



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF MASSILLON, OHIO

STARK COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023



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Members of Council
City of Massillon
One James Duncan Plaza
Massillon, Ohio 44646

We have reviewed the *Independent Auditors' Report* of the City of Massillon, Stark County, prepared by Clark, Schaefer, Hackett & Co., 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.

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 Massillon is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

July 09, 2024

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INDEPENDENT AUDITORS' REPORT

To the Members of City Council
City of Massillon, Ohio:

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 Massillon, Ohio (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 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, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, American Rescue Plan Fund, and the Parks and Recreation Fund for the year then ended in accordance with 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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.

Auditors' 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 auditors' 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 required pension and OPEB schedules 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 GAAS, 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 accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is 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 statement themselves, and other additional procedures in accordance with GAAS. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024 on our consideration of the City's internal control over financial reporting and on 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 20, 2024

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City of Massillon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

The discussion and analysis of the City of Massillon's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key Financial highlights for 2023 are as follows:

- The general fund reported an end of year unencumbered cash balance of \$4,171,553 (budget basis). All departments have contributed by controlling expenditures in 2023. In addition, the City was able to transfer \$30,000 to the budget stabilization fund from the general fund, yielding an ending balance of \$510,000 in the budget stabilization fund.
- The City's income tax revenue has increased by 6.84 percent from 2022. The City is still in the process of spending the American Rescue Plan Act (ARPA) funds that were received. As of the end of 2023, funds from this program have been allocated for park improvement, the purchase of a health department building, code enforcement animal control, street improvements, and several sewer and stormwater projects.
- Entity-wide net position increased due to the growth in revenues, which was partly offset by the uptick in program expenses. Total revenues were higher for 2023 across multiple categories, particularly investment earnings/interest, operating and capital grants, and income taxes. Changes to pension and OPEB expense, increases in salaries and benefits, and the spending of ARPA funds resulted in higher program expenses for 2023.

Using This Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the City of Massillon as a financial whole or as an entire operating entity. The statements provide a detailed look at the City's specific financial conditions.

The statement of net position and statement of activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column. In the case of the City, there are three major governmental funds and one major proprietary fund.

Reporting the City of Massillon as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole considers all financial transactions and asks the question, "How did we do financially during 2023?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by the private sector. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

City of Massillon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

These two statements report the City's net position and the changes in net position. The change in net position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets also need to be evaluated.

In the statement of net position and the statement of activities, the City is divided into three kinds of activities:

- **Governmental Activities** – Most of the City's programs and services are reported here, including general government, security of persons and property, transportation, public health and welfare, leisure time activities, basic utility service, economic development and assistance, and urban redevelopment and housing.
- **Business-Type Activities** – These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The City's business-type activities include wastewater and stormwater utility.
- **Component Unit** – The City's financial statements include financial data of the City of Massillon Board of Health. The component unit is described in the notes to the financial statements. The component unit is separate and may buy, sell, lease, and mortgage property in its own name and can sue or be sued in its own name.

Reporting the City of Massillon's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The City of Massillon uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The presentation of the City's major funds begins on page 18. Fund financial statements provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds, which account for the multitude of services, facilities and infrastructure provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Massillon, the major governmental funds are the general fund, American Rescue Plan fund, and parks and recreation fund. An analysis of the City's major governmental funds begins on page 11.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Most City activities are reported in the governmental funds focusing on how money flows into and out of those funds and the balances left at year end available for future spending. These funds are reported using the modified accrual accounting method. The modified accrual method measures cash and all other financial assets expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps determine the level of financial resources that can be spent in the near future on residential services. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-

City of Massillon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the City's programs. These funds use the accrual basis of accounting.

The City of Massillon as a Whole

Recall that the statement of net position pictures the City as a whole. Table 1 provides a summary of the City's net position for 2023 compared to 2022.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total *	
		Restated		Restated		Restated
	2023	2022	2023	2022	2023	2022
Assets						
Current and Other Assets	\$48,084,146	\$48,280,233	\$32,115,262	\$33,358,018	\$80,199,408	\$81,638,251
Net Pension Asset	42,152	58,243	9,558	13,994	51,710	72,237
Net OPEB Asset	0	1,363,946	0	327,701	0	1,691,647
Capital Assets, Net	61,453,202	55,156,393	62,152,816	64,137,018	123,606,018	119,293,411
<i>Total Assets</i>	<u>109,579,500</u>	<u>104,858,815</u>	<u>94,277,636</u>	<u>97,836,731</u>	<u>203,857,136</u>	<u>202,695,546</u>
Deferred Outflows of Resources						
Deferred Charge on Refunding	72,810	97,081	0	0	72,810	97,081
Pension	14,480,039	7,663,967	1,197,117	391,732	15,659,597	7,994,669
OPEB	2,322,455	1,758,175	184,105	2,965	2,504,109	1,754,017
<i>Total Deferred Outflows of Resources</i>	<u>16,875,304</u>	<u>9,519,223</u>	<u>1,381,222</u>	<u>394,697</u>	<u>18,236,516</u>	<u>9,845,767</u>
Liabilities						
Current and Other Liabilities	15,729,993	19,232,356	455,620	440,762	16,185,613	19,673,118
Long-Term Liabilities:						
Due Within One Year	1,918,286	1,706,951	3,017,008	4,184,647	4,935,294	5,891,598
Due in More Than One Year:						
Net Pension Liability	39,851,057	21,448,415	2,906,798	926,278	42,757,855	22,374,693
Net OPEB Liability	2,295,782	3,086,641	61,167	0	2,356,949	3,086,641
Other Amounts	13,123,643	13,314,944	24,839,749	27,865,149	37,963,392	41,180,093
<i>Total Liabilities</i>	<u>72,918,761</u>	<u>58,789,307</u>	<u>31,280,342</u>	<u>33,416,836</u>	<u>104,199,103</u>	<u>92,206,143</u>
Deferred Inflows of Resources						
Property Taxes	3,155,396	2,837,015	0	0	3,155,396	2,837,015
Payment in Lieu of Taxes	1,060,697	1,009,108	0	0	1,060,697	1,009,108
Pension	1,642,194	10,751,521	106,961	1,210,928	1,731,596	11,901,419
OPEB	2,232,711	2,576,868	23,113	359,473	2,253,373	2,929,218
<i>Total Deferred Inflows of Resources</i>	<u>8,090,998</u>	<u>17,174,512</u>	<u>130,074</u>	<u>1,570,401</u>	<u>8,201,062</u>	<u>18,676,760</u>
Net Position						
Net Investment in Capital Assets	48,943,524	41,861,426	47,882,247	47,812,897	96,825,771	89,674,323
Restricted	13,110,839	13,337,542	9,558	341,695	13,120,397	13,679,237
Unrestricted (Deficit)	(16,609,318)	(16,784,749)	16,356,637	15,089,599	(252,681)	(1,695,150)
<i>Total Net Position</i>	<u>\$45,445,045</u>	<u>\$38,414,219</u>	<u>\$64,248,442</u>	<u>\$63,244,191</u>	<u>\$109,693,487</u>	<u>\$101,658,410</u>

* After deferred outflows of resources and deferred inflows of resources related to the change in internal proportionate share of pension-related and OPEB-related items have been eliminated.

City of Massillon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

The net pension liability (NPL) is one of the largest single liabilities reported by the City at December 31, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

For governmental activities, assets, liabilities, and net position increased. The growth in assets was primarily due to the increase in capital assets attributable to road improvements. Higher liabilities for 2023 resulted from the rise in the net pension liability. As indicated previously, changes in benefits, contribution rates, and return on investments affect the balances of the net pension liability.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. The growth in total capital assets was mainly due to significant asset additions in 2023, primarily related to road improvement projects. Capital assets include land, construction in progress, land improvements, buildings and improvements, vehicles, machinery and equipment, infrastructure, and intangible right to use assets. Governmental activities net investment in capital assets at December 31, 2023, represent capital assets that are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Total net position for business-type activities increased in 2023 with the cumulative benefit of the reduction in liabilities and deferred inflows and the growth in deferred outflows outweighing the decline in assets. Repayments of loans contributed to the overall reduction in liabilities, and the changes in deferred outflows and deferred inflows were primarily related to pension. The decrease in assets was primarily due to the decline in capital assets related to depreciation, as well as a decrease in the intergovernmental receivable related to payments received from Stark County for the County's portion of debt payments for OWDA loans.

City of Massillon, Ohio
Management's Discussion and Analysis
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Unaudited

Table 2 shows the changes in net position for the year ended December 31, 2023, compared to 2022.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	Restated 2022	2023	Restated 2022	2023	Restated 2022
Revenues						
Program Revenues:						
Charges for Services and Sales	\$8,199,870	\$7,214,529	\$10,177,772	\$9,725,464	\$18,377,642	\$16,939,993
Operating Grants, Contributions and Interest	6,212,571	3,274,321	729,668	247,185	6,942,239	3,521,506
Capital Grants, Contributions and Assessments	3,248,520	763,087	355,351	32,928	3,603,871	796,015
Total Program Revenues	17,660,961	11,251,937	11,262,791	10,005,577	28,923,752	21,257,514
General Revenues:						
Property Taxes	2,814,615	2,989,443	0	0	2,814,615	2,989,443
Income Taxes	24,234,799	22,682,563	0	0	24,234,799	22,682,563
Permissive Motor Vehicle License Tax	135,684	0	0	0	135,684	0
Intergovernmental	986,050	1,094,771	0	0	986,050	1,094,771
Unrestricted Contributions	4,564	3,427	0	0	4,564	3,427
Payment in Lieu of Taxes	1,073,478	1,023,969	0	0	1,073,478	1,023,969
Investment Earnings/Interest	2,545,421	(925,278)	0	0	2,545,421	(925,278)
Other	474,552	312,698	23,894	9,034	498,446	321,732
Total General Revenues	32,269,163	27,181,593	23,894	9,034	32,293,057	27,190,627
Total Revenues	49,930,124	38,433,530	11,286,685	10,014,611	61,216,809	48,448,141
Program Expenses						
Governmental Activities:						
General Government:						
Primary Government	10,512,288	7,464,908	0	0	10,512,288	7,464,908
Intergovernmental	1,349,375	1,249,876	0	0	1,349,375	1,249,876
Security of Persons and Property	17,178,540	13,542,777	0	0	17,178,540	13,542,777
Transportation	5,684,846	4,305,237	0	0	5,684,846	4,305,237
Public Health and Welfare:						
Intergovernmental	1,266,695	466,768	0	0	1,266,695	466,768
Leisure Time Activities	5,123,045	3,974,757	0	0	5,123,045	3,974,757
Basic Utility Service	31,000	60,060	0	0	31,000	60,060
Economic Development and Assistance	987,655	653,015	0	0	987,655	653,015
Urban Redevelopment and Housing	168,374	153,270	0	0	168,374	153,270
Interest	597,480	613,943	0	0	597,480	613,943
Wastewater	0	0	9,334,183	8,120,631	9,334,183	8,120,631
Stormwater Utility	0	0	948,251	516,935	948,251	516,935
Total Program Expenses	42,899,298	32,484,611	10,282,434	8,637,566	53,181,732	41,122,177
Change in Net Position before Transfers	7,030,826	5,948,919	1,004,251	1,377,045	8,035,077	7,325,964
Transfers	0	39,877	0	(39,877)	0	0
Change in Net Position	7,030,826	5,988,796	1,004,251	1,337,168	8,035,077	7,325,964
Net Position Beginning of Year	38,414,219	32,425,423	63,244,191	61,907,023	101,658,410	94,332,446
Net Position End of Year	<u>\$45,445,045</u>	<u>\$38,414,219</u>	<u>\$64,248,442</u>	<u>\$63,244,191</u>	<u>\$109,693,487</u>	<u>\$101,658,410</u>

Governmental Activities

Despite an increase in program expenses, the net position of governmental activities increased in 2023 due to the growth in revenues. Revenue increases were primarily related to investment earnings/interest, operating grants, capital grants, and income taxes. These were mainly due to rising interest rates, the recognition of ARPA revenue, higher community development grants, additional transportation-related grants and contributed assets, and increases in taxable income related to withholdings. The increases in program expenses were primarily due to the rise in pension and OPEB expense, the uptick in salaries and benefits costs, and the spending of ARPA funds.

