u>\$ 205,049</u>	<u>\$ 1,610,005</u>	<u>\$ 2,405,718</u>	<u>\$ 315,057</u>	<u>\$ 2,720,775</u>

Year Ending December 31,	Total Business-Type Activities Notes Payable - Financed Purchase			Total Business-Type Activities Leases Payable		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 75,168	\$ 7,856	\$ 83,024	\$ 5,428	\$ 302	\$ 5,730
2025	77,077	3,867	80,944	3,094	166	3,260
2026	-	1,958	1,958	3,188	68	3,256
2027	<u>-</u>	<u>-</u>	<u>-</u>	<u>540</u>	<u>2</u>	<u>542</u>
Total	<u>\$ 152,245</u>	<u>\$ 13,681</u>	<u>\$ 165,926</u>	<u>\$ 12,250</u>	<u>\$ 538</u>	<u>\$ 12,788</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

Notes Payable - Short Term

Changes in the City's note activity for the year ended December 31, 2023, were as follows:

	Balance 12/31/2022	Issued	Retired	Balance 12/31/2023
<u>Governmental fund notes</u>				
Various purpose notes - series 2022	\$ 2,717,500	\$ -	\$ (2,717,500)	\$ -
 Total Governmental Fund Notes	<u>\$ 2,717,500</u>	<u>\$ -</u>	<u>\$ (2,717,500)</u>	<u>\$ -</u>

All notes were backed by the full faith and credit of the City. The note liability is reflected in the fund which received the proceeds. The notes were issued in anticipation of long-term bond financing and will be refinanced when such bonds are issued.

On June 3, 2022, the issued Series 2022 bond anticipation notes in the amount of \$7,031,500 for the purpose of economic development. Of this amount, \$4,314,000 has been replaced by debt that extends at least one year beyond the balance sheet date. The notes have an interest rate of 1.4% and will matured on May 9, 2023. At December 31, 2023, there were no further obligations outstanding.

Conduit Debt

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, 2023, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$14,180,700.

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, 2023, the City's total debt margin was \$46,740,758 and the unvoted debt margin was \$21,076,567.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 16 - INTERFUND ACTIVITY

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 from</u>	<u>Transfer to</u>			<u>Total</u>
	<u>Fire Levy</u>	<u>Emergency Levy</u>	<u>Nonmajor Governmental</u>	
Major fund				
General	\$ 550,000	\$ 100,000	\$ 450,000	\$ 1,100,000

Transfers between governmental 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.

NOTE 17 - 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 any major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

- Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- 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);
- Advances-in and advances-out are operating transactions (budget basis) as opposed to Balance Sheet transactions (GAAP basis);
- Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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>	<u>Fire Operating Fund</u>	<u>Emergency Medical Services Levy Fund</u>
Budget basis	\$ (914,536)	\$ 92,441	\$ 304,425
Net adjustment for revenue accruals	578,400	10	25,696
Net adjustment for expenditure accruals	2,592,858	(11,019)	(39,684)
Net adjustment for other financing sources/uses	10,000	-	-
Funds budgeted elsewhere	(169,369)	-	-
Adjustment for encumbrances	<u>204,956</u>	<u>26,800</u>	<u>31,310</u>
GAAP basis	<u>\$ 2,302,309</u>	<u>\$ 108,232</u>	<u>\$ 321,747</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 and the unclaimed monies fund.

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 18 - 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	Fire Operating Levy Fund	Emergency Medical Services Levy Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials and supplies inventory	\$ 79,589	\$ -	\$ 8,896	\$ -	\$ 194,582	\$ 283,067
Prepays	60,683	6,116	4,265	-	4,866	75,930
Unclaimed monies	15,000	-	-	-	-	15,000
Total nonspendable	155,272	6,116	13,161	-	199,448	373,997
Restricted:						
Security of persons and property police	-	-	-	-	107,068	107,068
Security of persons and property fire	-	322,558	803,752	-	-	1,126,310
Public health and welfare	-	-	-	-	23,602	23,602
Transportation	-	-	-	-	2,035,034	2,035,034
Utility services	-	-	-	-	734,333	734,333
General trust	-	-	-	-	46,502	46,502
Capital Improvements	-	-	-	-	772,436	772,436
Total restricted	-	322,558	803,752	-	3,718,975	4,845,285
Committed:						
Capital improvements	-	-	-	8,321,137	329,202	8,650,339
Compensated absences	980,084	-	-	-	-	980,084
Total committed	980,084	-	-	8,321,137	329,202	9,630,423
Assigned:						
Community environment	63,395	-	-	-	-	63,395
Security of persons and property police	23,919	-	-	-	-	23,919
Leisure time activity	21,781	-	-	-	-	21,781
Subsequent year appropriation	1,775,250	-	-	-	-	1,775,250
Total assigned	1,884,345	-	-	-	-	1,884,345
Unassigned (deficit)	4,561,988	-	-	-	(6,981)	4,555,007
Total fund balances	\$ 7,581,689	\$ 328,674	\$ 816,913	\$ 8,321,137	\$ 4,240,644	\$ 21,289,057

NOTE 19 - 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 2022. Complete financial statements can be obtained from the Stark Council of Governments, P.O. Box 21451 Canton, Ohio 44701-1451.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

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 \$100,566 to the Health District in 2023. 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 RITA. Today, RITA serves as the income tax collection agency for over 300 municipalities and JEDD/JEDZ/ENTPZ districts throughout the State of Ohio.

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 20 - 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.

NOTE 21 - 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 basis 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 2023 as a result of tax abatement agreements were approximately \$100,000.

NOTE 22 - 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 22 - NORTH CANTON COMMUNITY IMPROVEMENT CORPORATION - (Continued)

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 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 is a legally separate entity and is reported by the City as a discretely presented component unit in its basic financial statements. 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 basic financial statements of the CIC are prepared using the accrual basis of accounting in conformity with GAAP.

B. Basis of Presentation

The CIC’s basic financial statements consist of a statement of net position, a statement of revenues, expenses, changes in net position and a statement of cash flows.

The CIC distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the CIC’s principal ongoing operation. The principal operating revenues of the CIC are contributions from the City. Operating expenses for the CIC primarily include purchased services and depreciation expense on capital assets purchased by the CIC. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. Nonoperating revenues consist of interest income.

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, all cash in the CIC’s checking and savings accounts with a maturity of less than three months is considered to be cash and cash equivalents. All monies received by the CIC are deposited in a demand deposit account.

D. 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 22 - NORTH CANTON COMMUNITY IMPROVEMENT CORPORATION - (Continued)

E. 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 balance of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their 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.

G. Accrued Liabilities and Long-Term Obligations

The CIC has recognized certain expenses and long-term obligations due, but unpaid as of December 31, 2023. These expenses and long-term obligations are reported as accrued liabilities in the accompanying financial statements.

F. 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.

H. Assets Held for Resale

During 2023, the City of North Canton transferred property to the CIC that is being held for resale. The CIC sold the property in March of 2024 for development. The associated assets have been reported at lower of cost or market.

I. Contributions of Capital

Contributions of capital in the basic financial statements arise from outside contributions of capital assets and assets held for resale provided by the City of North Canton for the use of CIC activities or resale of properties.

Deposits

At December 31, 2023, the carrying amount of the CIC's deposits was \$343,273. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2023, \$294,771 of the bank balance of \$344,911 was covered by the Federal Deposit Insurance Corporation and the remaining \$44,771 was either covered by the Ohio Pooled Collateral System (OPCS) or exposed to custodial credit risk as described below.

Custodial credit risk is the risk that, in the event of bank failure, the CIC will not be able to recover deposits or collateral securities that are in the possession of an outside party. The CIC 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 CIC'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 Ohio Pooled Collateral System (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. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Corporation to a successful claim by the FDIC.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 22 - NORTH CANTON COMMUNITY IMPROVEMENT CORPORATION - (Continued)

Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance 12/31/22	Additions	Deductions	Balance 12/31/23
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,555,464	\$ 1,541,319	\$ (1,750,650)	\$ 2,346,133
<i>Total capital assets, not being depreciated</i>	<u>2,555,464</u>	<u>1,541,319</u>	<u>(1,750,650)</u>	<u>2,346,133</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	44,200	-	-	44,200
Buildings	993,375	713,181	(286,750)	1,419,806
Equipment	444,000	-	(444,000)	-
<i>Total capital assets, being depreciated</i>	<u>1,481,575</u>	<u>713,181</u>	<u>(730,750)</u>	<u>1,464,006</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(44,200)	-	-	(44,200)
Buildings and improvements	(30,676)	(26,581)	9,666	(47,591)
Equipment	(155,400)	-	155,400	-
<i>Total accumulated depreciation</i>	<u>(230,276)</u>	<u>(26,581)</u>	<u>165,066</u>	<u>(91,791)</u>
Total capital assets, net	<u>\$ 3,806,763</u>	<u>\$ 2,227,919</u>	<u>\$ (2,316,334)</u>	<u>\$ 3,718,348</u>

Litigation

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

Long-term Obligations

The changes in governmental activities long-term obligations during the year were as follows.

	Balance 12/31/2022	Issued	Retired	Balance 12/31/2023	Amounts Due in One Year
Governmental activities - direct borrowings:					
Mortgage payable - 1023 N. Main St.	\$ 126,635	\$ -	\$ (7,660)	\$ 118,975	\$ 7,928
Mortgage payable - 6507 Wise Ave. NW & Whipple Ave. NW	382,078	-	(23,111)	358,967	23,921
Mortgage payable - 6631 Wise Ave. NW	68,676	-	(3,734)	64,942	3,875
Total governmental activities	<u>\$ 577,389</u>	<u>\$ -</u>	<u>\$ (34,505)</u>	<u>\$ 542,884</u>	<u>\$ 35,724</u>

On February 16, 2021, the CIC entered into a mortgage payable for \$140,000 to purchase property at 1023 N. Main St., North Canton. The mortgage has an interest rate of 3.55% and a final maturity date of February 16, 2036.

On February 24, 2021, the CIC entered into a mortgage payable for \$422,400 to purchase property at 6507 Wise Ave. NW and property on Whipple Ave NW. The mortgage has an interest rate of 3.55% and a final maturity date of February 24, 2036.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 22 - NORTH CANTON COMMUNITY IMPROVEMENT CORPORATION - (Continued)

On January 31, 2022, the CIC entered into a mortgage payable for \$72,000 to purchase property at 6631 Wise Ave. NW. The mortgage has an interest rate of 3.85% and a final maturity date of January 28, 2037.

These mortgages are considered direct borrowings. Direct borrowings have terms negotiated directly between the CIC and the lender and are not offered for public sale.

Principal and interest requirements to retire the outstanding debt at December 31, 2023 are as follows.

Year Ending December 31,	Total Mortgages Payable		
	Principal	Interest	Total
2024	\$ 35,724	\$ 19,200	\$ 54,924
2025	37,098	17,826	54,924
2026	38,469	16,456	54,925
2027	39,890	15,034	54,924
2028	41,324	13,600	54,924
2029-2033	230,864	43,753	274,617
2034-2037	119,515	5,306	124,821
Total	<u>\$ 542,884</u>	<u>\$ 131,175</u>	<u>\$ 674,059</u>

Due to Primary Government

During 2022, the City of North Canton advanced the CIC \$1,149,378 for the purchase of property. The CIC transferred \$5,600,000 to the City in April of 2023, which included the repayment of the advance. During 2023, the City transferred \$5,894,257 to the CIC due to the reissuance of bond anticipation notes. \$1,443,635 is recorded as “due to primary governments” on the basic financial statements.

NOTE 23 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2023, the City received COVID-19 funding. The City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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APPENDIX C-2

Basic Financial Statements from the City's Financial Report for Fiscal Year 2024 (Unaudited)

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INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited 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, Ohio (City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required budgetary comparison schedules, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.