City of Massillon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

For 2023, general government expense represented the second largest program expense for the City and consists of costs associated with the general administration of the City and courts operations. The increase in general government expense was primarily due to the changes in pension and OPEB expenses. Another factor was the cost of demolishing buildings downtown. The Stark County Land Reutilization Corporation covered a portion of those costs with a \$200,000 reimbursement to the City. Rising salaries and benefits costs for various departments also contributed to the increase in general government expense. The rise in salaries and benefits is a result of base salary increases and a significant health insurance premium increase.

Security of persons and property represents the highest program expense for the City. This expense category is made up of all of the expenses and related activities of the City's police and fire departments. The police department consists of a full-time police chief who oversees full-time police officers as well as full-time and part-time civilian staff members. The police department is funded primarily from revenues generated through the City's income tax and fines and forfeitures and is presented within the general fund. The increase in security of persons and property expense was due to the change in pension expense and higher salaries and benefits. Salaries and benefits increased due to grant-funded incentives, additional hires for police to reach minimum manning, and the increase in health insurance premiums.

The increase in transportation expenses was also due in part to the increase in pension and OPEB expenses. Rising costs for salaries and benefits and for maintenance and repairs also contributed to the increase in transportation expenses. The City hired an engineer in 2023, filling a position that had been vacant since 2016.

The increase in public health and welfare – intergovernmental expense was mainly related to the allocation of ARPA funds for the Board of Health, including the purchase of a building for the health department.

Charges for services represents revenues from community development, municipal court fees, law enforcement, parking fees, indigent drivers fees, clerk of courts fees, building department, and parks and recreation fees. Operating and capital grants and contributions are mainly composed of revenues received from other governments for a specific purpose.

Program revenues increased significantly for 2023 primarily due to the growth in operating and capital grants. The increase in operating grants was related to the recognition of ARPA revenue as eligible costs were incurred and an increase in community development block grants. The increase in capital grants and contributions was related to transportation grants and the contribution of road improvement project costs from another government.

General revenues accounted for a major portion of total governmental revenues. These revenues primarily consist of income tax revenue, which grew in 2023 with an increase in withholdings. Another primary source of general revenue is property tax revenue. For 2023, investment earnings/interest revenue was also a significant source, growing notably from the prior year due to rising interest rates.

Business-Type Activities

The City's two business-type activities are wastewater and stormwater utility. Business-type activities reported an increase in total net position from the prior year. This increase was due to the growth in charges for services revenues related to the County's share of wastewater plant costs, as well as the growth in operating grants and capital grants and contributions related to ARPA funding used for

City of Massillon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

stormwater and wastewater projects. Expenses increased mainly due to the change in pension expense, increase in wastewater contractual services, and the increase in ARPA-funded stormwater contractual services.

The City was able to take on additional debt because of cooperative agreements with Stark County to share the costs of upgrading the Wastewater Treatment Plant Facility to handle additional capacity. As a result of these agreements, the City relies on the County for approximately \$2.05 million in debt service participation annually.

The City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The general fund is the operating fund of the City. The fund balance of the general fund increased from the prior year due to the increase in revenues in 2023. The primary driver of the uptick in revenues was the increase in investment earnings/interest related to rising interest rates. Increases in income taxes from withholdings and intergovernmental revenues also had a positive impact. Expenditure increases were also seen, primarily in general government due to demolitions, security of persons and property due to salaries and benefits, transportation due to road improvements and maintenance, and capital outlay due to new subscriptions, financed purchases, and leases. The increases in capital outlay were largely offset by corresponding increases in other financing sources.

The American Rescue Plan fund had a small decrease in fund balance for 2023 due to a prior year prepaid item that was for 2023 work. The local fiscal recovery funding received is unearned revenue until eligibility requirements are met; therefore, revenues and expenditures are closely matched.

The parks and recreation fund had an increase in fund balance for 2023 due to the growth in charges for services revenue that resulted as recreation center attendance returned to pre-COVID levels and rates increased. The increase in expenditures was largely due to new leases, although the capital outlay for those new leases was offset by the other financing sources.

Enterprise Funds

Information about the proprietary funds starts on page 25. These funds are accounted for on an accrual basis. The wastewater fund is the City's only major enterprise fund. The wastewater fund had an increase in net position due to the increase in wastewater charges for services, despite the more significant increase in expenses. The growth in charges for services resulted from an increase in the County's share of plant costs. The changes in pension and OPEB expense caused the increase in personal services, while costs related to sanitary sewer cleaning and televising, as well as security system and server upgrades, contributed to the increase in contractual services for the wastewater fund.

General Fund Budgeting Highlights

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

City of Massillon, Ohio
Management's Discussion and Analysis
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The most significant budgeted governmental fund is the general fund. The final budgeted (estimated) revenue was more than the original budgeted revenue. The most significant variance between the original budgeted revenue and final budgeted revenue amounts was for income taxes. Overall, total actual revenues were slightly less than final budgeted revenues. During the year, these estimates were changed as new information was made available.

Final budgeted expenditures increased from the original budgeted amounts. This increase was adjusted along with the estimated resources that were anticipated to be available. Budgeted expenditures are not allowed to exceed estimated resources that are certified by the County Auditor. As additional resources are identified, the certification is amended and budgeted expenditures can be adjusted accordingly. The final budgeted expenditures exceeded actual expenditures and encumbrances, with the most significant variances being for general government, security of persons and property, transportation, and leisure time activities.

Capital Assets and Debt Administration

Capital Assets

At the end of 2023, the City had \$123,606,018 in capital assets (net of accumulated depreciation). Of this total, \$61,453,202 was reported in governmental activities and \$62,152,816 was reported in business-type activities.

For governmental activities, the increase in total capital assets was due in large part to road improvements, as well as Getz building improvements and the purchase of playground equipment, fire department equipment, and several vehicles including police vehicles and a dump truck. For business-type activities, the decrease in total capital assets was due to depreciation expense outpacing capital purchases. See Note 11 to the basic financial statements for detail on governmental and business-type activities capital assets.

Debt

At December 31, 2023, the City had total long-term debt obligations outstanding of \$40,489,419. Of this total, \$4,656,302 is due within one year and \$35,833,117 is due in more than one year.

All governmental long-term debt will be repaid by the general fund, the community development, parks and recreation, and the foreclosure property special revenue funds, the Lincoln Center bond retirement, parks and recreation bond retirement, and OPWC loan payment debt service funds, and the income tax capital improvements fund.

All business-type long-term debt will be repaid by the wastewater and stormwater utility enterprise funds. The OWDA loans are paid for with a combination of sewer revenues and participation revenues from Stark County.

At December 31, 2023, the City's overall legal debt margin was \$69,516,227 with an unvoted debt margin of \$32,640,999. See Note 19 to the basic financial statements for details on the City's long-term obligations.

City of Massillon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
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Current Financial Related Activities

The City continues to maintain and/or cut costs in various areas pertinent to managing a balanced budget. Healthcare costs had a 14.76 percent increase in 2023, and the City remains with their current carrier, MMO.

The City continues to see growth in income tax collections, partially due to new businesses. The City determined that the majority of the funds received from the American Rescue Plan Act will be used for sewer and stormwater repairs, the purchase of a Health Department building and for the improvement of City parks. The budget was implemented to stay within the certification to maintain a balanced budget for 2023.

The City of Massillon Parks and Recreation Department has fully recovered from the pandemic. The Recreation Center attendance and membership are back to pre-pandemic numbers.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact John Ferrero, City of Massillon Auditor, One James Duncan Plaza, Massillon, Ohio 44646, (330) 830-1706, or visit our website at www.massillonohio.gov.

Basic Financial Statements

City of Massillon, Ohio
Statement of Net Position
December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total *	City of Massillon Board of Health
Assets				
Equity in Pooled Cash and Cash Equivalents	\$34,810,004	\$15,283,559	\$50,093,563	\$131,210
Cash and Cash Equivalents in Segregated Accounts	137,593	0	137,593	0
Cash and Cash Equivalents with Escrow Agents	628,733	0	628,733	0
Materials and Supplies Inventory	432,179	2,088	434,267	0
Accrued Interest Receivable	247,690	0	247,690	0
Accounts Receivable	1,262,970	2,690,848	3,953,818	0
Permissive Tax Receivable	11,896	0	11,896	0
Internal Balances	(30,786)	30,786	0	0
Intergovernmental Receivable	1,903,214	14,070,650	15,973,864	40,466
Prepaid Items	301,028	37,331	338,359	6,844
Income Taxes Receivable	3,822,856	0	3,822,856	0
Property Taxes Receivable	3,496,072	0	3,496,072	0
Payment in Lieu of Taxes Receivable	1,060,697	0	1,060,697	0
Net Pension Asset (See Note 16)	42,152	9,558	51,710	2,624
Nondepreciable Capital Assets	18,146,530	266,799	18,413,329	17,300
Depreciable Capital Assets, Net	43,306,672	61,886,017	105,192,689	574,857
<i>Total Assets</i>	<u>109,579,500</u>	<u>94,277,636</u>	<u>203,857,136</u>	<u>773,301</u>
Deferred Outflows of Resources				
Deferred Charge on Refunding	72,810	0	72,810	0
Pension	14,480,039	1,197,117	15,659,597 *	341,236
OPEB	2,322,455	184,105	2,504,109 *	50,821
<i>Total Deferred Outflows of Resources</i>	<u>16,875,304</u>	<u>1,381,222</u>	<u>18,236,516</u>	<u>392,057</u>
Liabilities				
Accounts Payable	458,093	217,939	676,032	11,326
Accrued Wages	649,815	66,805	716,620	20,265
Contracts Payable	477,836	137,361	615,197	0
Intergovernmental Payable	425,043	33,515	458,558	18,550
Retainage Payable	104,859	0	104,859	0
Matured Compensated Absences Payable	35,409	0	35,409	0
Accrued Interest Payable	61,809	0	61,809	0
Unearned Revenue	13,015,223	0	13,015,223	0
Deposits Held Payable	501,906	0	501,906	0
Long-Term Liabilities:				
Due Within One Year	1,918,286	3,017,008	4,935,294	1,605
Due in More Than One Year:				
Net Pension Liability (See Note 16)	39,851,057	2,906,798	42,757,855	798,172
Net OPEB Liability (See Note 17)	2,295,782	61,167	2,356,949	16,796
Other Amounts	13,123,643	24,839,749	37,963,392	59,770
<i>Total Liabilities</i>	<u>72,918,761</u>	<u>31,280,342</u>	<u>104,199,103</u>	<u>926,484</u>
Deferred Inflows of Resources				
Property Taxes	3,155,396	0	3,155,396	0
Payment in Lieu of Taxes	1,060,697	0	1,060,697	0
Pension	1,642,194	106,961	1,731,596 *	1,480
OPEB	2,232,711	23,113	2,253,373 *	5,539
<i>Total Deferred Inflows of Resources</i>	<u>8,090,998</u>	<u>130,074</u>	<u>8,201,062</u>	<u>7,019</u>
Net Position				
Net Investment in Capital Assets	48,943,524	47,882,247	96,825,771	592,157
Restricted for:				
Capital Projects	3,140,649	0	3,140,649	0
Transportation	6,244,488	0	6,244,488	0
Court Operations	1,163,465	0	1,163,465	0
Security Services	888,167	0	888,167	0
Vacant/Foreclosure Property Programs	609,907	0	609,907	0
Pension Plan	42,152	9,558	51,710	2,624
Other Purposes	961,263	0	961,263	0
Unclaimed Monies	60,748	0	60,748	0
Women, Infants and Children Program	0	0	0	22,793
Unrestricted (Deficit)	(16,609,318)	16,356,637	(252,681)	(385,719)
<i>Total Net Position</i>	<u>\$45,445,045</u>	<u>\$64,248,442</u>	<u>\$109,693,487</u>	<u>\$231,855</u>

* After deferred outflows of resources and deferred inflows of resources related to the change in internal proportionate share of pension-related and OPEB-related items have been eliminated.

See accompanying notes to the basic financial statements

City of Massillon, Ohio
Statement of Activities
For the Year Ended December 31, 2023

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government - Primary Government	\$10,512,288	\$3,579,062	\$643,600	\$0
General Government - Intergovernmental	1,349,375	0	69,483	0
Security of Persons and Property	17,178,540	1,536,523	479,232	1,078
Transportation	5,684,846	21,450	2,666,406	3,247,392
Public Health and Welfare - Intergovernmental	1,266,695	286,249	656,571	0
Leisure Time Activities	5,123,045	2,775,586	435,975	50
Basic Utility Service	31,000	0	27,344	0
Economic Development and Assistance	987,655	1,000	1,124,640	0
Urban Redevelopment and Housing	168,374	0	109,320	0
Interest	597,480	0	0	0
<i>Total Governmental Activities</i>	<u>42,899,298</u>	<u>8,199,870</u>	<u>6,212,571</u>	<u>3,248,520</u>
Business-Type Activities:				
Wastewater	9,334,183	9,872,900	15,000	30,281
Stormwater Utility	948,251	304,872	714,668	325,070
<i>Total Business-Type Activities</i>	<u>10,282,434</u>	<u>10,177,772</u>	<u>729,668</u>	<u>355,351</u>
<i>Total Primary Government</i>	<u>\$53,181,732</u>	<u>\$18,377,642</u>	<u>\$6,942,239</u>	<u>\$3,603,871</u>
Component Unit:				
City of Massillon Board of Health	<u>\$1,194,531</u>	<u>\$188,269</u>	<u>\$1,546,736</u>	<u>\$0</u>

General Revenues:

Property Taxes Levied for:
General Purposes
Police and Fire Pension
Massillon Museum
Income Tax Levied for:
General Purposes
Transportation
Debt Services
Capital Improvements
Leisure Time Activities
Permissive Motor Vehicle License Tax Levied
for Transportation
Grants and Entitlements not Restricted to Specific Programs
Unrestricted Contributions
Payment in Lieu of Taxes
Investment Earnings/Interest
Other

Total General Revenues

Change in Net Position

Net Position Beginning of Year - Restated (See Note 3)

Net Position 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	City of Massillon Board of Health
(\$6,289,626)	\$0	(\$6,289,626)	\$0
(1,279,892)	0	(1,279,892)	0
(15,161,707)	0	(15,161,707)	0
250,402	0	250,402	0
(323,875)	0	(323,875)	0
(1,911,434)	0	(1,911,434)	0
(3,656)	0	(3,656)	0
137,985	0	137,985	0
(59,054)	0	(59,054)	0
(597,480)	0	(597,480)	0
<u>(25,238,337)</u>	<u>0</u>	<u>(25,238,337)</u>	<u>0</u>
0	583,998	583,998	0
0	396,359	396,359	0
0	980,357	980,357	0
<u>(25,238,337)</u>	<u>980,357</u>	<u>(24,257,980)</u>	<u>0</u>
0	0	0	540,474
1,723,116	0	1,723,116	0
396,134	0	396,134	0
695,365	0	695,365	0
16,847,367	0	16,847,367	0
2,423,225	0	2,423,225	0
1,487,174	0	1,487,174	0
1,626,805	0	1,626,805	0
1,850,228	0	1,850,228	0
135,684	0	135,684	0
986,050	0	986,050	0
4,564	0	4,564	0
1,073,478	0	1,073,478	0
2,545,421	0	2,545,421	0
474,552	23,894	498,446	1,888
<u>32,269,163</u>	<u>23,894</u>	<u>32,293,057</u>	<u>1,888</u>
7,030,826	1,004,251	8,035,077	542,362
<u>38,414,219</u>	<u>63,244,191</u>	<u>101,658,410</u>	<u>(310,507)</u>
<u>\$45,445,045</u>	<u>\$64,248,442</u>	<u>\$109,693,487</u>	<u>\$231,855</u>

City of Massillon, Ohio
Balance Sheet
Governmental Funds
December 31, 2023

	General	American Rescue Plan	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,919,006	\$13,022,369	\$2,389,609	\$14,189,480	\$34,520,464
Cash and Cash Equivalents:					
In Segregated Accounts	91,202	0	0	46,391	137,593
With Escrow Agents	0	0	0	628,733	628,733
Materials and Supplies Inventory	395,388	0	36,791	0	432,179
Accrued Interest Receivable	120,066	0	0	127,624	247,690
Accounts Receivable	436,321	0	0	826,649	1,262,970
Permissive Tax Receivable	0	0	0	11,896	11,896
Intergovernmental Receivable	548,905	0	5,262	1,348,700	1,902,867
Prepaid Items	250,678	0	27,573	22,777	301,028
Income Taxes Receivable	2,666,442	0	298,182	858,232	3,822,856
Property Taxes Receivable	1,915,935	0	0	1,580,137	3,496,072
Payment in Lieu of Taxes Receivable	0	0	0	1,060,697	1,060,697
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	60,748	0	0	0	60,748
<i>Total Assets</i>	<u>\$11,404,691</u>	<u>\$13,022,369</u>	<u>\$2,757,417</u>	<u>\$20,701,316</u>	<u>\$47,885,793</u>
Liabilities					
Accounts Payable	\$193,933	\$1,544	\$56,798	\$205,818	\$458,093
Accrued Wages	554,312	0	46,582	48,921	649,815
Contracts Payable	0	5,612	0	472,224	477,836
Intergovernmental Payable	118,301	0	25,267	281,475	425,043
Retainage Payable	0	29,960	0	74,899	104,859
Interfund Payable	0	30,786	0	0	30,786
Matured Compensated Absences Payable	35,409	0	0	0	35,409
Unearned Revenue	0	12,954,467	60,756	0	13,015,223
Deposits Held Payable	0	0	0	501,906	501,906
<i>Total Liabilities</i>	<u>901,955</u>	<u>13,022,369</u>	<u>189,403</u>	<u>1,585,243</u>	<u>15,698,970</u>
Deferred Inflows of Resources					
Property Taxes	1,702,696	0	0	1,452,700	3,155,396
Payment in Lieu of Taxes	0	0	0	1,060,697	1,060,697
Unavailable Revenues	1,616,802	0	83,168	2,156,452	3,856,422
<i>Total Deferred Inflows of Resources</i>	<u>3,319,498</u>	<u>0</u>	<u>83,168</u>	<u>4,669,849</u>	<u>8,072,515</u>
Fund Balances					
Nonspendable	706,814	0	64,364	22,777	793,955
Restricted	0	0	0	10,847,935	10,847,935
Committed	35,578	0	2,420,482	3,436,454	5,892,514
Assigned	609,039	0	0	614,787	1,223,826
Unassigned (Deficit)	5,831,807	0	0	(475,729)	5,356,078
<i>Total Fund Balances</i>	<u>7,183,238</u>	<u>0</u>	<u>2,484,846</u>	<u>14,446,224</u>	<u>24,114,308</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$11,404,691</u>	<u>\$13,022,369</u>	<u>\$2,757,417</u>	<u>\$20,701,316</u>	<u>\$47,885,793</u>

See accompanying notes to the basic financial statements

City of Massillon, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2023*

Total Governmental Fund Balances		\$24,114,308
<i>Amounts reported for governmental activities in 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.		61,453,202
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	340,676	
Income Taxes	998,799	
Intergovernmental	1,324,617	
Opioid Settlement	238,177	
Charges for Services	901,757	
Other	52,396	
Total	3,856,422	3,856,422
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		229,139
Deferred charges on refunding related to the issuance of long-term refunding debt will be amortized over the life of the debt on the statement of net position.		72,810
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(61,809)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(9,322,857)	
Loans	(1,237,120)	
Compensated Absences	(2,009,408)	
Leases Payable	(1,033,461)	
Subscriptions Payable	(226,128)	
Financed Purchases	(376,501)	
Police and Fireman's Pension Liability	(836,454)	
Total	(15,041,929)	(15,041,929)
The net pension/OPEB asset and liability are not due and payable in the current period or available to pay for current period expenditures; therefore, the asset, liability and related deferred outflows/inflows are not reported in the funds:		
Net Pension Asset	42,152	
Deferred Outflows - Pension	14,480,039	
Deferred Outflows - OPEB	2,322,455	
Net Pension Liability	(39,851,057)	
Net OPEB Liability	(2,295,782)	
Deferred Inflows - Pension	(1,642,194)	
Deferred Inflows - OPEB	(2,232,711)	
Total	(29,177,098)	(29,177,098)
<i>Net Position of Governmental Activities</i>		\$45,445,045

See accompanying notes to the basic financial statements

City of Massillon, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	General	American Rescue Plan	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$1,746,479	\$0	\$0	\$1,188,598	\$2,935,077
Income Taxes	17,029,029	0	1,869,498	5,583,322	24,481,849
Permissive Motor Vehicle License Taxes	0	0	0	135,684	135,684
Payment in Lieu of Taxes	0	0	0	1,073,478	1,073,478
Intergovernmental	1,609,476	1,945,961	0	4,303,013	7,858,450
Investment Earnings/Interest	2,417,811	0	0	127,768	2,545,579
Licenses and Permits	806,652	0	26,757	0	833,409
Fines and Forfeitures	1,339,227	0	0	732,149	2,071,376
Opioid Settlement	0	0	0	48,072	48,072
Charges for Services	2,089,733	0	2,709,860	212,495	5,012,088
Contributions and Donations	5,114	0	21,328	55,662	82,104
Other	352,907	0	42,027	91,623	486,557
<i>Total Revenues</i>	<u>27,396,428</u>	<u>1,945,961</u>	<u>4,669,470</u>	<u>13,551,864</u>	<u>47,563,723</u>
Expenditures					
Current:					
General Government	9,119,449	356,808	0	777,233	10,253,490
Security of Persons and Property	12,699,351	41,160	0	1,982,800	14,723,311
Transportation	2,026,191	532,437	0	4,226,662	6,785,290
Leisure Time Activities	2,718	358,985	3,986,684	57,477	4,405,864
Basic Utility Service	0	0	0	31,000	31,000
Economic Development and Assistance	106,717	0	0	1,129,818	1,236,535
Urban Redevelopment and Housing	0	0	0	167,847	167,847
Intergovernmental	577,996	685,438	0	1,352,636	2,616,070
Capital Outlay	752,427	0	881,898	2,153,491	3,787,816
Debt Service:					
Principal Retirement	133,720	0	186,501	1,352,673	1,672,894
Interest	38,635	0	28,164	490,833	557,632
<i>Total Expenditures</i>	<u>25,457,204</u>	<u>1,974,828</u>	<u>5,083,247</u>	<u>13,722,470</u>	<u>46,237,749</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,939,224</u>	<u>(28,867)</u>	<u>(413,777)</u>	<u>(170,606)</u>	<u>1,325,974</u>
Other Financing Sources (Uses)					
Inception of Leases	180,000	0	881,898	0	1,061,898
Inception of Subscriptions	226,128	0	0	0	226,128
Inception of Financed Purchases	285,727	0	0	10,552	296,279
Transfers In	0	0	75,000	1,771,582	1,846,582
Transfers Out	(1,793,638)	0	0	(52,944)	(1,846,582)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,101,783)</u>	<u>0</u>	<u>956,898</u>	<u>1,729,190</u>	<u>1,584,305</u>
<i>Net Change in Fund Balances</i>	837,441	(28,867)	543,121	1,558,584	2,910,279
<i>Fund Balances Beginning of Year</i>	<u>6,345,797</u>	<u>28,867</u>	<u>1,941,725</u>	<u>12,887,640</u>	<u>21,204,029</u>
<i>Fund Balances End of Year</i>	<u>\$7,183,238</u>	<u>\$0</u>	<u>\$2,484,846</u>	<u>\$14,446,224</u>	<u>\$24,114,308</u>