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

June 30, 2025

CITY OF NORTH CANTON, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	North Canton Community Improvement Corporation
Assets:				
Equity in pooled cash and investments	\$ 20,181,419	\$ 10,928,628	\$ 31,110,047	\$ -
Cash and cash equivalents				
With fiscal agents	-	-	-	37,881
Receivables:				
Property taxes	4,900,796	-	4,900,796	-
Municipal income taxes	3,232,641	-	3,232,641	-
Accounts	302,984	1,308,985	1,611,969	-
Intergovernmental	1,095,092	2,708	1,097,800	-
Special assessments	8,012	18,791	26,803	-
Leases	9,175	-	9,175	-
Accrued interest	141,323	-	141,323	-
Hotel motel taxes	1,086	-	1,086	-
Due from component units	819,139	-	819,139	-
Materials and supplies inventory	256,495	526,681	783,176	-
Prepayments	77,986	19,993	97,979	-
Assets held for resale	721,286	-	721,286	2,194,200
Net pension asset	90,390	58,989	149,379	-
Net OPEB asset	168,063	109,679	277,742	-
Internal balance	(393,977)	393,977	-	-
Capital assets:				
Non-depreciable/amortizable capital assets	10,604,409	1,049,743	11,654,152	901,895
Depreciable/amortizable capital assets, net	40,294,383	42,469,952	82,764,335	629,562
Total capital assets, net	50,898,792	43,519,695	94,418,487	1,531,457
Total assets	82,510,702	56,888,126	139,398,828	3,763,538
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	30,856	66,335	97,191	-
Pension	6,084,704	1,170,809	7,255,513	-
OPEB	828,804	98,684	927,488	-
Total deferred outflows of resources	6,944,364	1,335,828	8,280,192	-
Liabilities:				
Accounts payable	287,011	445,602	732,613	2,019
Contracts payable	90	-	90	-
Accrued wages and benefits payable	586,892	99,208	686,100	-
Intergovernmental payable	282,842	196,926	479,768	14,119
Due to primary government	-	-	-	819,139
Accrued interest payable	24,531	12,772	37,303	-
Claims payable	277,869	-	277,869	-
Unearned revenue	398,034	-	398,034	4,475
Long-term liabilities:				
Due within one year	1,637,646	1,345,004	2,982,650	12,266
Due in more than one year:				
Net pension liability	16,798,541	3,159,161	19,957,702	-
Net OPEB liability	903,673	-	903,673	-
Other amounts	10,129,543	4,013,201	14,142,744	159,848
Total liabilities	31,326,672	9,271,874	40,598,546	1,011,866
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	4,801,149	-	4,801,149	-
Leases	9,254	-	9,254	-
Pension	353,313	25,562	378,875	-
OPEB	866,257	70,437	936,694	-
Total deferred inflows of resources	6,029,973	95,999	6,125,972	-
Net position:				
Net investment in capital assets	41,797,895	39,091,986	80,889,881	1,420,410
Restricted for:				
Capital projects	305,098	-	305,098	-
Security of persons and property - police	87,478	-	87,478	-
Transportation	2,160,630	-	2,160,630	-
Basic utilities	673,526	-	673,526	-
General trust	37,609	-	37,609	-
Pension and OPEB	258,453	168,668	427,121	-
Other purposes	153,718	-	153,718	-
Unrestricted	6,624,014	9,595,427	16,219,441	1,331,262
Total net position	\$ 52,098,421	\$ 48,856,081	\$ 100,954,502	\$ 2,751,672

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Current:				
General government	\$ 3,128,125	\$ 138,729	\$ 1,707	\$ -
Police	6,168,922	472,578	29,551	-
Fire	1,546,699	8,195	1,629	-
Public health and welfare	3,304,080	1,118,445	3,804	-
Transportation	3,258,305	238	1,092,652	915,022
Community environment	6,614,702	713,637	-	-
Leisure time activities	1,504,437	245,484	45	11,500
Economic development	7,699	-	462	1,087,300
Basic utility services	350,632	-	-	-
Interest	384,025	-	-	-
Total governmental activities	<u>26,267,626</u>	<u>2,697,306</u>	<u>1,129,850</u>	<u>2,013,822</u>
Business-type activities:				
Water	6,751,981	7,703,821	-	20,172
Sewer	3,959,437	4,075,127	-	-
Garbage	1,339,715	1,311,733	10,831	-
Total business-type activities	<u>12,051,133</u>	<u>13,090,681</u>	<u>10,831</u>	<u>20,172</u>
Total primary government	<u>\$ 38,318,759</u>	<u>\$ 15,787,987</u>	<u>\$ 1,140,681</u>	<u>\$ 2,033,994</u>
Component Unit:				
North Canton Community Improvement Corporation	<u>\$ 1,803,166</u>	<u>\$ 142,003</u>	<u>\$ -</u>	<u>\$ 1,994,200</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
Hotel/motel taxes
Grants and entitlements not restricted
 to specific programs
Contributions not restricted
 to specific programs
Investment earnings
Miscellaneous

Total general revenues

Change in net position

**Net position at beginning of
year, as previously reported**

Restatement - change in accounting principle

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	
\$ (2,987,689)	\$ -	\$ (2,987,689)	\$ -
(5,666,793)	-	(5,666,793)	-
(1,536,875)	-	(1,536,875)	-
(2,181,831)	-	(2,181,831)	-
(1,250,393)	-	(1,250,393)	-
(5,901,065)	-	(5,901,065)	-
(1,247,408)	-	(1,247,408)	-
1,080,063	-	1,080,063	-
(350,632)	-	(350,632)	-
(384,025)	-	(384,025)	-
(20,426,648)	-	(20,426,648)	-
-	972,012	972,012	-
-	115,690	115,690	-
-	(17,151)	(17,151)	-
-	1,070,551	1,070,551	-
(20,426,648)	1,070,551	(19,356,097)	-
-	-	-	333,037
1,129,892	-	1,129,892	-
865,314	-	865,314	-
1,765,137	-	1,765,137	-
345,364	-	345,364	-
345,364	-	345,364	-
9,206,537	-	9,206,537	-
2,039,274	-	2,039,274	-
11,963	-	11,963	-
990,601	-	990,601	-
2,270,505	-	2,270,505	-
1,133,793	-	1,133,793	995
39,383	148,902	188,285	273,320
20,143,127	148,902	20,292,029	274,315
(283,521)	1,219,453	935,932	607,352
53,170,906	48,113,008	101,283,914	2,144,320
(788,964)	(476,380)	(1,265,344)	-
52,381,942	47,636,628	100,018,570	2,144,320
\$ 52,098,421	\$ 48,856,081	\$ 100,954,502	\$ 2,751,672

CITY OF NORTH CANTON, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General	Fire Operating Levy	Emergency Medical Services Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in pooled cash and investments	\$ 9,892,602	\$ 454,712	\$ 907,724	\$ 3,687,336	\$ 3,506,248	\$ 18,448,622
Cash and cash equivalents:						
Receivables:						
Property taxes	1,424,771	950,649	1,815,146	-	710,230	4,900,796
Municipal income taxes	2,586,112	-	-	646,529	-	3,232,641
Accounts	37,914	-	146,886	10,131	108,053	302,984
Intergovernmental	444,220	33,339	63,052	-	554,481	1,095,092
Special assessments	8,012	-	-	-	-	8,012
Leases	9,175	-	-	-	-	9,175
Accrued interest	141,323	-	-	-	-	141,323
Hotel motel taxes	1,086	-	-	-	-	1,086
Due from component units	-	-	-	819,139	-	819,139
Materials and supplies inventory	90,201	-	13,282	-	153,012	256,495
Prepayments	59,285	9,658	5,961	-	3,082	77,986
Assets held for resale	-	-	-	721,286	-	721,286
Total assets	<u>\$ 14,694,701</u>	<u>\$ 1,448,358</u>	<u>\$ 2,952,051</u>	<u>\$ 5,884,421</u>	<u>\$ 5,035,106</u>	<u>\$ 30,014,637</u>
Liabilities:						
Accounts payable	\$ 221,824	\$ 32,699	\$ 14,810	\$ -	\$ 17,401	\$ 286,734
Contracts payable	-	-	-	90	-	90
Accrued wages and benefits payable	380,035	50,953	124,631	-	31,273	586,892
Intergovernmental payable	194,136	21,853	56,384	-	10,469	282,842
Unearned revenue	-	-	-	-	398,034	398,034
Total liabilities	<u>795,995</u>	<u>105,505</u>	<u>195,825</u>	<u>90</u>	<u>457,177</u>	<u>1,554,592</u>
Deferred inflows of resources:						
Property taxes levied for the next fiscal year	1,397,708	931,452	1,777,323	-	694,666	4,801,149
Delinquent property tax revenue not available	27,063	19,197	37,823	-	15,564	99,647
Accrued interest not available	62,015	-	-	-	-	62,015
Leases	9,254	-	-	-	-	9,254
Special assessments and miscellaneous not available	8,012	-	82,649	-	97,740	188,401
Income tax revenue not available	1,657,470	-	-	414,368	-	2,071,838
Intergovernmental revenues not available	321,408	16,965	59,787	-	468,096	866,256
Total deferred inflows of resources	<u>3,482,930</u>	<u>967,614</u>	<u>1,957,582</u>	<u>414,368</u>	<u>1,276,066</u>	<u>8,098,560</u>
Fund balances:						
Nonspendable	164,540	9,658	19,243	-	156,094	349,535
Restricted	-	365,581	779,401	-	3,125,368	4,270,350
Committed	859,284	-	-	5,469,963	20,401	6,349,648
Assigned	1,105,597	-	-	-	-	1,105,597
Unassigned	8,286,355	-	-	-	-	8,286,355
Total fund balances	<u>10,415,776</u>	<u>375,239</u>	<u>798,644</u>	<u>5,469,963</u>	<u>3,301,863</u>	<u>20,361,485</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,694,701</u>	<u>\$ 1,448,358</u>	<u>\$ 2,952,051</u>	<u>\$ 5,884,421</u>	<u>\$ 5,035,106</u>	<u>\$ 30,014,637</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024

Total governmental fund balances	\$	20,361,485
<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.		50,898,792
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$	99,647
Municipal income taxes receivable		2,071,838
Accounts receivable		180,389
Special assessments receivable		8,012
Intergovernmental receivable		866,256
Accrued interest receivable		62,015
Total		3,288,157
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.		1,454,651
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		(393,977)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(24,531)
Unamortized bond issuance costs are not recognized in the governmental funds.		-
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		30,856
Unamortized premiums on bond issuances are not recognized in the funds.		(54,048)
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	90,390	
Deferred outflows of resources	6,084,704	
Deferred inflows of resources	(353,313)	
Net pension liability	(16,798,541)	
Total		(10,976,760)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB asset	168,063	
Deferred outflows of resources	828,804	
Deferred inflows of resources	(866,257)	
Net OPEB liability	(903,673)	
Total		(773,063)
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	(2,635,436)	
General obligation bonds payable	(6,873,920)	
Leases payable	(71,852)	
Notes payable - financed purchases	(2,131,933)	
SBITAs payable	-	
Total		(11,713,141)
Net position of governmental activities	\$	52,098,421

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, 2024

	General	Fire Operating Levy	Emergency Medical Services Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 1,131,303	\$ 867,352	\$ 1,769,243	\$ -	\$ 692,478	\$ 4,460,376
Municipal income taxes	9,407,489	-	-	2,089,511	-	11,497,000
Hotel motel taxes	11,963	-	-	-	-	11,963
Charges for services	67,767	6,970	928,489	-	-	1,003,226
Licenses and permits	703,506	1,225	-	10,131	238	715,100
Fines and forfeitures	478,359	-	-	-	46,679	525,038
Intergovernmental	627,104	78,621	134,752	362,288	1,280,894	2,483,659
Interest	1,124,977	-	-	-	-	1,124,977
Rentals	310,017	-	-	-	-	310,017
Contributions and donations	2,270,505	-	-	503,786	17,545	2,791,836
Other	39,383	-	-	-	983	40,366
Total revenues	16,172,373	954,168	2,832,484	2,965,716	2,038,817	24,963,558
Expenditures:						
Current:						
General government	2,900,639	-	-	-	4,250	2,904,889
Police	5,340,189	-	-	-	57,886	5,398,075
Fire	-	1,422,600	-	-	4,056	1,426,656
Public health and welfare	109,945	-	2,852,130	-	10,097	2,972,172
Transportation	-	-	-	-	1,641,579	1,641,579
Community environment	1,353,553	-	-	5,241,013	-	6,594,566
Leisure time activities	1,159,967	-	-	-	113	1,160,080
Economic development	-	-	-	-	1,150	1,150
Basic utility services	51,304	-	-	-	478,828	530,132
Capital outlay	42,556	-	-	4,142,206	91,889	4,276,651
Debt service:						
Principal retirement	245,997	152	152	448,144	-	694,445
Interest	279,965	-	-	107,917	-	387,882
Total expenditures	11,484,115	1,422,752	2,852,282	9,939,280	2,289,848	27,988,277
Excess (deficiency) of revenues over (under) expenditures	4,688,258	(468,584)	(19,798)	(6,973,564)	(251,031)	(3,024,719)
Other financing sources (uses):						
Sale of capital assets	14,278	15,149	1,529	94,500	8,000	133,456
Lease transaction	42,556	-	-	-	-	42,556
Notes payable - financed purchase proceeds	-	-	-	1,921,135	-	1,921,135
Transfers in	-	500,000	-	2,106,755	-	2,606,755
Transfers out	(1,911,005)	-	-	-	(695,750)	(2,606,755)
Total other financing sources (uses)	(1,854,171)	515,149	1,529	4,122,390	(687,750)	2,097,147
Net change in fund balances	2,834,087	46,565	(18,269)	(2,851,174)	(938,781)	(927,572)
Fund balance at beginning of year	7,581,689	328,674	816,913	8,321,137	4,240,644	21,289,057
Fund balances at end of year	<u>\$ 10,415,776</u>	<u>\$ 375,239</u>	<u>\$ 798,644</u>	<u>\$ 5,469,963</u>	<u>\$ 3,301,863</u>	<u>\$ 20,361,485</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2024

Net change in fund balances - total governmental funds \$ (927,572)

*Amounts reported for governmental activities in the
Statement of Activities are different because:*

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/amortization expense.

Capital asset additions	\$	5,437,726	
Current year depreciation/amortization		<u>(3,519,215)</u>	
Total			1,918,511

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.	1,081,417
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Revenues in the Statement of Activities that do not provide
current financial resources are not reported as revenues in
the funds.