See accompanying notes to the basic financial statements

City of Massillon, 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 \$2,910,279

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. This is the amount by which capital asset additions exceeded depreciation/amortization in the current period:

Capital Asset Additions:	
Capital Outlay	6,978,443
Capital Contributions	2,331,746
Current Year Depreciation/Amortization	(3,013,380)
Total	6,296,809

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

Delinquent Property Taxes	(120,462)
Income Taxes	(247,050)
Intergovernmental	179,247
Opioid Settlement	238,177
Charges for Services	(3,252)
Other	(12,005)
Total	34,655

Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities:

Inception of Leases	(1,061,898)
Inception of Subscriptions	(226,128)
Inception of Financed Purchases	(296,279)
Total	(1,584,305)

Repayment of debt and other long-term liabilities is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position. 1,672,894

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Amortization of Deferred Charges	(24,271)
Accrued Interest	(8,975)
Amortization of Discount	(6,602)
Total	(39,848)

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 the governmental funds. (115,748)

The change in net position of the internal service fund is reported with governmental activities in the statement of activities. 14,074

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	2,931,968
OPEB	56,783
Total	2,988,751

Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB asset or liability are reported as pension/OPEB expense in the statement of activities:

Pension	(5,425,302)
OPEB	278,567
Total	(5,146,735)

Change in Net Position of Governmental Activities \$7,030,826

See accompanying notes to the basic financial statements

City of Massillon, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$1,668,400	\$1,747,678	\$1,747,678	\$0
Income Taxes	16,055,249	16,837,349	16,821,604	(15,745)
Intergovernmental	1,560,674	1,634,502	1,634,502	0
Interest	1,389,800	1,455,848	1,455,848	0
Licenses and Permits	767,900	804,347	804,347	0
Fines and Forfeitures	1,288,300	1,349,508	1,349,508	0
Charges for Services	1,927,900	2,019,445	2,019,445	0
Contributions and Donations	4,400	4,564	4,564	0
Other	338,838	355,128	355,128	0
<i>Total Revenues</i>	<u>25,001,461</u>	<u>26,208,369</u>	<u>26,192,624</u>	<u>(15,745)</u>
Expenditures				
Current:				
General Government	8,832,492	9,704,600	9,172,655	531,945
Security of Persons and Property	12,854,599	13,314,234	12,897,429	416,805
Transportation	2,646,686	3,270,398	2,889,568	380,830
Leisure Time Activities	0	784,000	210,990	573,010
Economic Development and Assistance	98,823	109,232	106,167	3,065
Intergovernmental	577,996	577,996	577,996	0
Capital Outlay	60,572	60,572	60,572	0
Debt Service:				
Principal Retirement	78,056	78,056	78,056	0
Interest	1,306	1,306	1,306	0
<i>Total Expenditures</i>	<u>25,150,530</u>	<u>27,900,394</u>	<u>25,994,739</u>	<u>1,905,655</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(149,069)	(1,692,025)	197,885	1,889,910
Other Financing Uses				
Transfers Out	(1,705,204)	(1,825,633)	(1,823,638)	1,995
<i>Net Change in Fund Balance</i>	(1,854,273)	(3,517,658)	(1,625,753)	1,891,905
<i>Fund Balance Beginning of Year</i>	3,942,674	3,942,674	3,942,674	0
Prior Year Encumbrances Appropriated	1,854,632	1,854,632	1,854,632	0
<i>Fund Balance End of Year</i>	<u>\$3,943,033</u>	<u>\$2,279,648</u>	<u>\$4,171,553</u>	<u>\$1,891,905</u>

See accompanying notes to the basic financial statements

City of Massillon, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
American Rescue Plan Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
Current:				
General Government	13,713,074	13,713,074	2,002,733	11,710,341
Security of Persons and Property	165,400	165,400	165,400	0
Transportation	797,291	797,291	797,291	0
Leisure Time Activities	625,702	625,702	625,702	0
Intergovernmental	331,571	331,571	331,571	0
<i>Total Expenditures</i>	<u>15,633,038</u>	<u>15,633,038</u>	<u>3,922,697</u>	<u>11,710,341</u>
<i>Net Change in Fund Balance</i>	(15,633,038)	(15,633,038)	(3,922,697)	11,710,341
<i>Fund Balance Beginning of Year</i>	14,670,171	14,670,171	14,670,171	0
Prior Year Encumbrances Appropriated	<u>1,066,859</u>	<u>1,066,859</u>	<u>1,066,859</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$103,992</u>	<u>\$103,992</u>	<u>\$11,814,333</u>	<u>\$11,710,341</u>

See accompanying notes to the basic financial statements

City of Massillon, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Parks and Recreation Fund
For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Income Taxes	\$1,655,301	\$1,845,967	\$1,844,206	(\$1,761)
Licenses and Permits	24,100	26,757	26,757	0
Charges for Services	2,441,500	2,709,227	2,709,227	0
Contributions and Donations	19,200	21,328	21,328	0
Other	37,885	42,027	42,027	0
<i>Total Revenues</i>	<u>4,177,986</u>	<u>4,645,306</u>	<u>4,643,545</u>	<u>(1,761)</u>
Expenditures				
Current:				
Leisure Time Activities	4,045,958	4,301,508	4,096,076	205,432
Debt Service:				
Principal Retirement	186,501	186,501	186,501	0
Interest	28,164	28,164	28,164	0
<i>Total Expenditures</i>	<u>4,260,623</u>	<u>4,516,173</u>	<u>4,310,741</u>	<u>205,432</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(82,637)	129,133	332,804	203,671
Other Financing Sources				
Transfers In	0	75,000	75,000	0
<i>Net Change in Fund Balance</i>	(82,637)	204,133	407,804	203,671
<i>Fund Balance Beginning of Year</i>	1,814,852	1,814,852	1,814,852	0
Prior Year Encumbrances Appropriated	82,637	82,637	82,637	0
<i>Fund Balance End of Year</i>	<u>\$1,814,852</u>	<u>\$2,101,622</u>	<u>\$2,305,293</u>	<u>\$203,671</u>

See accompanying notes to the basic financial statements

City of Massillon, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2023

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Wastewater	Nonmajor - Stormwater Utility	Total	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$14,921,154	\$362,405	\$15,283,559	\$228,792
Accounts Receivable	2,568,432	122,416	2,690,848	0
Interfund Receivable	0	30,786	30,786	0
Intergovernmental Receivable	14,070,650	0	14,070,650	347
Materials and Supplies Inventory	2,088	0	2,088	0
Prepaid Items	37,331	0	37,331	0
<i>Total Current Assets</i>	<u>31,599,655</u>	<u>515,607</u>	<u>32,115,262</u>	<u>229,139</u>
<i>Non-Current Assets:</i>				
<i>Restricted Assets:</i>				
Net Pension Asset	9,558	0	9,558	0
Nondepreciable Capital Assets	266,799	0	266,799	0
Depreciable Capital Assets, Net	59,658,346	2,227,671	61,886,017	0
<i>Total Non-Current Assets</i>	<u>59,934,703</u>	<u>2,227,671</u>	<u>62,162,374</u>	<u>0</u>
<i>Total Assets</i>	<u>91,534,358</u>	<u>2,743,278</u>	<u>94,277,636</u>	<u>229,139</u>
Deferred Outflows of Resources				
Pension	1,197,117	0	1,197,117	0
OPEB	184,105	0	184,105	0
<i>Total Deferred Outflows of Resources</i>	<u>1,381,222</u>	<u>0</u>	<u>1,381,222</u>	<u>0</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	217,939	0	217,939	0
Accrued Wages	66,805	0	66,805	0
Contracts Payable	106,575	30,786	137,361	0
Intergovernmental Payable	33,515	0	33,515	0
Compensated Absences Payable	5,229	0	5,229	0
Loans Payable	2,991,017	20,762	3,011,779	0
<i>Total Current Liabilities</i>	<u>3,421,080</u>	<u>51,548</u>	<u>3,472,628</u>	<u>0</u>
<i>Long-Term Liabilities (net of current portion):</i>				
Compensated Absences Payable	394,630	0	394,630	0
Loans Payable	24,005,305	439,814	24,445,119	0
Net Pension Liability	2,906,798	0	2,906,798	0
Net OPEB Liability	61,167	0	61,167	0
<i>Total Long-Term Liabilities</i>	<u>27,367,900</u>	<u>439,814</u>	<u>27,807,714</u>	<u>0</u>
<i>Total Liabilities</i>	<u>30,788,980</u>	<u>491,362</u>	<u>31,280,342</u>	<u>0</u>
Deferred Inflows of Resources				
Pension	106,961	0	106,961	0
OPEB	23,113	0	23,113	0
<i>Total Deferred Inflows of Resources</i>	<u>130,074</u>	<u>0</u>	<u>130,074</u>	<u>0</u>
Net Position				
Net Investment in Capital Assets	46,115,152	1,767,095	47,882,247	0
Restricted for Pension Plan	9,558	0	9,558	0
Unrestricted	15,871,816	484,821	16,356,637	229,139
<i>Total Net Position</i>	<u>\$61,996,526</u>	<u>\$2,251,916</u>	<u>\$64,248,442</u>	<u>\$229,139</u>

See accompanying notes to the basic financial statements

City of Massillon, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2023*

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Wastewater	Nonmajor - Stormwater Utility	Total	
Operating Revenues				
Charges for Services	\$9,872,900	\$304,872	\$10,177,772	\$0
Other	23,894	0	23,894	0
<i>Total Operating Revenues</i>	<u>9,896,794</u>	<u>304,872</u>	<u>10,201,666</u>	<u>0</u>
Operating Expenses				
Personal Services	2,485,865	0	2,485,865	0
Contractual Services	2,333,618	815,829	3,149,447	0
Materials and Supplies	834,322	0	834,322	0
Depreciation	3,572,340	132,422	3,704,762	0
Change in Workers' Compensation Estimate	0	0	0	(14,074)
Refunds	3,257	0	3,257	0
<i>Total Operating Expenses</i>	<u>9,229,402</u>	<u>948,251</u>	<u>10,177,653</u>	<u>(14,074)</u>
<i>Operating Income (Loss)</i>	<u>667,392</u>	<u>(643,379)</u>	<u>24,013</u>	<u>14,074</u>
Non-Operating Revenues (Expenses)				
Intergovernmental	15,000	714,668	729,668	0
Interest Expense	(103,491)	0	(103,491)	0
Loss on Disposal of Capital Assets	(1,290)	0	(1,290)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(89,781)</u>	<u>714,668</u>	<u>624,887</u>	<u>0</u>
<i>Income before Contributions</i>	577,611	71,289	648,900	14,074
Capital Contributions	30,281	325,070	355,351	0
<i>Change in Net Position</i>	607,892	396,359	1,004,251	14,074
<i>Net Position Beginning of Year - Restated (See Note 3)</i>	<u>61,388,634</u>	<u>1,855,557</u>	<u>63,244,191</u>	<u>215,065</u>
<i>Net Position End of Year</i>	<u>\$61,996,526</u>	<u>\$2,251,916</u>	<u>\$64,248,442</u>	<u>\$229,139</u>

See accompanying notes to the basic financial statements

City of Massillon, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Wastewater	Nonmajor - Stormwater Utility	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$9,460,296	\$300,178	\$9,760,474	\$0
Cash Received from Other Operating Sources	25,656	0	25,656	0
Cash Payments for Employee Services and Benefits	(2,558,552)	0	(2,558,552)	0
Cash Payments to Suppliers for Goods and Services	(3,121,724)	(903,292)	(4,025,016)	0
Cash Payments for Claims	0	0	0	(59)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>3,805,676</u>	<u>(603,114)</u>	<u>3,202,562</u>	<u>(59)</u>
Cash Flows from Noncapital Financing Activities				
Intergovernmental	15,000	788,302	803,302	0
Cash Flows from Capital and Related Financing Activities				
Capital Contributions	2,051,048	325,070	2,376,118	0
Payments for Capital Acquisitions	(1,188,369)	(481,806)	(1,670,175)	0
Sale of Capital Assets	12,710	0	12,710	0
Principal Paid on Loans	(4,157,819)	(20,762)	(4,178,581)	0
Interest Paid on Loans	(103,491)	0	(103,491)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(3,385,921)</u>	<u>(177,498)</u>	<u>(3,563,419)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	434,755	7,690	442,445	(59)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>14,486,399</u>	<u>354,715</u>	<u>14,841,114</u>	<u>228,851</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$14,921,154</u>	<u>\$362,405</u>	<u>\$15,283,559</u>	<u>\$228,792</u>

(continued)

City of Massillon, 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
	Wastewater	Nonmajor - Stormwater Utility	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$667,392	(\$643,379)	\$24,013	\$14,074
Adjustments:				
Depreciation	3,572,340	132,422	3,704,762	0
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	(129,129)	(4,694)	(133,823)	0
Intergovernmental Receivable	(281,713)	0	(281,713)	(347)
Materials and Supplies Inventory	(2,088)	0	(2,088)	0
Prepaid Items	8,424	0	8,424	0
Net Pension Asset	996	0	996	0
Deferred Outflows - Pension	506,484	0	506,484	0
Deferred Outflows - OPEB	122,215	0	122,215	0
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	48,124	(13,829)	34,295	0
Accrued Wages	(3,976)	0	(3,976)	0
Contracts Payable	(4,500)	(73,634)	(78,134)	0
Intergovernmental Payable	(1,712)	0	(1,712)	(59)
Compensated Absences Payable	(14,458)	0	(14,458)	0
Claims Payable	0	0	0	(13,727)
Net Pension Liability	104,969	0	104,969	0
Net OPEB Liability	(240)	0	(240)	0
Deferred Inflows - Pension	(536,845)	0	(536,845)	0
Deferred Inflows - OPEB	(250,607)	0	(250,607)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$3,805,676</u>	<u>(\$603,114)</u>	<u>\$3,202,562</u>	<u>(\$59)</u>

Noncash Capital Financing Activities:

At December 31, 2022, the City had an intergovernmental receivable related to capital contributions of \$15,325,694 in the wastewater fund.

At December 31, 2023, the City had an intergovernmental receivable related to capital contributions of \$13,304,927 in the wastewater fund.

At December 31, 2022, the City had contracts payable related to the acquisition of capital assets of \$39,877 in the wastewater fund and \$14,336 in the nonmajor enterprise fund.

At December 31, 2023, the City had accounts payable and contracts payable related to the acquisition of capital assets of \$12,023 and \$106,575, respectively, in the wastewater fund.

See accompanying notes to the basic financial statements

City of Massillon, Ohio
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2023

Assets

Cash and Cash Equivalents in Segregated Accounts	<u>\$133,115</u>
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Liabilities

Accounts Payable	40,556
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Intergovernmental Payable	<u>92,559</u>
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<i>Total Liabilities</i>	<u>133,115</u>
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Net Position

Restricted for Individuals, Organizations and Other Governments	<u><u>\$0</u></u>
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See accompanying notes to the basic financial statements

City of Massillon, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2023

Additions	
Fines and Forfeitures for Other Governments	\$1,182,760
Fines and Forfeitures for Others	<u>1,657,524</u>
<i>Total Additions</i>	<u>2,840,284</u>
 Deductions	
Distributions of Fines and Forfeitures to Other Governments	1,182,760
Distributions of Fines and Forfeitures to Others	<u>1,657,524</u>
<i>Total Deductions</i>	<u>2,840,284</u>
 <i>Change in Fiduciary Net Position</i>	 0
 <i>Net Position at Beginning of Year</i>	 <u>0</u>
 <i>Net Position at End of Year</i>	 <u><u>\$0</u></u>

See accompanying notes to the basic financial statements

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 1 – Description of the City and Reporting Entity

The City of Massillon (the “City”) was first incorporated by the Act of the State Legislature (the Act) as a town in 1838 under the Constitution of 1802. The Act establishing its incorporation was repealed in 1845 and Massillon was without municipal incorporation until March 10, 1853, when, under the provisions of the general act, it was incorporated as a village. Massillon has grown to a city of 32,231 inhabitants, covering 19.391 square miles.

The City has a Mayor-Council form of government with three members of council elected at large and six others elected from separate wards for two-year terms. The Mayor is Chief Executive and Administrative Officer of the City and has a term of four years.

Reporting Entity

A reporting entity is composed 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 Massillon, this includes police, fire, emergency service, street construction, parks and recreation, wastewater utility, stormwater utility, general administrative services, and a City council.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The City's only component unit is the City of Massillon Board of Health (Board of Health).

The Board of Health was created as a legally separate organization under chapter 3709 of the Ohio Revised Code. Among its various duties, the Board of Health provides for the prompt diagnosis and control of communicable diseases. The Board of Health may also inspect businesses where food is manufactured, handled, stored, or offered for sale. The Board of Health is operated by a board with all five voting members being appointed by the City. The mayor of the City of Massillon also serves on the board as president, voting only to break a tie. The rates charged by the Board are subject to the approval of City Council. In addition, the City provides funding to the Board of Health, thus the City can impose will on the Board of Health, and the Board of Health imposes a financial burden to the City. Therefore, the Board of Health is considered a discretely presented component unit of the City of Massillon. Separately issued financial statements can be obtained from City Auditor John Ferrero at the City of Massillon, One James Duncan Plaza, Massillon, Ohio 44646. (See Note 23.)

The City is associated with the Stark Council of Governments, the Stark Area Regional Transit Authority, Stark County Tax Incentive Review Council, Stark County Regional Planning Commission, and Massillon Community Improvement Corporation, which are defined as Jointly Governed Organizations, and the Local Organized Governments in Cooperation, which is defined as a Joint Venture. These organizations are presented in Notes 14 and 15 to the basic financial statements.

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

City of Massillon, 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 generally accepted accounting principles (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 as follows.

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 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 that 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.

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. Fiduciary funds are reported by type.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The City's funds are classified as either governmental, proprietary, or fiduciary.

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

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

American Rescue Plan Fund The American Rescue Plan fund accounts for and reports restricted Coronavirus Local Fiscal Recovery Fund grant monies that were provided under the American Rescue Plan Act to support the City's response to and recovery from the COVID-19 public health emergency.

Parks and Recreation Fund The parks and recreation fund accounts for and reports committed revenue from income tax, charges for services, and transfers from the general fund which are used to support recreational programs in the City, including the City's golf course.

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

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 wastewater fund is the City's major enterprise fund.

Wastewater Fund The wastewater fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Stormwater Utility Fund The stormwater utility fund accounts for the collection of stormwater within the public right-of-way to minimize flooding for the residents and commercial users located within 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 internal service fund reports run off workers' compensation claims. For additional information, see Note 12.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employment benefit) 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 arrangement that has certain characteristics. The City does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's custodial funds account for assets held by the City as fiscal agent for the municipal court for various fine and forfeitures collected for the benefit of and distributed to individuals and other governments and organizations. The liabilities represent amounts where no further action is needed to release the assets to the beneficiaries.

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and liabilities and 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 (i.e. revenues) and decreases (i.e. 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 and current liabilities and 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 and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For proprietary funds, the statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a statement of changes in fiduciary net position, which reports additions to and deductions from custodial funds.

Reclassifications Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

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, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue 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 sixty days of year end.

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, payments in lieu of 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 and payments in lieu of taxes is recognized in the year for which the taxes are levied (see Note 8). 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, permissive motor vehicle license taxes, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), grants, interest, licenses and permits, opioid settlement, charges for services, and other.

Unearned Revenue Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because the amounts have not yet been earned. The City recognizes unearned revenue for prepaid recreation center memberships with membership periods that extend beyond the fiscal year end and for grant resources transmitted before eligibility requirements are met.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes 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. For the City, deferred outflows of resources are reported on the government-wide statement of net position for a deferred charge on refunding, pension, and OPEB. 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. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 16 and 17.

In addition to liabilities, the statements of financial position 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. For the City, deferred inflows of resources include property taxes, payment in lieu of taxes, pension, OPEB, and unavailable revenue. Property taxes and payment in lieu of 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 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 that will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, income taxes, intergovernmental, opioid settlement, charges for services, and other. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 16 and 17).

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

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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.

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all 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 cash equivalents."

The Massillon Municipal Court custodial fund maintains separate accounts and is reported as "cash and cash equivalents in segregated accounts" in the financial statements.

The City has partially funded a project with the Ohio Department of Transportation (ODOT), where ODOT received local funding upfront from the City. The balance in this account is presented as "cash and cash equivalents with escrow agents" in the financial statements.

During 2023, the City had investments in a money market account, U.S. treasury notes/bonds, federal farm credit bank bonds, federal home loan bank bonds, negotiable certificates of deposit, federal national mortgage association bonds, federal home loan mortgage corporation bonds, Tennessee Valley Authority bonds, private export funding corporation bonds, and federal agricultural mortgage corporation bonds.

Investments are reported at fair value.

Under existing Ohio statutes all investment earnings/interest revenue are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment earnings/interest revenue credited to the general fund during 2023 amounted to \$2,417,811, which includes \$2,147,636 assigned from other City funds.

For presentation on the financial statements, funds included within the City's cash management pool and investments with original maturities of three months or less are considered to be cash equivalents.

Inventory

On the government-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies. Restricted assets in the wastewater enterprise fund represent amounts held in trust by the pension plan for future benefits.

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Capital Assets

General capital assets are capital assets that are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statements 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 (except for intangible right to use lease assets and subscription assets which are discussed later) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of five thousand dollars. 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.