Delinquent property taxes	(9,305)		
Municipal income taxes	(251,189)		
Charges for services	50,172		
Fines and forfeitures	97,740		
Intergovernmental	41,000		
Special assessments	(3,987)		
Interest	<u>8,816</u>		
Total			(66,753)

Repayment of bond, notes, lease and SBITA principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Position.	694,445
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The issuance of long-term liabilities is recorded as an other financing
source in the governmental funds; however, the proceeds
increase long-term liabilities on the statement of net assets.

Finance Purchase	(1,921,135)		
Leases payable	<u>(42,556)</u>		
Total			(1,963,691)

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	(63)		
Amortization of deferred amounts on refunding	(5,214)		
Amortization of bond premiums	<u>9,134</u>		
Total			3,857

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.	(168,719)
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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	1,297,476
OPEB	26,849

Except for amounts reported as deferred inflows/outflows, changes in
the net pension asset/liability and net OPEB liability/asset are reported
as pension/OPEB expense in the Statement of Activities.

Pension	(2,343,610)
OPEB	(144,894)

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>309,163</u>
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Change in net position of governmental activities	\$ <u>(283,521)</u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Total	
Assets:					
Current assets:					
Equity in pooled cash and investments	\$ 6,848,850	\$ 3,444,878	\$ 634,900	\$ 10,928,628	\$ 1,732,797
Receivables:					
Accounts	824,629	476,672	7,684	1,308,985	-
Special assessments	420	18,371	-	18,791	-
Intergovernmental	-	-	2,708	2,708	-
Materials and supplies inventory	516,301	10,380	-	526,681	-
Prepayments	18,950	1,043	-	19,993	-
Total current assets	8,209,150	3,951,344	645,292	12,805,786	1,732,797
Noncurrent assets:					
Net pension asset	42,802	14,705	1,482	58,989	-
Net OPEB asset	79,582	27,341	2,756	109,679	-
Capital assets:					
Non-depreciable capital assets	884,268	165,475	-	1,049,743	-
Depreciable/amortizable capital assets, net	33,844,446	8,625,506	-	42,469,952	-
Total capital assets, net	34,728,714	8,790,981	-	43,519,695	-
Total noncurrent assets	34,851,098	8,833,027	4,238	43,688,363	-
Total assets	43,060,248	12,784,371	649,530	56,494,149	1,732,797
Deferred outflows of resources:					
Unamortized deferred charges on debt refunding	66,335	-	-	66,335	-
Pension	844,031	299,228	27,550	1,170,809	-
OPEB	71,566	24,584	2,534	98,684	-
Total deferred outflows of resources	981,932	323,812	30,084	1,335,828	-
Liabilities:					
Current liabilities:					
Accounts payable	285,881	47,956	111,765	445,602	277
Accrued wages and benefits payable	81,573	16,146	1,489	99,208	-
Intergovernmental payable	34,477	161,642	807	196,926	-
Accrued interest payable	11,741	1,031	-	12,772	-
Compensated absences payable - current	141,120	51,865	-	192,985	-
General obligation bonds payable	366,572	-	-	366,572	-
OWDA loans payable	320,181	10,109	-	330,290	-
OPWC loans payable	100,933	14,968	-	115,901	-
Intergovernmental loans payable	-	258,470	-	258,470	-
Claims and judgements payable	-	-	-	-	277,869
Leases payable	3,709	-	-	3,709	-
Notes payable - financed purchase	77,077	-	-	77,077	-
Total current liabilities	1,423,264	562,187	114,061	2,099,512	278,146
Long-term liabilities:					
Compensated absences payable	383,122	118,504	-	501,626	-
General obligation bonds payable	824,851	-	-	824,851	-
OWDA loans payable	56,222	49,992	-	106,214	-
OPWC loans payable	561,951	112,254	-	674,205	-
Notes payable - financed purchase	-	-	-	-	-
Intergovernmental loans payable	-	1,902,577	-	1,902,577	-
Leases payable	3,728	-	-	3,728	-
Net pension liability	2,292,244	787,525	79,392	3,159,161	-
Total long-term liabilities	4,122,118	2,970,852	79,392	7,172,362	-
Total liabilities	5,545,382	3,533,039	193,453	9,271,874	278,146
Deferred inflows of resources:					
Pension	23,634	1,427	501	25,562	-
OPEB	50,920	17,940	1,577	70,437	-
Total deferred inflows of resources	74,554	19,367	2,078	95,999	-
Net position:					
Net investment in capital assets	32,649,375	6,442,611	-	39,091,986	-
Restricted for pension and OPEB	122,384	42,046	4,238	168,668	-
Unrestricted	5,650,485	3,071,120	479,845	9,201,450	1,454,651
Total net position	\$ 38,422,244	\$ 9,555,777	\$ 484,083	48,462,104	\$ 1,454,651
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.				393,977	
Net position of business-type activities				\$ 48,856,081	

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, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Garbage	Total	
Operating revenues:					
Charges for services	\$ 7,601,162	\$ 3,987,687	\$ 1,311,733	\$ 12,900,582	\$ 2,497,618
Tap-in fees	102,659	87,440	-	190,099	-
Other operating revenues	96,615	37,462	14,825	148,902	-
Total operating revenues	<u>7,800,436</u>	<u>4,112,589</u>	<u>1,326,558</u>	<u>13,239,583</u>	<u>2,497,618</u>
Operating expenses:					
Personal services	2,475,694	880,779	82,993	3,439,466	-
Contract services	1,540,582	2,459,178	1,226,095	5,225,855	733,344
Materials and supplies	884,230	30,583	32,981	947,794	-
Claims expense	-	-	-	-	1,351,397
Depreciation/amortization	1,868,404	548,058	-	2,416,462	-
Total operating expenses	<u>6,768,910</u>	<u>3,918,598</u>	<u>1,342,069</u>	<u>12,029,577</u>	<u>2,084,741</u>
Operating income (loss)	<u>1,031,526</u>	<u>193,991</u>	<u>(15,511)</u>	<u>1,210,006</u>	<u>412,877</u>
Nonoperating revenues (expenses):					
Interest expense	(60,225)	(65,045)	-	(125,270)	-
Intergovernmental	-	-	10,831	10,831	-
Total nonoperating revenues (expenses)	<u>(60,225)</u>	<u>(65,045)</u>	<u>10,831</u>	<u>(114,439)</u>	<u>-</u>
Income (loss) before capital contributions	971,301	128,946	(4,680)	1,095,567	412,877
Capital contributions	<u>20,172</u>	<u>-</u>	<u>-</u>	<u>20,172</u>	<u>-</u>
Change in net position	991,473	128,946	(4,680)	1,115,739	412,877
Net position at beginning of year, as previously reported	37,829,173	9,504,809	488,763	47,822,745	1,041,774
Restatement - change in accounting principle	(398,402)	(77,978)	-	(476,380)	-
Net position at beginning of year, restated	<u>37,430,771</u>	<u>9,426,831</u>	<u>488,763</u>	<u>47,346,365</u>	<u>1,041,774</u>
Net position at end of year	<u>\$ 38,422,244</u>	<u>\$ 9,555,777</u>	<u>\$ 484,083</u>	<u>\$ 48,462,104</u>	<u>\$ 1,454,651</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				103,714	
Change in net position of business-type activities				<u>\$ 1,219,453</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, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Garbage	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 7,563,225	\$ 3,967,350	\$ 1,310,125	\$ 12,840,700	\$ -
Cash received from interfund services	-	-	-	-	2,497,618
Cash received from tap-in fees	102,659	87,440	-	190,099	-
Cash received from other operations	96,615	37,462	14,825	148,902	-
Cash payments for personal services	(2,331,001)	(778,458)	(77,445)	(3,186,904)	-
Cash payments for contractual services	(1,334,015)	(2,438,689)	(1,215,130)	(4,987,834)	(734,786)
Cash payments for materials and supplies	(933,393)	(30,964)	-	(964,357)	-
Cash payments for claims	-	-	-	-	(1,446,225)
Cash payments for other expenses	-	-	(32,981)	(32,981)	-
Net cash provided by (used in) operating activities	3,164,090	844,141	(606)	4,007,625	316,607
Cash flows from noncapital financing activities:					
Cash received from grants and subsidies	-	-	10,831	10,831	-
Net cash provided by noncapital financing activities	-	-	10,831	10,831	-
Cash flows from capital and related financing activities:					
Sale of capital assets	-	-	-	-	-
Acquisition of capital assets	(2,194,050)	(80,794)	-	(2,274,844)	-
Notes payable - financed purchase proceeds	-	-	-	-	-
Principal payments - bonds	(351,876)	-	-	(351,876)	-
Principal payments - OWDA loans	(777,453)	-	-	(777,453)	-
Principal payments - OPWC loans	(100,932)	-	-	(100,932)	-
Principal payments - intergovernmental loans	-	(244,671)	-	(244,671)	-
Principal payments - leases payable	(4,813)	-	-	(4,813)	-
Principal payments - loans payable	-	(24,738)	-	(24,738)	-
Principal payments - notes payable - financed purchase	(75,168)	-	-	(75,168)	-
Interest payments - bonds	(56,198)	-	-	(56,198)	-
Interest payments - OWDA loans	(28,863)	-	-	(28,863)	-
Interest payments - intergovernmental loans	-	(63,189)	-	(63,189)	-
Interest payments - leases	(270)	-	-	(270)	-
Interest payments - loans	-	(2,023)	-	(2,023)	-
Interest payments - notes payable - financed purchase	(3,867)	-	-	(3,867)	-
Capital contributions	122,777	-	-	122,777	-
Net cash used in capital and related financing activities	(3,470,713)	(415,415)	-	(3,886,128)	-
Net change in cash and cash equivalents	(306,623)	428,726	10,225	132,328	316,607
Cash and cash equivalents at beginning of year	7,155,473	3,016,152	624,675	10,796,300	1,416,190
Cash and cash equivalents at end of year	<u>\$ 6,848,850</u>	<u>\$ 3,444,878</u>	<u>\$ 634,900</u>	<u>\$ 10,928,628</u>	<u>\$ 1,732,797</u>

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CITY OF NORTH CANTON, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2024

	<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)	\$ 1,031,526	\$ 193,991	\$ (15,511)	\$ 1,210,006	\$ 412,877
Adjustments:					
Depreciation/amortization	1,868,404	548,058	-	2,416,462	-
Changes in assets, deferred outflows, liabilities and deferred inflows:					
Accounts receivable	(37,655)	(21,338)	(1,608)	(60,601)	-
Special assessments receivable	(282)	1,001	-	719	-
Materials and supplies inventory	(35,878)	(381)	-	(36,259)	-
Prepayments	(4,622)	1,559	1,023	(2,040)	-
Net pension asset	(8,785)	(3,358)	(148)	(12,291)	-
Net OPEB asset	(79,582)	(27,341)	(2,756)	(109,679)	-
Deferred outflows - Pension	156,974	36,063	18,034	211,071	-
Deferred outflows - OPEB	80,551	26,157	3,453	110,161	-
Accounts payable	206,059	41,161	9,942	257,162	(1,442)
Accrued wages and benefits	(10,121)	(10,529)	234	(20,416)	-
Due to other governments	(8,742)	(25,430)	(246)	(34,418)	-
Compensated absences payable	125,840	92,391	-	218,231	-
Net pension liability	(26,615)	13,987	(11,540)	(24,168)	-
Net OPEB liability	(50,218)	(16,752)	(1,969)	(68,939)	-
Deferred inflows - Pension	(71,127)	(14,849)	(329)	(86,305)	-
Deferred inflows - OPEB	28,363	9,751	815	38,929	-
Claims payable	-	-	-	-	(94,828)
Net cash provided by (used in) operating activities	<u>\$ 3,164,090</u>	<u>\$ 844,141</u>	<u>\$ (606)</u>	<u>\$ 4,007,625</u>	<u>\$ 316,607</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2024

	<u>Custodial</u>
Assets:	
Equity in pooled cash and investments	\$ 5,916
Accounts receivable	<u>21,767</u>
Total assets	<u>27,683</u>
Liabilities:	
Intergovernmental payable	<u>592</u>
Total liabilities	<u>592</u>
Net position:	
Restricted for individuals, organizations and other governments	<u>27,091</u>
Total net position	<u><u>\$ 27,091</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NORTH CANTON, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Custodial</u>
Additions:	
Licenses, permits and fees for other governments	\$ 22,384
Other custodial fund collections	<u>21,752</u>
Total additions	<u>44,136</u>
Deductions:	
Licenses, permits and fees distributions to other governments	592
Other custodial fund disbursements	<u>21,752</u>
Total deductions	<u>22,344</u>
Net change in fiduciary net position	21,792
Net position beginning of year	<u>5,299</u>
Net position end of year	<u><u>\$ 27,091</u></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, 2024**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.

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 discretely presented 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 18 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 21.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**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, 2024

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.

Fire Operating Levy fund - The fire operating levy fund accounts for property taxes that are restricted for the partial operation of the fire department.

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.

Other governmental funds of the City are used to account for:

Nonmajor 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 specified purposes other than debt service or capital projects.

Nonmajor capital projects funds - Capital projects 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.