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

Description	Estimated Useful Life
<i>Tangible Assets</i>	
Land Improvements	20 years
Buildings and Improvements	10 to 30 years
Vehicles	5 to 20 years
Machinery and Equipment	10 to 15 years
Infrastructure	25 to 50 years
<i>Intangible Right to Use Lease Assets</i>	
Buildings	15 years
Equipment	3 to 10 years
<i>Intangible Right to Use Subscription Assets</i>	
Software	5 years

The City's infrastructure consists of sanitary sewers, roads, storm sewers and includes infrastructure used in business-type activities acquired prior to December 31, 1980.

The City is reporting intangible right to use assets related to lease assets and subscription assets. The lease assets include buildings and equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease/subscription term or the useful life of the underlying asset.

City of Massillon, Ohio
Notes to the Basic Financial Statements
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Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Discounts

On the financial statements, discounts are deferred and amortized over the term of the debt issuances using the straight-line method. On the financial statements, discounts are presented as a decrease of the face amount of the debt issuances payable. On fund financial statements, discounts are financing uses in the year the debt issuances are issued.

Interfund Balances

On the fund financial statements, receivables and payables resulting from transactions between funds are for services provided or goods received and from short-term interfund loans are classified as “interfund receivables/payables.” Interfund balance amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Deferred inflows of resources and deferred outflows of resources from the change in internal proportionate share related to pension and OPEB items are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position.

Compensated Absences

Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31, by those employees whom it is estimated will become eligible to receive termination benefits 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 does not accrue a liability for vacation benefits as of December 31. The City's policy and various employment contracts allow employees to earn vacation leave based on the completion of a certain number of years of employment. The employees become eligible for the vacation benefits on or after January 1, with an exception made for first year employees. Vacation is not allowed to be carried forward to the following calendar year. After an employee completes one year of service, January 1 is considered their anniversary date for vacation purposes. Based on the City's policy and contracts, a liability for earned vacation leave exists on January 1, but not on December 31.

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

On the 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 “matured compensated absences payable” in the fund(s) from which the employees who have resigned or retired will be paid.

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liabilities, deferred outflows of resources and deferred inflows of resources related to 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 plans. 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.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds; however, claims and judgment 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. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position is not sufficient for payment of those benefits. Bonds, loans, financed purchases, leases, and subscriptions payable are recognized as a liability on the governmental fund financial statements when due.

Leases and SBITAs

The City serves as lessee in various noncancellable leases. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the useful life of the underlying asset. Lease assets are reported with other capital assets, and lease liabilities are reported with long-term debt on the statement of net position.

The City is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made or before the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets, and subscription payables are reported with long-term debt on the statement of net position.

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the City Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council also assigned fund balance for parking enforcement and for community and economic development.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

Net Position

Net position represents the difference between all other elements in the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position for a pension plan represents the corresponding restricted asset amount held in trust by the pension plan for future benefits. Net position restricted for other purposes includes funds for indigent drivers interlock, public health, Massillon Museum, COVID-19 response, community improvement, basic utility services, and Massillon bicentennial.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for wastewater treatment and for stormwater collection. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of resources restricted to capital acquisition and construction.

Monsanto Settlement Monies

During 2023, Ohio reached a settlement agreement with Monsanto. As a participating subdivision, the City received a settlement payment of \$17,414 during 2023. This amount is reflected as other revenue in the street construction special revenue fund in the accompanying financial statements.

Internal Activity

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

City of Massillon, Ohio
Notes to the Basic Financial Statements
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financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The 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 object level within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time original and 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 on the budgetary statements 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.

Note 3 – Change in Accounting Principles and Restatement of Net Position

Change in Accounting Principles

For 2023, the City implemented Governmental Accounting Standards Board (GASB) No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The City did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the City's 2023 financial statements; however, there was no effect on beginning net position/fund balance.

City of Massillon, Ohio
Notes to the Basic Financial Statements
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GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified previously.

For 2023, the City also implemented the guidance in GASB’s Implementation Guide No. 2021-1, *Implementation Guidance Update—2021* (other than question 5.1).

Restatement of Net Position

During 2023, it was determined that the stormwater utility fund, which was previously reported as part of the wastewater enterprise fund, should be reported as a separate enterprise fund. Also, some of the associated stormwater capital assets were previously reported with governmental activities. The corrections to the stormwater utility fund presentation and capital assets had the following effect on net position as reported December 31, 2022:

	Governmental Activities	Business-Type Activities	Total
Net Position at December 31, 2022	\$39,606,424	\$62,051,986	\$101,658,410
Adjustments:			
Capital Assets	(1,192,205)	1,192,205	0
Restated Net Position at December 31, 2022	\$38,414,219	\$63,244,191	\$101,658,410
	Wastewater	Nonmajor Enterprise Fund	Total Enterprise
Net Position at December 31, 2022	\$62,051,986	\$0	\$62,051,986
Adjustments:			
Stormwater Utility Fund	(663,352)	663,352	0
Capital Assets	0	1,192,205	1,192,205
Restated Net Position at December 31, 2022	\$61,388,634	\$1,855,557	\$63,244,191

Note 4 – Accountability

As of December 31, 2023, the following funds had deficit fund balances:

	Amount
<i>Special Revenue:</i>	
Community Development	\$12,842
Police Pension	92,719
Fire Pension	153,775
<i>Capital Projects:</i>	
Project Grants	213,421

The deficits in the special revenue funds and capital projects fund were the result of the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur.

City of Massillon, Ohio
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Note 5 – Budgetary Basis of Accounting

While the City is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual presented for the general and major special revenue funds, is 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:

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
3. Investments are reported at cost (budget) rather than fair value (GAAP).
4. Expenditures and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
5. Budgetary revenues and expenditures of the budget stabilization, COBRA and retiree life insurance, parking enforcement, enterprise zone, and donations funds are reclassified to the general fund for GAAP reporting.
6. Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general and major special revenue funds.

	Net Change in Fund Balance		
	General	American Rescue Plan	Parks and Recreation
GAAP Basis	\$837,441	(\$28,867)	\$543,121
Adjustment for Revenue Accruals	(173,450)	(1,945,961)	(25,925)
Beginning Unrecorded Cash	54,363	0	0
Ending Unrecorded Cash	(89,900)	0	0
Beginning Fair Value Adjustment for Investments	(1,502,056)	0	0
Ending Fair Value Adjustment for Investments	594,577	0	0
Adjustment for Expenditure Accruals	(633,088)	(739,833)	(25,076)
Perspective Differences:			
Budget Stabilization	(30,000)	0	0
COBRA and Retiree Life Insurance	(3,540)	0	0
Parking Enforcement	(6,676)	0	0
Enterprise Zone	(1,000)	0	0
Donations	9,987	0	0
Adjustment for Encumbrances	(682,411)	(1,208,036)	(84,316)
Budget Basis	(\$1,625,753)	(\$3,922,697)	\$407,804

City of Massillon, Ohio
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Note 6 – Fund Balances

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

Fund Balances	General	Parks and Recreation	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Inventory	\$395,388	\$36,791	\$0	\$432,179
Prepays	250,678	27,573	22,777	301,028
Unclaimed Monies	60,748	0	0	60,748
<i>Total Nonspendable</i>	<u>706,814</u>	<u>64,364</u>	<u>22,777</u>	<u>793,955</u>
<u>Restricted for:</u>				
Capital Projects	0	0	2,924,301	2,924,301
Transportation	0	0	5,283,135	5,283,135
Court Operations	0	0	1,160,664	1,160,664
Security Services	0	0	886,340	886,340
Vacant/Foreclosure Property Programs	0	0	23,182	23,182
Other Purposes:				
Indigent Drivers Interlock	0	0	456,098	456,098
Public Health	0	0	55,138	55,138
Community Improvement	0	0	29,368	29,368
Basic Utility Services	0	0	22,556	22,556
Massillon Bicentennial	0	0	7,153	7,153
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>10,847,935</u>	<u>10,847,935</u>
<u>Committed to:</u>				
Capital Projects	0	0	1,628,035	1,628,035
Debt Service	0	0	1,423,248	1,423,248
Police Department	0	0	163,859	163,859
Leisure Time Activities	0	2,420,482	10,345	2,430,827
Veterans Park and Duncan Plaza	0	0	137,626	137,626
Fines and Forfeitures	0	0	43,167	43,167
Economic Development	0	0	19,742	19,742
Streetscape Project	0	0	10,432	10,432
Donor Purposes	35,578	0	0	35,578
<i>Total Committed</i>	<u>35,578</u>	<u>2,420,482</u>	<u>3,436,454</u>	<u>5,892,514</u>
<u>Assigned to:</u>				
Purchases on Order:				
City Administration	34,649	0	0	34,649
Court Operations	10,218	0	0	10,218
Police and Fire Departments	65,958	0	0	65,958
Engineering and Street Maintenance	201,574	0	0	201,574
Community Development	185	0	0	185
Leisure Time Activities	210,990	0	0	210,990
Capital Projects	0	0	614,787	614,787
Parking Enforcement	44,289	0	0	44,289
Community and Economic Development	41,176	0	0	41,176
<i>Total Assigned</i>	<u>609,039</u>	<u>0</u>	<u>614,787</u>	<u>1,223,826</u>
Unassigned (Deficit)	5,831,807	0	(475,729)	5,356,078
Total Fund Balances	<u><u>\$7,183,238</u></u>	<u><u>\$2,484,846</u></u>	<u><u>\$14,446,224</u></u>	<u><u>\$24,114,308</u></u>

City of Massillon, Ohio
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Stabilization Arrangement In addition to the previous fund balance constraints, the City has a general fund budget stabilization arrangement that does not meet the criteria to be classified as restricted or committed. Pursuant to Ohio Revised Code Section 5705.13, the City established a budget stabilization by resolution to accumulate currently available resources to stabilize budgets against cyclical changes in revenues and expenditures. The budget stabilization reserve is only an insulator against short-term economic changes, and, because of the limitations imposed by the Ohio Revised Code, it could not reasonably protect an entity from long-term economic factors. The balance in the reserve at December 31, 2023, was \$510,000.

Note 7 – Deposits and Investments

The City has elected to follow the provisions of State statute. State statutes classify monies held by the City into three categories.

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

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's 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.

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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 Massillon, Ohio
Notes to the Basic Financial Statements
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3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. 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;
6. The State Treasurer's investment pool (STAR Ohio);
7. 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; and
8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

The City has passed an ordinance allowing the City to invest 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.

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.

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

City of Massillon, Ohio
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For the Year Ended December 31, 2023

Investments

Investments are reported at fair value. As of December 31, 2023, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level One Inputs:				
Money Market Accounts	\$13,498,152	Less than one year	AAAm	28.50 %
Fair Value - Level Two Inputs:				
U.S. Treasury Notes/Bonds	11,273,914	Less than five years	AA+	23.80
Federal Farm Credit Bank Bonds	6,711,188	Less than five years	AA+	14.17
Federal Home Loan Bank Bonds	6,125,590	Less than five years	AA+	12.93
Negotiable Certificates of Deposit	5,905,489	Less than five years	N/A	12.47
Federal National Mortgage Association Bonds	1,514,100	Less than two years	AA+	N/A
Federal Home Loan Mortgage Corporation Bonds	1,433,844	Less than five years	AA+	N/A
Tennessee Valley Authority Bonds	468,457	Less than five years	AA+	N/A
Private Export Funding Corporation Bonds	291,684	Less than four years	AA+	N/A
Federal Agricultural Mortgage Corporation Bonds	140,381	Less than four years	N/A	N/A
Total Investments	<u>\$47,362,799</u>			

Note: Custodial credit risk is defined by GASB as having 5 percent or more invested in the securities of a single issuer. Therefore, percent of total investments is not presented for investments totaling less than 5 percent.

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. The preceding chart identifies the City's recurring fair value measurements as of December 31, 2023. The City's investments in the money market accounts are measured at fair value based on quoted market prices (level one input). The City's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (level 2 inputs).

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, and that funds are not directly invested in securities maturing more than five years from the date of purchase, unless matched to a specific cash flow requirement.

Credit Risk Credit Risk is addressed by the City's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that the portfolio be diversified. The negotiable certificates of deposit are not rated. Ohio law requires the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization.

Concentration of Credit Risk Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The City's investment policy places no limit on the amount it may invest in any one issuer.

City of Massillon, Ohio
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Note 8 – Receivables

Receivables at December 31, 2023, consisted primarily of municipal income taxes, property taxes, permissive taxes, payments in lieu of taxes, accounts (billings for user charged services, opioid settlement monies, and others), interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Opioid Settlement Monies

During 2021, Ohio reached an agreement with the three largest distributors of opioids. Subsequently, settlements have been reached with other distributors. As contingencies related to timing and measurement are resolved, a receivable will be reported in the accompanying financial statements as a part of accounts receivable. As a participating subdivision, the City reported \$239,924 as an accounts receivable related to opioid settlement monies in the OneOhio special revenue fund in the accompanying financial statements. Collections of these settlement monies are expected to extend through 2038 with \$27,250 expected to be collected in 2024.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes were levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

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 tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes, which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2023, was \$5.20 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2023 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Values</u>
Real Estate:	
Residential/Agricultural	\$482,738,130
Other Real Estate	220,749,700
Tangible Personal Property	
Public Utility	<u>34,016,730</u>
Total	<u><u>\$737,504,560</u></u>

City of Massillon, Ohio
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The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2023, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2023 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Municipal Income Taxes

The City levies and collects an income tax of 2 percent on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed 2 percent of taxable income. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated taxes at least quarterly and to file a final return annually. Income tax revenues are distributed based on Council’s discretion and can change during the year. For 2023, the tax revenues were distributed between the general fund, 69.75 percent, income tax capital improvements fund, 5.25 percent, street construction fund, 10 percent, and parks and recreation fund, 15 percent. The parks and recreation fund also allocates income tax revenues to the parks and recreation debt service bond retirement and capital improvement funds as needed.

Payments in Lieu of Taxes

According to State Law, the City has established several tax incremental financing districts within the City under which the City has granted property tax exemptions and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the City to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if the property had not been declared exempt. The property owners’ contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever comes first. Future development by these owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners.

Intergovernmental Receivable

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	
Gasoline Tax	\$885,990
Local Government	358,796
Ohio Public Works Commission Grant	213,421
Homestead and Rollback	165,244
Motor Vehicle License Tax	140,846
Workers' Compensation Refund	52,396
Law Enforcement Continuing Education Reimbursement	32,536
Prisoner Transport and Fingerprint Fees	15,161

(continued)

City of Massillon, Ohio
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Governmental Activities (continued):	
District Share of Court Costs	\$13,542
Domestic Violence Grant	7,910
Judges Insurance Reimbursement	5,921
Recycling Grant	4,961
Prosecutor's Contract Reimbursement	4,200
Federal Emergency Management Agency Grants	1,943
Workers' Compensation Retrospective Claims Refund	347
Total	\$1,903,214
 Business-Type Activities:	
Wastewater	
Stark County - Loan Commitment	\$13,304,927
Stark County - Maintenance Share	760,539
Workers' Compensation Refund	5,184
Total	\$14,070,650

In 2001, the City of Massillon entered into a contractual agreement with Stark County for the expansion of the wastewater treatment plant. The County is responsible for 50 percent of the total loan commitment. In 2012, the City of Massillon entered into a contractual agreement with Stark County for the nutrient removal upgrade project for the wastewater treatment plant. The County is responsible for 46.47 percent of the total loan commitment. The total amount owed to the City due to both agreements as of December 31, 2023, is \$13,304,927. The City owns and maintains the asset. The County is paying for the use of the asset. This amount has been recorded on the City's books as an asset in "intergovernmental receivable." The asset is recorded in the wastewater enterprise fund.

Note 9 – Tax Abatements

As of December 31, 2023, the City provides tax abatements through two programs: The Community Reinvestment Area (CRA) Tax Abatements and Enterprise Zone Tax Exemptions.

Community Reinvestment Area (CRA)

Pursuant to Ohio Revised Code Chapter 5709, the City established a CRA to provide property tax abatements to encourage the construction of new structures. Abatements are obtained through application by the property owner, including proof that the improvements have been made, and equal 50 to 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvement. The amount of the abatement is deducted from the recipient's tax bill. The CRA agreements have recapture provisions, which include possible termination, modification, or repayment.

Enterprise Zone Tax Exemptions

Pursuant to Ohio Revised Code Chapter 5709, the City established an Enterprise Zone to provide property tax abatements to encourage building expansion, new construction, job retention, and job creation. Abatements are obtained through application by the property owner, including proof that the improvements have been made, and equal 50 to 75 percent of the additional property tax resulting from the increase in assessed value as a result of the improvement. The amount of the abatement is deducted from the recipient's tax bill. The Enterprise Zone Tax Exemptions agreements have recapture provisions, which include possible termination, modification, or repayment.

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Tax Abatement Program	Amount of 2023 Taxes Abated
<i>Community Reinvestment Area (CRA):</i>	
Massillon Senior	\$6,923
<i>Enterprise Zone Tax Exemptions:</i>	
Snackhouse Properties	31,774
Quest Automotive	1,191

Note 10 – Internal Activity

Interfund Transfers

Transfers Out	Transfers In		Total
	Parks and Recreation	Other Governmental Funds	
General	\$75,000	\$1,718,638	\$1,793,638
Other Governmental Funds	0	52,944	52,944
Total	\$75,000	\$1,771,582	\$1,846,582

The transfer of \$75,000 from the general fund to the parks and recreation fund was made to provide for the future maintenance of the splash pad. Transfers of \$1,718,638 from the general fund to the other governmental funds were made to support the operations of special revenue funds and to provide for debt payments. Transfers of \$52,944 were made between other governmental funds for the purpose of providing for debt payments.

Interfund Balances

Interfund balances at December 31, 2023, consisted of a \$30,786 interfund receivable for the stormwater utility enterprise fund and interfund payable for the American Rescue Plan special revenue fund. The interfund balance represents grant expenses accrued in the stormwater utility fund that will be reimbursed from the American Rescue Plan fund in 2024.

Internal Balances – Change in Proportionate Share

The City uses an internal proportionate share to allocate its net pension/OPEB liabilities (assets) and corresponding deferred outflows/inflows of resources and pension/OPEB expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension/OPEB deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position, thus allowing the total column to present the change in proportionate share for the City as a whole.

Balances related to the internal proportionate share for pension and OPEB at December 31, 2023, were as follows:

	Pension		OPEB	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Governmental Activities	\$17,540	\$19	\$2,451	\$0
Business-Type Activities:				
Wastewater	19	17,540	0	2,451
Total	\$17,559	\$17,559	\$2,451	\$2,451

City of Massillon, Ohio
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Note 11 – Capital Assets

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

	Restated Balance 12/31/2022	Additions	Reductions	Reclassification	Balance 12/31/2023
Governmental Activities					
Nondepreciable Capital Assets					
Land	\$10,862,789	\$0	\$0	\$0	\$10,862,789
Construction in Progress	3,052,356	6,337,928	(2,106,543)	0	7,283,741
<i>Total Nondepreciable Capital Assets</i>	<u>13,915,145</u>	<u>6,337,928</u>	<u>(2,106,543)</u>	<u>0</u>	<u>18,146,530</u>
Depreciable Capital Assets					
Tangible Assets					
Land Improvements	8,665,590	315,827	0	0	8,981,417
Buildings and Improvements	16,890,891	317,840	0	0	17,208,731
Vehicles	9,557,716	261,439	(12,000)	0	9,807,155
Machinery and Equipment	8,078,384	589,654	0	16,943	8,684,981
Infrastructure	48,415,013	2,245,446	0	0	50,660,459
<i>Total Tangible Assets</i>	<u>91,607,594</u>	<u>3,730,206</u>	<u>(12,000)</u>	<u>16,943</u>	<u>95,342,743</u>
Intangible Right to Use					
Lease Assets					
Intangible Right to Use - Buildings	0	180,000	0	0	180,000
Intangible Right to Use - Equipment	229,524	881,898	0	(16,943)	1,094,479
<i>Total Lease Assets</i>	<u>229,524</u>	<u>1,061,898</u>	<u>0</u>	<u>(16,943)</u>	<u>1,274,479</u>
Subscription Assets					
Intangible Right to Use - Software	0	286,700	0	0	286,700
<i>Total Intangible Assets</i>	<u>229,524</u>	<u>1,348,598</u>	<u>0</u>	<u>(16,943)</u>	<u>1,561,179</u>
<i>Total Depreciable Capital Assets</i>	<u>91,837,118</u>	<u>5,078,804</u>	<u>(12,000)</u>	<u>0</u>	<u>96,903,922</u>
Less Accumulated Depreciation/Amortization					
Depreciation					
Land Improvements	(6,082,008)	(125,833)	0	0	(6,207,841)
Buildings and Improvements	(10,979,699)	(340,726)	0	0	(11,320,425)
Vehicles	(5,294,677)	(440,107)	12,000	0	(5,722,784)
Machinery and Equipment	(5,862,824)	(390,907)	0	(5,772)	(6,259,503)
Infrastructure	(22,321,957)	(1,494,725)	0	0	(23,816,682)
<i>Total Depreciation</i>	<u>(50,541,165)</u>	<u>(2,792,298)</u>	<u>12,000</u>	<u>(5,772)</u>	<u>(53,327,235)</u>
Amortization					
Intangible Right to Use					
Lease Assets					
Intangible Right to Use - Buildings	0	(2,460)	0	0	(2,460)
Intangible Right to Use - Equipment	(54,705)	(180,051)	0	5,772	(228,984)
<i>Total Lease Assets</i>	<u>(54,705)</u>	<u>(182,511)</u>	<u>0</u>	<u>5,772</u>	<u>(231,444)</u>
Subscription Assets					
Intangible Right to Use - Software	0	(38,571)	0	0	(38,571)
<i>Total Amortization</i>	<u>(54,705)</u>	<u>(221,082)</u>	<u>0</u>	<u>5,772</u>	<u>(270,015)</u>
<i>Total Accumulated Depreciation/ Amortization</i>	<u>(50,595,870)</u>	<u>(3,013,380) *</u>	<u>12,000</u>	<u>0</u>	<u>(53,597,250)</u>
<i>Total Depreciable Capital Assets, Net</i>	<u>41,241,248</u>	<u>2,065,424</u>	<u>0</u>	<u>0</u>	<u>43,306,672</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$55,156,393</u>	<u>\$8,403,352</u>	<u>(\$2,106,543)</u>	<u>\$0</u>	<u>\$61,453,202</u>

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

During 2023, the City exercised a purchase option on leased fitness equipment. Therefore the capital assets have been reclassified from intangible right to use lease assets to tangible assets.

During 2023, the City received a portion of road improvement projects costs from another government, valued at \$2,331,746. The City has recorded this as a capital contribution in governmental activities.