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

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 custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's custodial funds are the permit fee fund and the North Ridge development fund.

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.

Fiduciary Funds - The fiduciary funds are prepared using the economic resources measurement focus.

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, 2024**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.

Unearned Revenues - The City defers revenue recognition in connection with resources that have been received, but not earned. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. Unearned revenue consists primarily of deposits held for various programs and grants.

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 represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 12 and 13 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance 2025 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. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

See Notes 12 and 13 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are 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, 2024**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)****E. Budgetary Process**

All funds, except custodial funds, are legally required to be budgeted and appropriated. 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".

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

Investments were limited to Federal Agricultural Mortgage Corporation (FAMC) Securities, Federal Home Loan Mortgage Corporation (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, negotiable certificates of deposit, U.S. Treasury notes, U.S. government money market and State Treasury Asset Reserve of Ohio (STAR Ohio).

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

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 2024 amounted to \$1,124,977, which includes \$815,769 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. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2024, are recorded as prepayments 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.

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 back trending (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. Capital assets received in a service concession arrangement are reported at acquisition value. 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. In addition, assets having an estimated useful life of more than one year that are below the \$5,000 threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

All reported capital assets except land, easements and right of ways and construction in progress are depreciated/amortized. 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/amortization is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities	Business-Type Activities
	<u>Estimated Lives</u>	<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
Intangible right-to-use assets	5 - 50 years	5 years
Infrastructure	20 - 50 years	40 years
Sewer Rights	n/a	10 years

The City is reporting intangible right-to-use assets related to land, equipment and Subscription Based Information Technology Arrangements (SBITAs). The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

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. At December 31, 2024, there were interfund balances outstanding.

K. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences - vacation, sick leave and comp time. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the City and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

Comp Time

The City's policy permits employees to accumulate earned but unused comp time, which are eligible for payment at the employee's current pay rate upon separation from employment.

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, 2024**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.

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. 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 15.

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. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net pension asset, net OPEB 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.

U. 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**

For 2024, the City has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "Omnibus 2022", GASB Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62", Implementation Guide No. 2023-1 and GASB Statement No. 101, "Compensated Absences".

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously report by the City.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the City.

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Restatement of Net Position

During 2024, there was a change in accounting principle related to the implementation of GASB Statement No. 101, "Compensated Absences". The effect of changing the accounting principle is shown in the table below.

	12/31/2023 As Previously Reported	Change in Accounting Principle	12/31/2023 As Restated
Net Position			
Governmental Activities	\$ 53,170,906	\$ (788,964)	\$ 52,381,942
Business-Type Activities	48,113,008	(476,380)	47,636,628
Total Net Position	<u>\$ 101,283,914</u>	<u>\$ (1,265,344)</u>	<u>\$ 100,018,570</u>
Proprietary Funds			
Major Funds:			
Water	\$ 37,829,173	\$ (398,402)	\$ 37,430,771
Sewer	9,504,809	(77,978)	9,426,831
Garbage	488,763	-	488,763
Total Proprietary Funds	<u>\$ 47,822,745</u>	<u>\$ (476,380)</u>	<u>\$ 47,346,365</u>

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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;
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, and Government National Mortgage 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, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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 deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (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.

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. Except as noted above, 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, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

At December 31, 2024, the carrying amount of all City deposits was \$6,721,289. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2024, \$6,535,568 of the City’s bank balance of \$6,785,568 was exposed to custodial risk as discussed below, while \$250,000 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 2024, 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.

B. Investments

As of December 31, 2024, the City had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Fair value:</i>						
FAMC	\$ 379,962	\$ 379,962	\$ -	\$ -	\$ -	\$ -
FFCB	3,268,344	123,620	1,321,868	-	188,672	1,634,184
FHLB	3,057,982	-	1,393,055	-	946,860	718,067
FHLMC	274,629	-	274,629	-	-	-
FNMA	631,079	-	631,079	-	-	-
Negotiable CDs	4,357,722	498,693	720,135	1,611,425	1,061,241	466,228
U.S. Treasury Note	9,137,987	249,288	-	-	-	8,888,699
U.S. government money market	165,819	165,819	-	-	-	-
<i>Amortized cost:</i>						
STAR Ohio	<u>3,121,150</u>	<u>3,121,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 24,394,674	\$ 4,538,532	\$ 4,340,766	\$ 1,611,425	\$ 2,196,773	\$ 11,707,178

The weighted average of maturity of investments is 0.56 years.

The City's investments in federal agency securities (FAMC, FFCB, FHLB, FHLMC and FNMA), negotiable CD's, and U.S. Treasury notes 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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. 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, 2024:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	<u>% of Total</u>
<i>Fair value:</i>		
FAMC	\$ 379,962	1.56%
FFCB	3,268,344	13.40%
FHLMC	3,057,982	12.54%
FHLMC	274,629	1.13%
FNMA	631,079	2.59%
Negotiable CDs	4,357,722	17.86%
U.S. Treasury Note	9,137,987	37.46%
U.S. government money market	165,819	0.68%
<i>Amortized cost:</i>		
STAR Ohio	<u>3,121,150</u>	<u>12.79%</u>
Total	<u>\$ 24,394,674</u>	<u>100.00%</u>

C. 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, 2024:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,721,289
Investments	<u>24,394,674</u>
Total	<u>\$ 31,115,963</u>
<u>Cash and Investments per Statement of Net Position</u>	
Governmental activities	\$ 20,181,419
Business-type activities	10,928,628
Custodial funds	<u>5,916</u>
Total	<u>\$ 31,115,963</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**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 proceeding the tax collection year, the lien date. Public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 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, 2024 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 2024 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.

The full tax rate for all City operations for the year ended December 31, 2024 was \$10.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2024 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 394,600,680
Commercial/industrial/mineral	108,362,490
Public utility	<u>15,716,940</u>
Total assessed value	<u>\$ 518,680,110</u>

NOTE 6 - RECEIVABLES

Receivables at December 31, 2024, 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 \$72,138 has been recorded for accounts that are expected to be uncollectible. All receivables are expected to be collected within the subsequent year with the exception of the opioid settlement receivable which will be collected over the course of the settlement agreements. Receivables in the amount of \$86,350 will not be received 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 \$26,803. At December 31, 2024, the amount of delinquent special assessments was \$10,265.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 6 - RECEIVABLES - (Continued)****A. Intergovernmental Receivable**

A summary of intergovernmental receivables follows:

Governmental activities:

Local government	\$ 278,377
Homestead and rollback	204,111
Street construction, maintenance and repair	512,579
Miscellaneous	<u>100,025</u>
Total governmental activities	<u>\$ 1,095,092</u>

Business-type activities:

Garbage	<u>\$ 2,708</u>
Total business-type activities	<u>\$ 2,708</u>

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.

C. Leases Receivable

The City is reporting leases receivable of \$9,175 in the general fund. For 2024, the City recognized lease revenue of \$22,209, which is reported in rental income, and interest revenue of \$588.

The City has entered into lease agreements for building space with multiple companies at varying years and terms as follows:

<u>Leases</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
1204 N. Main Street	2021	4	2025	Monthly
1206 N. Main St. Suite 119 & 120	2022	3	2025	Monthly

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 6 - RECEIVABLES - (Continued)**

Lease payments will be paid into the general fund. The following is a schedule of future lease payments under the lease agreements:

Year End December 31,	Principal	Interest	Total
2025	\$ 9,175	\$ 65	\$ 9,240
Total	<u>\$ 9,175</u>	<u>\$ 65</u>	<u>\$ 9,240</u>

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 2024, the City contracted with U.S. Specialty Insurance for the following coverages:

Commercial General Liability & Employee Benefits:

Each Occurrence	\$1,000,000
Damage to Rented Premises	\$100,000
Medical Expense	\$10,000
Personal and Advertising Injury	\$1,000,000
General Aggregate	\$3,000,000
Products - Comp/Op Aggregate	\$3,000,000
Stop Gap	\$1,000,000

Automobile:

Combined Single Limit	\$1,000,000
Comprehensive/Collision Deductible	\$1,000

Umbrella Liability:

Each Occurrence	\$5,000,000
Aggregate	\$5,000,000

Blanket Property - Building/Contents	\$67,649,923
Law Enforcement Liability	\$1,000,000
Public Officials Liability	\$1,000,000
Employment Practices Liability	\$1,000,000
Employee Dishonesty	\$100,000

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 Sedgwick as the Third Party Administrator (TPA).

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 7 - RISK MANAGEMENT - (Continued)**

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 is offered to employees as a traditional preferred provider option (PPO) or a high-deductible health savings account (HSA). The traditional PPO plan provides a medical/surgical plan with a \$500 single/\$1,000 family deductible for in-network providers and \$2,000 single/\$4,000 family in-network out-of-pocket, with claims paid at 90% in-network and 70% out-of-network. The deductible doubles for out-of-network providers, and the out-of-pocket is \$3,500 single/\$7,000 family for out-of-network providers. The high-deductible HSA PPO plan has a \$1,500 single/\$3,000 family deductible, and \$6,000 single/\$12,000 family out-of-network out-of-pocket maximum, with claims paid at 100% in-network after deductible. Medical Mutual serves as the City's 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 \$60,000 per employee per year and an aggregate of \$1,000,000. The City pays 89%, and employees pay 11% of monthly COBRA rates into the self-insurance internal service fund for total monthly premium:

	Traditional PPO	High-deductible HSA
Single	\$ 743	\$ 660
Employee/Child(ren)	\$1,342	\$1,191
Employee/Spouse	\$1,564	\$1,389
Family	\$2,232	\$1,981

The City also contributes half of the annual deductible to any employee's HSA account. This premium is paid by the fund that pays the salary of the employee and is based on historical cost information.

The claims liability of \$277,869 reported in the internal service fund at December 31, 2024 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 2024 and 2023 are:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2024	\$ 372,697	\$ 1,351,397	\$ (1,446,225)	\$ 277,869
2023	52,953	1,927,381	(1,607,637)	372,697

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 8 - GOLF COURSE OPERATING MANAGEMENT AGREEMENT**

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.

In January 2020, the City entered into a management agreement with North Canton Golf, LLC (NCG) to manage Arrowhead for a five year period expiring January 31, 2025. Under the agreement, the City provided NCG with initial funding of \$50,000 for operations and pay a base management fee of \$6,000 per month. NCG will be entitled to earn an incentive management fee that is 50% of the net operating income.

The assets involved in the agreement are as follows:

	<u>Governmental Activities</u>
Asset:	
Land	\$ 1,780,214
Buildings	2,616,411
Land improvements	1,200,086
Equipment	<u>176,749</u>
Subtotal	5,773,460
Less: accumulated depreciation	<u>(1,863,301)</u>
Total	<u><u>\$ 3,910,159</u></u>

NOTE 9 - CONTRACTUAL COMMITMENTS

The City had the following significant contractual commitments outstanding at December 31, 2024:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Amount Outstanding</u>
Ct Consultants Inc	169,975	(129,476)	\$ 40,499
APP Architecture	112,780	(69,170)	43,610
Krugliak Wilkins Griffiths & Dougherty	281,000	(137,636)	143,364
Morton Salt, Inc.	102,589	-	102,589
Wenger Excavating	529,900	-	529,900
S.E.T. Inc.	<u>751,000</u>	<u>(404,358)</u>	<u>346,642</u>
Total Contractual Commitments	<u><u>\$ 1,947,244</u></u>	<u><u>\$ (740,640)</u></u>	<u><u>\$ 1,206,604</u></u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**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	\$ 26,268
Fire operating levy fund	35,456
Emergency medical service levy fund	49,260
Capital improvement fund	149,912
Other governmental	<u>759,095</u>
Total	<u>\$ 1,019,991</u>

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities

Governmental capital asset activity for the year ended December 31, 2024, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/23</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/24</u>
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 8,699,439	\$ 1,087,300	\$ -	\$ 9,786,739
Easements and rights-of-way	658,336	2,317	-	660,653
Construction in progress	<u>1,408,002</u>	<u>158,017</u>	<u>(1,409,002)</u>	<u>157,017</u>
Total capital assets, not being depreciated/amortized	<u>10,765,777</u>	<u>1,247,634</u>	<u>(1,409,002)</u>	<u>10,604,409</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	7,621,762	1,152,073	-	8,773,835
Buildings	10,698,140	370,476	-	11,068,616
Equipment	11,462,502	2,848,118	(899,194)	13,411,426
Software	163,666	-	-	163,666
Intangible right-to-use assets:				
Land	13,087	-	-	13,087
Equipment	68,261	42,556	(19,223)	91,594
SBITAs	58,235	-	(58,235)	-
Infrastructure - streets subsystem	48,060,545	1,964,769	-	50,025,314
Infrastructure - storm sewers subsystem	11,527,922	308,402	-	11,836,324
Infrastructure - bridge subsystem	<u>203,000</u>	<u>-</u>	<u>-</u>	<u>203,000</u>
Total capital assets, being depreciated/amortized	<u>89,877,120</u>	<u>6,686,394</u>	<u>(976,652)</u>	<u>95,586,862</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(2,052,929)	(420,754)	-	(2,473,683)
Buildings	(6,159,126)	(276,441)	-	(6,435,567)
Equipment	(7,205,469)	(875,714)	893,311	(7,187,872)
Software	(162,766)	(900)	-	(163,666)
Intangible right-to-use assets:				
Land	(531)	(265)	-	(796)
Equipment	(32,355)	(15,918)	19,223	(29,050)
SBITAs	(23,294)	(34,941)	58,235	-
Infrastructure - streets subsystem	(30,079,575)	(1,644,723)	-	(31,724,298)
Infrastructure - storm sewers subsystem	(6,843,438)	(246,484)	-	(7,089,922)
Infrastructure - bridge subsystem	<u>(184,550)</u>	<u>(3,075)</u>	<u>-</u>	<u>(187,625)</u>
Total accumulated depreciation/amortization	<u>(52,744,033)</u>	<u>(3,519,215)</u>	<u>970,769</u>	<u>(55,292,479)</u>
Total capital assets, being depreciated/amortized, net	<u>37,133,087</u>	<u>3,167,179</u>	<u>(5,883)</u>	<u>40,294,383</u>
Governmental activities capital assets, net	<u>\$ 47,898,864</u>	<u>\$ 4,414,813</u>	<u>\$ (1,414,885)</u>	<u>\$ 50,898,792</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 11 - CAPITAL ASSETS - (Continued)**

Depreciation/amortization expense was charged to governmental activities as follows:

General government	\$ 253,429
Police	198,374
Fire	237,636
Public health and welfare	77,024
Transportation	2,024,418
Community environment	1,660
Leisure time activities	475,281
Basic utility services	<u>251,393</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 3,519,215</u>

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - CAPITAL ASSETS - (Continued)

A. Business-Type Activities

Business-type activities capital asset activity for 2024 is as follows.

	Balance 12/31/23	Additions	Deductions	Balance 12/31/24
<u>Business-type activities:</u>				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 1,023,702	\$ -	\$ -	\$ 1,023,702
Construction in progress	1,311,232	432,875	(1,718,066)	26,041
Total capital assets, not being depreciated/amortized	<u>2,334,934</u>	<u>432,875</u>	<u>(1,718,066)</u>	<u>1,049,743</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	1,546,138	-	-	1,546,138
Buildings	18,591,239	117,912	-	18,709,151
Equipment	10,379,656	280,392	-	10,660,048
Software	46,778	-	-	46,778
Intangible right-to-use assets:				
Equipment	21,507	-	-	21,507
Sewer rights	2,838,240	-	-	2,838,240
Infrastructure - water lines	42,452,879	3,080,937	-	45,533,816
Infrastructure - sewer lines	16,780,063	80,794	-	16,860,857
Total capital assets, being depreciated/amortized	<u>92,656,500</u>	<u>3,560,035</u>	<u>-</u>	<u>96,216,535</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(466,451)	(78,746)	-	(545,197)
Buildings	(11,904,771)	(409,911)	-	(12,314,682)
Equipment	(7,497,898)	(472,721)	-	(7,970,619)
Software	(46,778)	-	-	(46,778)
Intangible right-to-use assets:				
Equipment	(9,581)	(4,792)	-	(14,373)
Sewer rights	(562,958)	(281,479)	-	(844,437)
Infrastructure - water lines	(20,448,906)	(981,910)	-	(21,430,816)
Infrastructure - sewer lines	(10,392,778)	(186,903)	-	(10,579,681)
Total accumulated depreciation/amortization	<u>(51,330,121)</u>	<u>(2,416,462)</u>	<u>-</u>	<u>(53,746,583)</u>
Total capital assets, being depreciated/amortized, net	<u>41,326,379</u>	<u>1,143,573</u>	<u>-</u>	<u>42,469,952</u>
Business-type activities capital assets, net	<u>\$ 43,661,313</u>	<u>\$ 1,576,448</u>	<u>\$ (1,718,066)</u>	<u>\$ 43,519,695</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 11 - CAPITAL ASSETS - (Continued)**

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

Water	\$ 1,868,404
Sewer	<u>548,058</u>
Total depreciation expense - business-type activities:	<u>\$ 2,416,462</u>

NOTE 12 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset) and Net OPEB Liability (Asset)

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB 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 net pension/OPEB liability (asset) represents the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/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 this estimate 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 pensions/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

The remainder of this note includes the pension disclosures. See Note 13 for the OPEB disclosures.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)*****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 is a cost-sharing, multiple employer public employee retirement system which 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. In October 2023, the legislature approved House Bill (HB) 33 which allows for the consolidation of the combined plan with the traditional plan with the timing of the consolidation at the discretion of OPERS. As of December 31, 2023, the consolidation has not been executed. (The latest information available.) Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Traditional plan state and local members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

Combined plan members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. 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. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. 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 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	State and Local	
	Traditional	Combined
2024 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
2024 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
Total Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and 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 \$782,830 for 2024. Of this amount, \$129,173 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, 2024**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 (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F 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, surviving beneficiaries under optional plans, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

	<u>Police</u>	<u>Firefighters</u>
2024 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2024 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<u>12.25 %</u>	<u>12.25 %</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$823,784 for 2024. Of this amount, \$103,935 is reported as intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net pension liability (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:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.02698400%	0.04888900%	0.02180900%	0.11693220%	
Proportion of the net pension liability/asset current measurement date	<u>0.03055700%</u>	<u>0.04769100%</u>	<u>0.02497700%</u>	<u>0.12376860%</u>	
Change in proportionate share	<u>0.00357300%</u>	<u>-0.00119800%</u>	<u>0.00316800%</u>	<u>0.00683640%</u>	
Proportionate share of the net pension liability	\$ 7,999,947	\$ -	\$ -	\$ 11,957,755	\$ 19,957,702
Proportionate share of the net pension asset	-	(146,593)	(2,786)	-	(149,379)
Pension expense	1,222,207	10,767	(264)	1,505,345	2,738,055

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

At December 31, 2024, 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	\$ 130,753	\$ 5,941	\$ 5,986	\$ 383,880	\$ 526,560
Net difference between projected and actual earnings on pension plan investments	1,614,726	23,838	496	1,355,065	2,994,125
Changes of assumptions	-	5,439	96	755,716	761,251
Changes in employer's proportionate percentage/ difference between employer contributions	468,121	-	-	898,842	1,366,963
Contributions subsequent to the measurement date	738,142	27,491	17,197	823,784	1,606,614
Total deferred outflows of resources	<u>\$ 2,951,742</u>	<u>\$ 62,709</u>	<u>\$ 23,775</u>	<u>\$ 4,217,287</u>	<u>\$ 7,255,513</u>

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources					
Differences between expected and actual experience	\$ -	\$ 14,501	\$ -	\$ 133,735	\$ 148,236
Changes of assumptions	-	-	-	181,593	181,593
Changes in employer's proportionate percentage/ difference between employer contributions	19,836	-	-	29,210	49,046
Total deferred inflows of resources	<u>\$ 19,836</u>	<u>\$ 14,501</u>	<u>\$ -</u>	<u>\$ 344,538</u>	<u>\$ 378,875</u>

\$1,606,614 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/increase to the net pension liability/asset in the year ending December 31, 2025.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**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:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Year Ending December 31:					
2025	\$ 723,635	\$ 3,634	\$ 1,033	\$ 810,587	\$ 1,538,889
2026	669,632	6,557	1,047	866,427	1,543,663
2027	1,030,426	13,739	1,182	1,149,796	2,195,143
2028	(229,929)	(3,949)	694	78,707	(154,477)
2029	-	397	676	141,823	142,896
Thereafter	-	339	1,946	1,625	3,910
Total	<u>\$ 2,193,764</u>	<u>\$ 20,717</u>	<u>\$ 6,578</u>	<u>\$ 3,048,965</u>	<u>\$ 5,270,024</u>

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, 2023, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2023, compared to the December 31, 2022 actuarial valuation, are presented below.

Wage inflation

Current measurement date	2.75%
Prior measurement date	2.75%

Future salary increases, including inflation

Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation

COLA or ad hoc COLA

Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 2.30%, simple through 2024, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2023, then 2.05% simple

Investment rate of return

Current measurement date	6.90%
Prior measurement date	6.90%

Actuarial cost method

Individual entry age

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of 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 a gain of 11.20% for 2023.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 long-term expected 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	24.00 %	2.85 %
Domestic equities	21.00	4.27
Real estate	13.00	4.46
Private equity	15.00	7.52
International equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	100.00 %	

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.90% for the Traditional Pension Plan, 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 benefit 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 (Asset) to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 12,594,068	\$ 7,999,947	\$ 4,178,975
Combined Plan	(88,705)	(146,593)	(192,195)
Member-Directed Plan	(1,998)	(2,786)	(3,497)

Actuarial Assumptions - OP&F

OP&F's 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 retirement plan involve estimates of the value 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. A comprehensive experience study was performed during 2022 by OP&F's actuary and completed as of December 31, 2021. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful life of the participants which was 6.03 years at December 31, 2023.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2023, compared to December 31, 2022, are presented below.

Valuation date	1/1/23 with actuarial liabilities rolled forward to 12/31/23
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)***Healthy Mortality*

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

Contingent Annuitant Mortality

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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, 2023 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	4.10 %
Non-US equity	12.40	4.90
Private markets	10.00	7.30
Core fixed income *	25.00	2.40
High yield fixed income	7.00	4.10
Private credit	5.00	6.80
U.S. inflation linked bonds *	15.00	2.10
Midstream energy infrastructure	5.00	5.80
Real assets	8.00	6.00
Gold	5.00	3.50
Private real estate	12.00	5.40
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

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 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - Total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions 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 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payment 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.

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 7.50%, as well as what the net pension liability 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.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 15,838,937	\$ 11,957,755	\$ 8,730,175

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 13 - POSTEMPLOYMENT BENEFITS*****Net OPEB Liability (Asset)***

See Note 12 for a description of the net OPEB liability (asset).

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. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. 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. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;

Group B 31 years of total service credit with at least 20 years of qualified health care service credit;

Group C 32 years of total service credit with at least 20 years of qualified health care service credit.

Age 59 or younger Based on the following age-and-service criteria:

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52;

Group C 32 years of qualified health care service credit and at least age 55.

Retirees who do not meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Group A	Group B	Group C
Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
January 1, 2015 through <i>December 31, 2021</i>	January 1, 2015 through <i>December 31, 2021</i>	January 1, 2015 through <i>December 31, 2021</i>
Age 60 with 20 years of service credit or Any Age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51.00% and 90.00% of the base allowance for both non-Medicare and Medicare retirees.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10.00% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20.00% per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - The Ohio Revised Code provides the statutory authority allowing 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, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.00% of earnable salary. 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. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan which has continued through 2024. 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 2024 was 4.00%. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$11,461 for 2024. Of this amount, \$1,891 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 health care 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. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: 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. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

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 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2024, the portion of employer contributions allocated to health care was 0.50% 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.

The City's contractually required contribution to OP&F was \$19,914 for 2024. Of this amount, \$2,513 is reported as intergovernmental payable.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, 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, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. 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:

	OPERS	OP&F	Total
Proportion of the net OPEB liability			
prior measurement date	0.02737800%	0.11693220%	
Proportion of the net OPEB liability/asset			
current measurement date	<u>0.03077400%</u>	<u>0.12376860%</u>	
Change in proportionate share	<u>0.00339600%</u>	<u>0.00683640%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 903,673	\$ 903,673
Proportionate share of the net OPEB asset	(277,742)	-	(277,742)
OPEB expense	(52,241)	172,133	119,892

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 43,456	\$ 43,456
Net difference between projected and actual earnings on OPEB plan investments	166,794	66,727	233,521
Changes of assumptions	71,506	310,969	382,475
Changes in employer's proportionate percentage/ difference between employer contributions	55	236,606	236,661
Contributions subsequent to the measurement date	11,461	19,914	31,375
Total deferred outflows of resources	<u>\$ 249,816</u>	<u>\$ 677,672</u>	<u>\$ 927,488</u>
	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 39,531	\$ 166,068	\$ 205,599
Changes of assumptions	119,392	581,943	701,335
Changes in employer's proportionate percentage/ difference between employer contributions	20,950	8,810	29,760
Total deferred inflows of resources	<u>\$ 179,873</u>	<u>\$ 756,821</u>	<u>\$ 936,694</u>

\$31,375 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/increase to the net OPEB liability in the year ending December 31, 2025.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 13 - POSTEMPLOYMENT BENEFITS - (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:

	OPERS	OP&F	Total
Year Ending December 31:			
2025	\$ (20,566)	\$ 114,826	\$ 94,260
2026	5,536	(15,850)	(10,314)
2027	129,836	(3,989)	125,847
2028	(56,324)	(58,585)	(114,909)
2029	-	(63,230)	(63,230)
Thereafter	-	(72,235)	(72,235)
Total	<u>\$ 58,482</u>	<u>\$ (99,063)</u>	<u>\$ (40,581)</u>

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 health care costs 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 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, 2022, rolled forward to the measurement date of December 31, 2023.

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

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	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75% including wage inflation
Prior Measurement date	2.75 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	5.70%
Prior Measurement date	5.22%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	3.77%
Prior Measurement date	4.05%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2038
Prior Measurement date	5.50% initial, 3.50% ultimate in 2036
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care 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 was a gain of 14.00% for 2023.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic equities	25.00	4.27
Real Estate Investment Trusts (REITs)	5.00	4.68
International equities	25.00	5.16
Risk parity	3.00	4.38
Other investments	5.00	2.43
Total	100.00 %	

Discount Rate - A single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. 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 the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, 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 (Asset) to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70%, as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.70%) or one-percentage-point higher (6.70%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability/(asset)	\$ 152,639	\$ (277,742)	\$ (634,252)

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset 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 asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. 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 the health care 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 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 289,276	\$ 277,742	\$ 264,656

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2023, is based on the results of an actuarial valuation date of January 1, 2023, 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 retirement plan involve estimates of the value 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

Key methods and assumptions used in the December 31, 2023, compared to the December 31, 2022 actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2023, with actuarial liabilities rolled forward to December 31, 2023
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected Salary Increases	
Current measurement date	3.50% to 10.50%
Prior measurement date	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	4.07%
Prior measurement date	4.27%
Cost of Living Adjustments	2.20% simple per year

Health Mortality

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

Contingent Annuitant Mortality

Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

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 OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a 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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

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, 2023, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	4.10 %
Non-US equity	12.40	4.90
Private markets	10.00	7.30
Core fixed income *	25.00	2.40
High yield fixed income	7.00	4.10
Private credit	5.00	6.80
U.S. inflation linked bonds *	15.00	2.10
Midstream energy infrastructure	5.00	5.80
Real assets	8.00	6.00
Gold	5.00	3.50
Private real estate	12.00	5.40
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

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 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - Total OPEB liability was calculated using the discount rate of 4.07%. The projection of cash flows used to determine the discount rate assumed the contributions 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 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50% was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38% was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07%.

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 4.07%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.07%), or one percentage point higher (5.07%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,113,074	\$ 903,673	\$ 727,316

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 14 - OTHER EMPLOYEE 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.

Fulltime Employees will be credited with accrued vacation:

Exempt Employees and Utility Workers and Service Union Employees

Each full-time employee shall earn and be entitled to paid vacation in accordance with the following schedule:

	<u>Annual</u>	<u>Bi-Weekly</u>
0 through 4 years	80 hours	3.08 hours
5 years through 9 years	120 hours	4.62 hours
10 years through 14 years	160 hours	6.16 hours
15 years through 19 years	200 hours	7.70 hours
> than 19 years	240 hours	9.23 hours

Vacation Payout. Employees shall be paid quarterly for any vacation leave to their credit if their current vacation balance exceeds two (2) years accumulating at their current rate of pay.

OPBA Police, OPBA Dispatch, FOP Sergeants and Lieutenants and IAFF Union Employees

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 hired on or before August 1, 2006 shall: 1) be paid for 50% of all sick time accumulated on or before the pay date ends August 6, 2011, as certified by the Director of Finance, that is not subsequently used; and, 2) shall receive an additional amount equal to 25% of all unused sick time accumulated after the pay period ending August 6, 2011, as certificated by the Director of Finance, up to a maximum payment of 240 hours. Employees hired after August 1, 2006 shall be paid for 25% of the total number of accumulated but unused sick hours earned by the employee, as certified by the Finance Director, up to a maximum payment equal to 240 hours.

B. Insurance

The City provides \$50,000 basic term life insurance and accidental death and dismemberment insurance to its full-time employees, and one times salary for administrative employees, through Medical Mutual of Ohio.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - LONG-TERM OBLIGATIONS

<u>Debt Issued</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
Governmental activities:			
General obligation bonds			
Series 2016 Refunding	2.00 - 4.00	1,233,180	December 1, 2026
Real Estate Acquisition - Series 2020	1.76	2,900,000	December 1, 2034
Series 2023 1 & 2 bonds	5	4,314,000	December 1, 2037
Business-type activities:			
OWDA loans - direct borrowing			
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 - direct borrowing			
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 - direct borrowing			
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

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the City has restated compensated absences as of December 31, 2023 which is reflected in the schedule below. The changes in governmental activities long-term obligations during the year were as follows.

	Restated Balance 12/31/2023	Issued	Retired	Balance 12/31/2024	Amounts Due in One Year
Governmental activities:					
General obligation bonds					
Series 2023 Bonds	\$ 3,298,000	\$ -	\$ -	\$ 3,298,000	\$ 182,000
Series 2023 Bonds	1,016,000	-	-	1,016,000	56,000
Series 2016 Refunding	655,044	-	(98,124)	556,920	103,428
Real Estate Acquisition - Series 2020	2,185,000	-	(182,000)	2,003,000	185,000
Total GO bonds	7,154,044	-	(280,124)	6,873,920	526,428
Other long-term liabilities					
Unamortized premiums on bonds	63,182	-	(9,134)	54,048	-
Compensated absences*	1,728,324	907,112	-	2,635,436	678,014
Notes payable - financed purchase	577,416	1,921,135	(366,618)	2,131,933	418,393
Leases payable	47,885	42,556	(18,589)	71,852	14,811
SBITAs payable	29,114	-	(29,114)	-	-
Net pension liability	15,895,181	903,360	-	16,798,541	-
Net OPEB liability	936,208	71,150	(103,685)	903,673	-
Total governmental activities	\$ 26,431,354	\$ 3,845,313	\$ (807,264)	\$ 29,469,403	\$ 1,637,646

*The change in compensated absences liability is presented as a net change.

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.

On April 3, 2020, the City issued a total of \$2,900,000 in Series 2020 Real Estate Acquisition Bonds to purchase land for the future site of a Safety Service Center.

On May 10, 2022, the City issued \$4,314,000 in bond anticipation notes for economic development. The notes have been financed on a long-term basis prior to the issuance of the financial statements. See Note 24 for details on note issuance.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)**

On May 2, 2023, the City issued \$4,314,000 in Economic Development Nontax Revenue Bonds to refund the previous notes. The bonds carry an interest rate of 5.00% and have a final maturity date of December 1, 2037.

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

Notes payable - financed purchase: During 2022, the City entered into agreements for the purchase of salt dome equipment and land on Orion St. During 2024, the City entered into agreement for the purchase of an ambulance, firetruck and radios. The payments for the salt dome equipment, ambulance, firetruck and radios will be paid from the capital improvement fund and the payments for the land purchase will be paid from the general fund.

Leases payable: The City has entered into lease agreements for the use of intangible right-to-use land and equipment. Due to the implementation of GASB Statement No. 87, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund, the EMS operating fund, and the fire operating fund (a nonmajor governmental fund).

The City has entered into lease agreements for copier equipment and land at varying years and terms as follows:

<u>Leases</u>	<u>Lease Commencement Date</u>	<u>Length</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Postage Machine Lease	2020	5 years	2025	Quarterly
Masonic Temple Ground Lease	2021	50 years	2071	Annually
Utilities Copier Lease	2019	63 months	2025	Monthly
Finance Copier Lease	2019	63 months	2024	Monthly
Building/Engineering Copier Lease	2020	63 months	2025	Monthly
Police/Fire/EMS Copier Lease	2018	63 months	2024	Monthly

SBITAs Payable

The City has entered into agreements for the intangible right-to-use subscription software. Due to the implementation of GASB Statement No. 96, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the subscriptions. The subscription payments will be paid from the general fund.

The City has entered into agreements for subscriptions at varying years and terms as follows:

<u>SBITA</u>	<u>Commencement Date</u>	<u>Years</u>	<u>End Date</u>	<u>Payment Method</u>
OpenGov Software	2023	2	2024	Annual

At December 31, 2024, there were no further obligations outstanding.

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.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the City has restated compensated absences as of December 31, 2023 which is reflected in the schedule below. The changes in business-type activities long-term obligations during the year were as follows.

	Restated Balance 12/31/2023	Issued	Retired	Balance 12/31/2024	Amounts Due in One Year
Business-type activities:					
OWDA loans - direct borrowing					
Water treatment plant improvement	\$ 468,449	\$ -	\$ (468,449)	\$ -	\$ -
Water treatment plant improvement	413,137	-	(202,721)	210,416	210,416
Water treatment backwash tank	272,270	-	(106,283)	165,987	109,765
Portage St./W. Park sanitary	69,871	-	(9,770)	60,101	10,109
Total OWDA loans	<u>1,223,727</u>	<u>-</u>	<u>(787,223)</u>	<u>436,504</u>	<u>330,290</u>
Intergovernmental loans - direct borrowing					
Sewer rights - City of Canton 2022 - 2031	<u>2,405,718</u>	<u>-</u>	<u>(244,671)</u>	<u>2,161,047</u>	<u>258,470</u>
Total intergovernmental loans	<u>2,405,718</u>	<u>-</u>	<u>(244,671)</u>	<u>2,161,047</u>	<u>258,470</u>
OPWC loans - direct borrowing					
Booster pump station	229,706	-	(51,045)	178,661	51,046
Applegrove waterline	216,527	-	(13,970)	202,557	13,970
North Main St. waterline	128,133	-	(16,017)	112,116	16,017
Water Tower #1 exterior painting	189,450	-	(19,900)	169,550	19,900
Lynbrook sanitary sewer	<u>142,190</u>	<u>-</u>	<u>(14,968)</u>	<u>127,222</u>	<u>14,968</u>
Total OPWC loans	<u>906,006</u>	<u>-</u>	<u>(115,900)</u>	<u>790,106</u>	<u>115,901</u>
General obligation bonds					
Series 2016 Refunding	579,956	-	(86,876)	493,080	91,572
Series 2016 Refunding	<u>825,000</u>	<u>-</u>	<u>(265,000)</u>	<u>560,000</u>	<u>275,000</u>
Total general obligation bonds	<u>1,404,956</u>	<u>-</u>	<u>(351,876)</u>	<u>1,053,080</u>	<u>366,572</u>
Compensated absences*	476,380	218,231	-	694,611	192,985
Unamortized premiums on bonds	161,731	-	(23,388)	138,343	-
Notes payable - financed purchase	152,245	-	(75,168)	77,077	77,077
Leases payable	12,250	-	(4,813)	7,437	3,709
Net pension liability	3,183,329	-	(24,168)	3,159,161	-
Net OPEB liability	<u>68,939</u>	<u>-</u>	<u>(68,939)</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ 9,995,281</u>	<u>\$ 218,231</u>	<u>\$ (1,696,146)</u>	<u>\$ 8,517,366</u>	<u>\$ 1,345,004</u>

*The change in compensated absences liability is presented as a net change.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)**

OWDA Loans - 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. These loans are considered direct borrowings. Direct borrowings have terms negotiated directly between the City and the lender and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default. 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 22.63% of net revenues and 6.92% of total revenues. The total principal and interest remaining to be paid on the loans is \$454,238. Principal and interest paid for the current year were \$824,036, total net revenues were \$3,641,979 and total revenues were \$11,913,025.

Intergovernmental Loans Payable - In 2022, the City entered into a contractual agreement with the City of Canton for the use of the Water Reclamation Facility that is in the area and 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 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, 2024 is \$2,161,047. 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.

OPWC Loans - 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.

These loans are considered direct borrowings. Direct borrowings have terms negotiated directly between the City and the lender and are not offered for public sale. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC incurring the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

General Obligation Bonds - 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.

Notes payable - financed purchase: During 2022, the City entered into an agreement for the purchase of an asphalt paver. The payments for this purchase will be paid from the capital improvement fund.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

Leases payable: The City has entered into lease agreements for the intangible right-to-use equipment. Due to the implementation of GASB Statement No. 87, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the water fund.

The City has entered into lease agreements for copier equipment at varying years and terms as follows:

<u>Leases</u>	Lease Commencement	<u>Length</u>	Lease End	Payment
	<u>Date</u>		<u>Date</u>	<u>Method</u>
Water Treatment Copier Lease	2021	63 months	2027	Quarterly
Service Center Copier Lease	2020	63 months	2025	Annually

Principal and interest requirements to retire the outstanding debt at December 31, 2024, are as follows:

Year Ending <u>December 31,</u>	Total Governmental General Obligation Bonds			Total Governmental Notes Payable - Financed Purchase		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 526,428	\$ 288,329	\$ 814,757	\$ 418,393	\$ 94,223	\$ 512,616
2026	521,212	268,202	789,414	320,440	80,734	401,174
2027	540,864	248,177	789,041	183,777	70,991	254,768
2028	566,820	278,834	845,654	193,026	61,742	254,768
2029	587,472	205,208	792,680	149,277	49,856	199,133
2030-2034	2,863,124	684,559	3,547,683	702,393	120,556	822,949
2035-2039	1,268,000	138,032	1,406,032	114,725	17,360	132,085
2040-2041	-	-	-	49,902	2,932	52,834
Total	<u>\$ 6,873,920</u>	<u>\$ 2,111,341</u>	<u>\$ 8,985,261</u>	<u>\$ 2,131,933</u>	<u>\$ 498,394</u>	<u>\$ 2,630,327</u>

Year End <u>December 31,</u>	Total Governmental Leases Payable		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 14,811	\$ 2,016	\$ 16,827
2026	14,930	1,575	16,505
2027	15,384	1,121	16,505
2028	10,624	705	11,329
2029	4,334	425	4,759
2030 - 2034	755	1,745	2,500
2035 - 2039	877	1,623	2,500
2040 - 2044	1,018	1,482	2,500
2045 - 2049	1,183	1,317	2,500
2050 - 2054	1,374	1,126	2,500
2055 - 2059	1,596	904	2,500
2060 - 2064	1,854	646	2,500
2065 - 2069	2,154	346	2,500
2070 - 2072	957	44	1,001
Total	<u>\$ 71,852</u>	<u>\$ 15,074</u>	<u>\$ 86,926</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

Year Ending December 31,	Ohio Public Works Commission -			OWDA Loans -		
	Direct Borrowing			Direct Borrowing		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 115,901	\$ -	\$ 115,901	\$ 330,290	\$ 12,438	\$ 342,728
2026	115,901	-	115,901	66,679	2,539	69,218
2027	115,901	-	115,901	10,820	1,264	12,084
2028	90,378	-	90,378	11,194	889	12,083
2029	64,855	-	64,855	11,581	502	12,083
2030-2034	223,514	-	223,514	5,940	102	6,042
2035-2039	63,656	-	63,656	-	-	-
Total	<u>\$ 790,106</u>	<u>\$ -</u>	<u>\$ 790,106</u>	<u>\$ 436,504</u>	<u>\$ 17,734</u>	<u>\$ 454,238</u>

Year Ending December 31,	Total Business-Type Activities			Total Business-Type Activities		
	General Obligation Bonds			Intergovernmental Loans		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 366,572	\$ 42,123	\$ 408,695	\$ 258,470	\$ 61,304	\$ 319,774
2026	357,788	27,460	385,248	272,815	53,354	326,169
2027	75,136	13,149	88,285	287,727	44,966	332,693
2028	82,180	55,788	137,968	303,224	36,122	339,346
2029	84,528	6,856	91,384	319,328	26,805	346,133
2030-2032	86,876	3,475	90,351	719,483	23,673	743,156
Total	<u>\$ 1,053,080</u>	<u>\$ 148,851</u>	<u>\$1,201,931</u>	<u>\$ 2,161,047</u>	<u>\$ 246,224</u>	<u>\$2,407,271</u>

Year Ending December 31,	Total Business-Type Activities			Total Business-Type Activities		
	Notes Payable - Financed Purchase			Leases Payable		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 77,077	\$ 1,958	\$ 79,035	\$ 3,709	\$ 166	\$ 3,875
2026	-	-	-	3,188	68	3,256
2027	-	-	-	540	2	542
Total	<u>\$ 77,077</u>	<u>\$ 1,958</u>	<u>\$ 79,035</u>	<u>\$ 7,437</u>	<u>\$ 236</u>	<u>\$ 7,673</u>

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)****Conduit Debt**

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, 2024, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$14,180,700.

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, 2024, the City's total debt margin was \$47,587,492 and the unvoted debt margin was \$21,653,486.

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 16 - INTERFUND ACTIVITY**

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 from</u>	<u>Transfer to</u>		<u>Total</u>
	<u>Fire Levy</u>	<u>Capital Improvement</u>	
Major fund			
General	<u>\$ 500,000</u>	<u>\$ 2,106,755</u>	<u>\$ 2,606,755</u>

Transfers between governmental 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.

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CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 17 - 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	Fire Operating Levy Fund	Emergency Medical Services Levy Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials and supplies inventory	\$ 90,201	\$ -	\$ 13,282	\$ -	\$ 153,012	\$ 256,495
Prepays	59,285	9,658	5,961	-	3,082	77,986
Unclaimed monies	15,054	-	-	-	-	15,054
Total nonspendable	<u>164,540</u>	<u>9,658</u>	<u>19,243</u>	<u>-</u>	<u>156,094</u>	<u>349,535</u>
Restricted:						
Security of persons and property police	-	-	-	-	87,478	87,478
Security of persons and property fire	-	365,581	-	-	55,978	421,559
Public health and welfare	-	-	779,401	-	-	779,401
Transportation	-	-	-	-	1,994,405	1,994,405
Utility services	-	-	-	-	644,800	644,800
General trust	-	-	-	-	37,609	37,609
Capital Improvements	-	-	-	-	305,098	305,098
Total restricted	<u>-</u>	<u>365,581</u>	<u>779,401</u>	<u>-</u>	<u>3,125,368</u>	<u>4,270,350</u>
Committed:						
Capital improvements	-	-	-	5,469,963	20,401	5,490,364
Compensated absences	859,284	-	-	-	-	859,284
Total committed	<u>859,284</u>	<u>-</u>	<u>-</u>	<u>5,469,963</u>	<u>20,401</u>	<u>6,349,648</u>
Assigned:						
Community environment	28,888	-	-	-	-	28,888
Security of persons and property police	3,153	-	-	-	-	3,153
Leisure time activity	8,229	-	-	-	-	8,229
Subsequent year appropriation	1,065,327	-	-	-	-	1,065,327
Total assigned	<u>1,105,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,105,597</u>
Unassigned (deficit)	<u>8,286,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,286,355</u>
Total fund balances	<u>\$ 10,415,776</u>	<u>\$ 375,239</u>	<u>\$ 798,644</u>	<u>\$ 5,469,963</u>	<u>\$ 3,301,863</u>	<u>\$ 20,361,485</u>

NOTE 18 - 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 2024. Complete financial statements can be obtained from the Stark Council of Governments, P.O. Box 21451 Canton, Ohio 44701-1451.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)*****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 \$102,432 to the Health District in 2024. 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 RITA. Today, RITA serves as the income tax collection agency for over 300 municipalities and JEDD/JEDZ/ENTPZ districts throughout the State of Ohio.

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 19 - 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.

NOTE 20 - 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 2024 as a result of tax abatement agreements were approximately \$100,000.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 21 - 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 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 is a legally separate entity and is reported by the City as a discretely presented component unit in its basic financial statements. 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 basic financial statements of the CIC are prepared using the accrual basis of accounting in conformity with GAAP.

B. Basis of Presentation

The CIC’s basic financial statements consist of a statement of net position, a statement of revenues, expenses, changes in net position and a statement of cash flows.

The CIC distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the CIC’s principal ongoing operation. The principal operating revenues of the CIC are contributions from the City. Operating expenses for the CIC primarily include purchased services and depreciation expense on capital assets purchased by the CIC. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. Nonoperating revenues consist of interest income.

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, all cash in the CIC’s checking and savings accounts with a maturity of less than three months is considered to be cash and cash equivalents. All monies received by the CIC are deposited in a demand deposit account.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 21 - NORTH CANTON COMMUNITY IMPROVEMENT CORPORATION - (Continued)

D. 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.

E. 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 balance of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their 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.

G. Accrued Liabilities and Long-Term Obligations

The CIC has recognized certain expenses and long-term obligations due, but unpaid as of December 31, 2024. These expenses and long-term obligations are reported as accrued liabilities in the accompanying financial statements.

F. 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.

H. Assets Held for Resale

During 2024, the City of North Canton transferred property to the CIC that is being held for resale. The CIC sold the property in March of 2024 for development. The associated assets have been reported at lower of cost or market.

I. Contributions of Capital

Contributions of capital in the basic financial statements arise from outside contributions of capital assets and assets held for resale provided by the City of North Canton for the use of CIC activities or resale of properties.

Deposits

At December 31, 2024, the carrying amount of the CIC's deposits was \$37,881. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2024, \$37,881 of the bank balance of \$37,881 was covered by the Federal Deposit Insurance Corporation.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**NOTE 21 - NORTH CANTON COMMUNITY IMPROVEMENT CORPORATION - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the CIC will not be able to recover deposits or collateral securities that are in the possession of an outside party. The CIC 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 CIC'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 Ohio Pooled Collateral System (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. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Corporation to a successful claim by the FDIC.

Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

	Balance 12/31/23	Additions	Deductions	Balance 12/31/24
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,346,133	\$ -	\$ (1,444,238)	\$ 901,895
<i>Total capital assets, not being depreciated</i>	<u>2,346,133</u>	<u>-</u>	<u>(1,444,238)</u>	<u>901,895</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	44,200	-	-	44,200
Buildings	<u>1,419,806</u>	<u>-</u>	<u>(741,262)</u>	<u>678,544</u>
<i>Total capital assets, being depreciated</i>	<u>1,464,006</u>	<u>-</u>	<u>(741,262)</u>	<u>722,744</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(44,200)	-	-	(44,200)
Buildings and improvements	<u>(47,591)</u>	<u>(16,964)</u>	<u>15,573</u>	<u>(48,982)</u>
<i>Total accumulated depreciation</i>	<u>(91,791)</u>	<u>(16,964)</u>	<u>15,573</u>	<u>(93,182)</u>
Total capital assets, net	<u>\$ 3,718,348</u>	<u>\$ (16,964)</u>	<u>\$ (2,169,927)</u>	<u>\$ 1,531,457</u>

Litigation

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

Long-term Obligations

The changes in governmental activities long-term obligations during the year were as follows.

CITY OF NORTH CANTON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 21 - NORTH CANTON COMMUNITY IMPROVEMENT CORPORATION - (Continued)

	Balance 12/31/2023	Issued	Retired	Balance 12/31/2024	Amounts Due in One Year
Governmental activities - direct borrowings:					
Mortgage payable - 1023 N. Main St.	\$ 118,975	\$ -	\$ (7,928)	\$ 111,047	\$ 8,230
Mortgage payable - 6507 Wise Ave. NW & Whipple Ave. NW	358,967	-	(358,967)	-	-
Mortgage payable - 6631 Wise Ave. NW	64,942	-	(3,875)	61,067	4,036
Total governmental activities	<u>\$ 542,884</u>	<u>\$ -</u>	<u>\$ (370,770)</u>	<u>\$ 172,114</u>	<u>\$ 12,266</u>

On February 16, 2021, the CIC entered into a mortgage payable for \$140,000 to purchase property at 1023 N. Main St., North Canton. The mortgage has an interest rate of 3.55% and a final maturity date of February 16, 2036.

On February 24, 2021, the CIC entered into a mortgage payable for \$422,400 to purchase property at 6507 Wise Ave. NW and property on Whipple Ave NW. The mortgage has an interest rate of 3.55% and a final maturity date of February 24, 2036.

On January 31, 2022, the CIC entered into a mortgage payable for \$72,000 to purchases property at 6631 Wise Ave. NW. The mortgage has an interest rate of 3.85% and a final maturity date of January 28, 2037.

These mortgages are considered direct borrowings. Direct borrowings have terms negotiated directly between the CIC and the lender and are not offered for public sale.

Principal and interest requirements to retire the outstanding debt at December 31, 2024 are as follows.

Year Ending December 31,	Total Mortgages Payable		
	Principal	Interest	Total
2025	\$ 12,266	\$ 6,174	\$ 18,440
2026	12,728	5,713	18,441
2027	13,207	5,233	18,440
2028	13,690	4,750	18,440
2029	14,218	4,221	18,439
2030-2034	79,529	12,670	92,199
2035-2037	26,476	857	27,333
Total	<u>\$ 172,114</u>	<u>\$ 39,618</u>	<u>\$ 211,732</u>

Due to Primary Government

During 2022, the City of North Canton advanced the CIC \$1,149,378 for the purchase of property. The CIC transferred \$5,600,000 to the City in April of 2023, which included the repayment of the advance. During 2024, the CIC repaid \$624,496 leaving a balance of \$819,139, which is recorded as “due to primary governments” on the basic financial statements.

CITY OF NORTH CANTON, OHIO**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024****NOTE 22 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2024, the City received COVID-19 funding. The City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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APPENDIX D

Proposed Text of Opinion of Bond Counsel

We have served as bond counsel to our client the City of North Canton, Ohio (the “City”), in connection with the issuance by the City of its \$15,000,000* Fire Station Construction Bonds, Series 2025 (the “Bonds”), dated the date of this letter, and issued for the purpose of paying the costs of constructing, reconstructing, remodeling, furnishing and equipping a new fire station, with related site improvements and necessary appurtenances thereto.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bond of the first maturity and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Bonds constitute valid and binding general obligations of the City, and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes, within the ten-mill limitation imposed by law, on all property subject to ad valorem taxes levied by the City.
2. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. We express no opinion as to any other tax consequences regarding the Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the City.

In rendering those opinions with respect to the treatment of the interest on the Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the City. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Bonds and the enforceability of the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

* Preliminary, subject to change.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery, and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Bonds is concluded upon delivery of this letter.

Respectfully submitted,

APPENDIX E

Book-Entry System; DTC

Book-Entry System

The information set forth in the following numbered paragraphs is based on information provided by The Depository Trust Company in its “Sample Offering Document Language Describing DTC and Book-Entry-Only Issuance” (September 2024). As such, the School District believes it to be reliable, but the City takes no responsibility for the accuracy or completeness of that information. It has been adapted to the Certificates issued for purpose of clarification by, among other things, substituting “Bonds” for “Securities,” “City” for “Issuer” and “Trustee” for “registrar” and by the addition of the italicized language set forth in the text. See also the additional information following those numbered paragraphs.

1. The Depository Trust Company (“DTC”) will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *(This internet site is included for reference only, and the information in this internet site is not incorporated by reference in this Official Statement.)*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers

of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Trust Indenture. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividends (*debt charges payments*) on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividends (*debt charges*) to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. (*Not Applicable to the Certificates.*)

10. DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Replacement certificates are required to be printed (*or otherwise produced*) and delivered.

11. The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Replacement certificates will be printed (or otherwise produced) and delivered to DTC. (*See also **Revision of Book-Entry System; Replacement Certificates.***)

12. The information (above) in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the School District takes no responsibility for the accuracy thereof.

Direct Participants and Indirect Participants may impose service charges on Beneficial Owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

The City and the Trustee have no role in the purchases, transfers or sales of book-entry interests. The rights of Beneficial Owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with their legal advisors the manner of transferring or pledging their book-entry interests.

The City and the Trustee have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The City and the Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners payments of debt charges on the Bonds made to DTC as the registered owner, or redemption, if any, or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve or act in a manner described in this Official Statement.

For all purposes under the Trust Indenture, DTC will be and will be considered by the School District and the Trustee to be the owner or holder of the Bonds.

Beneficial Owners will not receive or have the right to receive physical delivery of Bonds, and, except to the extent they may have rights as Beneficial Owners or holders under the Continuing Disclosure Agreement, will not be or be considered by the School District and the Trustee to be, and will not have any rights as, owners or holders of Bonds under the Trust Indenture.

Reference herein to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

Revision of Book-Entry System; Replacement Certificates

The Trust Indenture provides for issuance of fully-registered Bonds (Replacement Bonds) directly to owners of Bonds other than DTC only in the event that DTC (or a successor securities depository) determines not to continue to act as securities depository for the Bonds. Upon occurrence of this event, the City may in its discretion attempt to have established a securities depository book-entry relationship with another securities depository. If the City does not do so, or is unable to do so, and after the Trustee has made provision for notification of the Beneficial Owners of the Bonds by appropriate notice to DTC, the City and the Trustee will authenticate and

deliver Replacement Bonds of any one maturity, in authorized denominations, to or at the direction of any persons requesting such issuance, and, if the event is not the result of City action or inaction, at the expense (including legal and other costs) of those requesting.

Debt charges on Replacement Bonds will be payable when due without deduction for the services of the Trustee as paying agent. Principal of and any premium on Replacement Bonds, will be payable when due to the registered owner upon presentation and surrender at the designated corporate trust office of the Trustee. Interest on Bonds will be payable on the interest payment date by the Trustee by transmittal to the registered owner of record on the Trust Indenture as of the 15th day of the calendar month next preceding the interest payment date. Replacement Bonds will be exchangeable for other Replacement Bonds of authorized denominations, and transferable, at the designated corporate trust office of the Trustee without charge (except taxes or governmental fees). Exchange or transfer of then-redeemable Replacement Bonds is not required to be made: (i) between the 15th day of the calendar month next preceding the mailing of notice of redemption of Replacement Bonds and the date of that mailing, or (ii) of a particular Replacement Bond selected for redemption (in whole or part).

APPENDIX F

Proposed Form of Continuing Disclosure Agreement

\$15,000,000*
City of North Canton, Ohio
Fire Station Construction Bonds, Series 2025

CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT, dated _____, 2025 (the “Agreement”), is made, signed and delivered by the **CITY OF NORTH CANTON, OHIO** (the “City”), a municipal corporation and political subdivision duly organized and existing under the Constitution and laws of the State of Ohio and its Charter, for the benefit of the Holders and Beneficial Owners (as defined herein) from time to time of the City’s \$15,000,000* Fire Station Construction Bonds, Series 2025 (the “Bonds”), authorized by Ordinance No. 36-2025, passed by the City Council on July 14, 2025 (the “Bond Ordinance”).

RECITAL

The City, by passage of the Bond Ordinance, has determined to issue the Bonds to provide funds for City purposes, and by Stifel, Nicolaus & Company, Incorporated (the “Participating Underwriter”), has agreed to provide those funds to the City by purchasing the Bonds. As a condition to the purchase of the Bonds from the City and the sale of Bonds to Holders and Beneficial Owners, the Participating Underwriter is required to reasonably determine that the City has undertaken, in a written agreement for the benefit of Holders and Beneficial Owners of the Bonds, to provide certain information in accordance with the Rule (as defined herein).

NOW, THEREFORE, in accordance with the Bond Ordinance, the City covenants and agrees as set forth in this Continuing Disclosure Agreement.

Section 1. Purpose of Continuing Disclosure Agreement. This Agreement is being entered into, signed and delivered for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter of the Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (SEC) pursuant to the Securities Exchange Act of 1934, as may be amended from time to time (the Rule).

Section 2. Definitions. In addition to the definitions set forth above, the following capitalized terms shall have the following meanings in this Agreement, unless the context clearly otherwise requires. Reference to “Sections” shall mean sections of this Agreement.

“Annual Filing” means any Annual Information Filing provided by the City pursuant to, and as described in, Sections 3 and 4.

“Audited Financial Statements” means the audited basic financial statements of the City, prepared in conformity with generally accepted accounting principles.

“Beneficial Owner” means any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

* Preliminary; subject to change.

“EMMA” means the Electronic Municipal Market Access system of the MSRB; information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“Filing Date” means the last day of the ninth month following the end of each Fiscal Year (or the next succeeding business day if that day is not a business day), beginning September 30, 2026, and, as to the Audited Financial Statements, when and if available, starting with the Audited Financial Statements for Fiscal Year 2024.

“Financial Obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guarantee of an obligation or instrument described in either clause (i) or (ii). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the 12-month period beginning on January 1 of each year or such other 12-month period as the City shall adopt as its fiscal year.

“Holder” means, with respect to the Bonds, the person in whose name a Bond is registered in accordance with the Bond Ordinances.

“MSRB” means the Municipal Securities Rulemaking Board.

“Obligated Person” means, any person, including the issuer of municipal securities (such as the Bonds), who is generally committed by contract or other arrangement to support payment of all or part of the obligations on the municipal securities being sold in an offering document (such as the Official Statement); the City is the only Obligated Person for the Bonds.

“Official Statement” means the Official Statement for the Bonds dated _____, 2025.

“Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Specified Events” means any of the events with respect to the Bonds as set forth in Section 5(a).

“State” means the State of Ohio.

Section 3. Provision of Annual Information.

(a) The City shall provide (or cause to be provided) not later than the Filing Date to the MSRB an Annual Filing, which is consistent with the requirements of Section 4. The Annual Filing shall be submitted in an electronic format through EMMA, or as otherwise prescribed by the MSRB, and contain such identifying information as is prescribed by the MSRB, and may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4; provided that the Audited Financial Statements of the City may be submitted separately from the balance of the Annual Filing and later than the Filing Date if they are not available by that date. If the City’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Specified Event under Section 5.

(b) If the City is unable to provide to the MSRB an Annual Filing by the Filing Date, the City shall, in a timely manner, send a notice to the MSRB in an electronic format through EMMA, or as otherwise prescribed by the MSRB.

Section 4. Content of Annual Filing. The City's Annual Filing shall contain or include by reference the following:

(a) Financial information and operating data of the type included in the Official Statement under the captions: **Ad Valorem Property Taxes – Collections, – Special Assessments** and – **Delinquencies**, together with information as to aggregate assessed valuation of the City and overlapping and City tax rates; **Municipal Income Tax; State Local Government Assistance Funds; City Debt and Other Long-Term Obligations**, including **Debt Tables**, as applicable; and **Appendices A and B-2**.

(b) The Audited Financial Statements of the City utilizing generally accepted accounting principles applicable to governmental units as described in the Official Statement, except as may be modified from time to time and described in such financial statements.

The foregoing shall not obligate the City to prepare or update projections of any financial information or operating data.

Any or all of the items listed above may be included by specific reference to other documents, including annual informational statements of the City or official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting Specified Events.

(a) The City shall provide to the MSRB, in an electronic format through EMMA, or as otherwise prescribed by the MSRB, and containing such identifying information as is prescribed by the MSRB and in a timely manner but not later than ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds, as specified by the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;^(a)
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;^(a)
- (5) Substitution of credit or liquidity providers, or their failure to perform;^(a)
- (6) (Issuance of) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security (*i.e.*, the Bonds), or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;^(b)
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;^(c)
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person; *Note: For the purposes of the event identified in this subparagraph, the event is considered to occur when any of the following*

occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

- (13) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;
- (15) Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, *if material*; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

Note:

- (a) *The City has not obtained or provided, and does not expect to obtain or provide, any debt service reserves, credit enhancements or credit or liquidity providers for the Bonds.*
- (b) *Any scheduled redemption of Bonds pursuant to mandatory sinking fund redemption requirements does not constitute a specified event within the meaning of the Rule.*
- (c) *Repayment of the Bonds is not secured by a lien on any property capable of release or sale or for which other property may be substituted.*

For the Specified Events described in Section 5(a) (2), (6, as applicable), (7), (8, as applicable), (10), (13), (14) and (15), the City acknowledges that it must make a determination whether such Specified Event is material under applicable federal securities laws in order to determine whether a filing is required.

Section 6. Amendments. The City reserves the right to amend this Agreement, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to (a) achieve its compliance with any applicable federal securities law or rule, (b) cure any ambiguity, inconsistency or formal defect or omission and (c) address any change in circumstances arising from a change in legal requirements, change in law or change in the identity, nature or status of the City or type of business conducted by the City. Any such amendment or waiver shall not be effective unless this Agreement (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the City shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the City that the amendment or waiver would not materially impair the interests of Holders or Beneficial Owners or (ii) the written consent to the amendment or waiver of the Holders

of at least a majority of the principal amount of the Bonds then outstanding. An Annual Filing containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided. If the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (A) the City shall provide notice of such change in the same manner as for a Specified Event under Section 5 and (B) the Annual Filing for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements or information as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or providing any other means of communication, or including any other information in any Annual Filing or providing notice of the occurrence of an event, in addition to that which is required by this Agreement. If the City chooses to include any information in any document or notice of occurrence of an event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include it in any future Annual Filing or notice of occurrence of a Specified Event.

Section 8. Remedy for Breach. This Agreement shall be solely for the benefit of the Holders and Beneficial Owners from time to time of the Bonds. The exclusive remedy for any breach of the Agreement by the City shall be limited, to the extent permitted by law, to a right of Holders and Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the City of its obligations under this Agreement in a court in the County of Stark, Ohio. Any such proceedings shall be instituted and maintained only in accordance with Section 133.25(B)(4)(b) or (C)(1) of the Revised Code (or any like or comparable successor provisions); provided that any Holder or Beneficial Owner may exercise individually any such right to require the City to specifically perform its obligation to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any Beneficial Owner seeking to require the City to comply with this Agreement shall first provide at least 30 days' prior written notice to the City of the City's failure, giving reasonable detail of such failure, following which notice the City shall have 30 days to comply. A default under this Agreement shall not be deemed an event of default under the Bond Ordinances, and the sole remedy under this Agreement in the event of any failure of the City to comply with this Agreement shall be an action to compel performance. No person or entity shall be entitled to recover monetary damages under this Agreement.

Section 9. Appropriation. The performance by the City of its obligations under this Agreement shall be subject to the availability of funds and their annual appropriation to meet costs that the City would be required to incur to perform those obligations. The City shall provide notice to the MSRB in the same manner as for a Specified Event under Section 5 of the failure to appropriate funds to meet costs to perform the obligations under this Agreement.

Section 10. Termination. The obligations of the City under the Agreement shall remain in effect only for such period that the Bonds are outstanding in accordance with their terms and the City remains an Obligated Person with respect to the Bonds within the meaning of the Rule. The obligation of the City to provide the information and notices of the events described above shall terminate, if and when the City no longer remains such an Obligated Person. If any person, other than the City, becomes an Obligated Person relating to the Bonds, the City shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

Section 11. Dissemination Agent. The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 12. Beneficiaries. This Agreement shall inure solely to the benefit of the City, any dissemination agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The City shall maintain records of all Annual Filings and notices of Specified Events and other events including the content of such disclosure, the names of the entities with whom such disclosures were filed and the date of filing such disclosure.

Section 14. Governing Law. This Agreement shall be governed by the laws of the State.

IN WITNESS WHEREOF, the City has caused this Continuing Disclosure Agreement to be duly signed and delivered to the Participating Underwriter, as part of the Bond proceedings and in connection with the original delivery of the Bonds to the Participating Underwriter, on its behalf by its officials signing below, all as of the date set forth above, and the Holders and Beneficial Owners from time to time of the Bonds shall be deemed to have accepted this Agreement made in accordance with the Rule.

CITY OF NORTH CANTON, OHIO

By: _____
Title: Director of Finance

**CERTIFICATE OF FISCAL OFFICER –
CONTINUING DISCLOSURE AGREEMENT**

As fiscal officer of the City of North Canton, Ohio, I certify that the amount required to meet the obligation of the City under the Agreement made by the City in accordance with the Rule, as set forth in the Bond Ordinance and the attached Continuing Disclosure Agreement, during Fiscal Year 2025 has been lawfully appropriated by the City for such purpose and is in the City treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This Certificate is given in compliance with Section 5705.41 and 5705.44 of the Revised Code.

Dated: _____, 2025

Director of Finance
City of North Canton, Ohio