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

	Depreciation	Amortization		Total
		Lease Assets	Subscription Assets	
General Government - Primary Government	\$93,525	\$2,460	\$0	\$95,985
Security of Persons and Property	455,454	0	38,571	494,025
Transportation	1,687,397	0	0	1,687,397
Leisure Time Activities	554,868	180,051	0	734,919
Economic Dvelopment and Assistance	527	0	0	527
Urban Redevelopment and Housing	527	0	0	527
Total	\$2,792,298	\$182,511	\$38,571	\$3,013,380

Capital asset activity for business-type activities for the year ended December 31, 2023, was as follows:

	Restated Balance 12/31/2022	Additions	Deductions	Balance 12/31/2023
Business-Type Activities				
<i>Nondepreciable Capital Assets</i>				
Land	\$59,400	\$0	\$0	\$59,400
Construction in Progress	0	207,399	0	207,399
<i>Total Nondepreciable Capital Assets</i>	<u>59,400</u>	<u>207,399</u>	<u>0</u>	<u>266,799</u>
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Land Improvements	20,325	43,780	0	64,105
Buildings and Improvements	44,319,761	113,938	0	44,433,699
Vehicles	1,753,938	95,947	(21,000)	1,828,885
Machinery and Equipment	5,251,528	835,251	0	6,086,779
Infrastructure	62,883,770	438,245	0	63,322,015
<i>Total Depreciable Capital Assets</i>	<u>114,229,322</u>	<u>1,527,161</u>	<u>(21,000)</u>	<u>115,735,483</u>
<i>Less Accumulated Depreciation</i>				
Land Improvements	(4,065)	(2,476)	0	(6,541)
Buildings and Improvements	(14,465,443)	(1,882,687)	0	(16,348,130)
Vehicles	(1,414,225)	(88,981)	7,000	(1,496,206)
Machinery and Equipment	(2,979,765)	(365,324)	0	(3,345,089)
Infrastructure	(31,288,206)	(1,365,294)	0	(32,653,500)
<i>Total Accumulated Depreciation</i>	<u>(50,151,704)</u>	<u>(3,704,762)</u>	<u>7,000</u>	<u>(53,849,466)</u>
<i>Total Depreciable Capital Assets, Net</i>	<u>64,077,618</u>	<u>(2,177,601)</u>	<u>(14,000)</u>	<u>61,886,017</u>
<i>Business-Type Activities Capital Assets, Net</i>	<u>\$64,137,018</u>	<u>(\$1,970,202)</u>	<u>(\$14,000)</u>	<u>\$62,152,816</u>

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 12 – Risk Management

The City is exposed to various risks of property and casualty losses, and injuries to employees.

Property and Liability

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. Sedgwick functions as the administrator of PEP and provides program management, underwriting, claims, risk control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is administered by Sedgwick. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. (At December 31, 2022, (latest information available) the Pool retained \$500,000 for casualty claims and \$250,000 for property claims). The Board of Directors and Sedgwick periodically review the financial strength of PEP and other market conditions to determine the appropriate level of risk PEP will retain. There has been no significant reduction in coverage from last year.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective PEP member.

Financial Position

PEP's financial statements conform to generally accepted accounting principles and show the following assets, liabilities, and net position at December 31, 2022, (latest information available):

<u>Casualty and Property Coverage</u>	<u>2022</u>
Assets	\$61,537,313
Liabilities	<u>18,643,081</u>
Net Position - Unrestricted	<u><u>\$42,894,232</u></u>

At December 31, 2022, the liabilities in the preceding table include unknown amounts of estimated incurred claims payable. The casualty coverage assets and net position in the preceding table include approximately \$14.4 million of unpaid claims to be billed to approximately 608 member governments in the future, as of December 31, 2022. These amounts will be included in future contributions from members when the related claims are due for payment.

As indicated by PEP, the rates PEP charges to compute member contributions, which are used to pay claims as they become due, are expected to increase from those used to determine the historical contributions detailed as follows. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The City's contributions for the past three years are as follows:

Year	Contributions to PEP
2023	\$513,010
2022	467,140
2021	450,776

After completing one year of membership, members may withdraw on each anniversary date of the date they joined PEP, provided they give written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members may receive a partial refund of their capital contributions as defined by the contract. Withdrawing members have no other future obligations to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to withdrawal.

Workers' Compensation

For policy years 2011 through 2014, the City participated in the State Workers' Compensation retrospective rating and payment system. Once the City receives notice of the 2023 claims paid by the Bureau of Workers' Compensation, the City will reimburse the State for claims paid on the City's behalf. The payable is reclassified from claims payable to intergovernmental payable. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage in addition to the actual claim costs for employees injured in the years 2011 through 2014. The final billing of actual claim costs indicated a refund was due the City for the overpayment of claims. An intergovernmental receivable of \$347 has been reported on the accompanying financial statements. The maintenance of these benefits is accounted for in the retrospective workers' compensation internal service fund.

At December 31, 2023, there was no claims liability remaining, as the final billing for the retrospective rating years has occurred. The final billing showed an intergovernmental receivable for the overpayment of claims. Changes in the fund's intergovernmental liability (receivable) and claims liability amounts for 2022 and 2023 were as follows:

Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Change in Workers' Compensation Estimate	Balance at End of Year
2022	\$33,546	\$0	\$1,189	(\$18,571)	\$13,786
2023	13,786	0	59	(14,074)	(347)

Starting with policy year 2015, 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.

Note 13 – Contingencies

Grants

The City has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City's management believes such disallowances, if any, are unlikely to have a materially adverse effect on the overall financial position of the City at December 31, 2023.

Litigation

Several claims and lawsuits are pending against the City. The amount of the City's liability, if any, cannot be reasonably estimated at this time. However, in the opinion of the City's management, these claims and lawsuits are unlikely to have a materially adverse effect on the overall financial position of the City at December 31, 2023.

Note 14 – 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 municipalities and townships, and operates under the direction of a fifteen-member Executive Committee, which is elected by the general membership of the Council. The Council's current functions include, but are not limited to, the funding and operation of the Canton/Stark County Crime Lab.

The City appoints a representative and has a membership share based on the percentage of contractual financial contributions to the total funding. Each participant is entitled to vote its percentage share. The board exercises total authority over the operation of the Council including budgeting, appropriating, contracting, and designating management. Continued existence of the Council is not dependent on the City's continued participation. The Council does not provide specific financial benefits or impose specific financial burdens on the City. The City did not make any contributions during the year. Financial statements of the Council can be obtained from the Stark Council of Governments, Canton, Ohio.

Stark Area Regional Transit Authority

The City participates in the Stark Area Regional Transit Authority (Authority), which is a jointly governed organization between Stark County and the cities of Massillon, Canton and Alliance. A nine-member Board of Trustees (the Board) oversees the operation of the Authority. The City appoints one of the nine members. Each member's control over the operation of the Authority is limited to its representation on the Board. The Board exercises total authority for the day-to-day operations of the Authority, which include budgeting, appropriating, contracting, and designating management. In 2023, the City did not make any contributions to the Authority. The City has no financial responsibility for any of the Authority's liabilities. Complete financial statements may be obtained from the Stark Area Regional Transit Authority, 1600 Gateway Boulevard SE, Canton, Ohio.

City of Massillon, Ohio
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For the Year Ended December 31, 2023

Stark County Tax Incentive Review Council

The City participates in the Stark County Tax Incentive Review Council (the Council), which is a jointly governed organization, created as an advisory council pursuant to State statutes. The Council has twenty-seven members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, ten members appointed by township trustees, one member from the county auditor's office and six members appointed by boards of education located within the Enterprise Zones of Stark County. The Council's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The Council reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the Council can make written recommendations to the legislative authority that approved the agreement. There is no cost associated with being a member of this Council. The continued existence of the Council is not dependent upon the City's continued participation and no measurable equity interest exists.

Stark County Regional Planning Commission

The City participates in the Stark County Regional Planning Commission (the Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County, other cities, villages, and townships. Of the sixty-one-member board, the City appoints three members. The degree of control exercised by any participating government is limited to its representation on the board. The principal aim of the Commission is to provide comprehensive planning, both long and short range, dealing with the economic and physical environment of Stark County. The Board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting, and designating management. The City has no financial responsibility for any of the Commission's liabilities. In 2023, the City paid \$25,519 to the Commission for various items. Complete financial statements may be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

Massillon Community Improvement Corporation

The Corporation was formed to advance, encourage, and promote the industrial, economic, commercial and civic development and is operated by the City of Massillon and representatives from area businesses. It is controlled by seventeen trustees consisting of six appointed or elected City officials and eleven self-elected trustees. The Board exercises total control over the operations of the Corporation including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. In 2023, the City made no contributions to the Corporation.

Note 15 – Joint Venture

The City participates in the Local Organized Governments in Cooperation (LOGIC), a statutorily created political subdivision of the State formed in 1986 to provide safety dispatching services. LOGIC is a joint venture among the City, Jackson Township, City of Canal Fulton, Hills and Dales Village, and Lawrence Township, with each participant providing one representative. Each representative has a membership share based on the percentage of contractual financial contributions to the total funding, and each participant is entitled to vote its percentage share. The Board has total authority over the operation of LOGIC, including budgeting, appropriating, contracting, and designating management. Continued existence of LOGIC is dependent on the City's continued participation. LOGIC does not provide specific

City of Massillon, Ohio
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For the Year Ended December 31, 2023

financial benefits or impose specific financial burdens on the City. During 2023, the City made contributions of \$828,062, but does not have an equity interest in LOGIC. Financial statements of LOGIC may be obtained from Local Organized Governments in Cooperation, Canton, Ohio.

Note 16 – Defined Benefit Pension Plans

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

Net Pension Liability (Asset)/Net OPEB Liability

The net pension liability (asset) and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions/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/OPEB liability (asset) 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) calculations are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments, and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

The proportionate share of each plan’s unfunded benefits is presented as a *net pension asset* or a long-term *net pension/OPEB liability* 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*. The remainder of this note includes the required pension disclosures. See Note 17 for the required OPEB disclosures.

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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. 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 previously for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	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

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.

City of Massillon, Ohio
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For the Year Ended December 31, 2023

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.

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 percent. 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 percent.

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 percent 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.

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

City of Massillon, Ohio
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	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 within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

For 2023, the City’s contractually required contribution was \$1,265,420 for the traditional plan, \$12,611 for the combined plan, and \$44,285 for the member-directed plan. Of these amounts, \$134,278 is reported as an intergovernmental payable for the traditional plan, \$1,339 for the combined plan, and \$4,701 for the member-directed plan.

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.

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.

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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 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 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced previously 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 3.0 percent 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 3.0 percent 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:

	Police	Firefighters
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	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

City of Massillon, Ohio
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For the Year Ended December 31, 2023

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,890,152 for 2023. Of this amount, \$228,008 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2023, the specific liability of the City was \$836,454 payable in semi-annual payments through the year 2035.

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, 2022, 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, 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 (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 of the City's defined benefit pension plans:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.05324000%	0.02193954%	0.2845631%	
Prior Measurement Date	<u>0.05495834%</u>	<u>0.01833409%</u>	<u>0.2816057%</u>	
Change in Proportionate Share	<u><u>-0.00171834%</u></u>	<u><u>0.00360545%</u></u>	<u><u>0.0029574%</u></u>	
Proportionate Share of the:				
Net Pension Liability	\$15,727,119	\$0	\$27,030,736	\$42,757,855
Net Pension (Asset)	\$0	(\$51,710)	\$0	(\$51,710)
Pension Expense	\$2,161,591	\$5,333	\$3,570,197	\$5,737,121

2023 pension expense for the member-directed defined contribution plan was \$44,285. The aggregate pension expense for all pension plans was \$5,781,406 for 2023.

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At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$522,389	\$3,178	\$405,449	\$931,016
Changes of assumptions	166,146	3,424	2,438,080	2,607,650
Net difference between projected and actual earnings on pension plan investments	4,482,723	18,845	3,935,343	8,436,911
Changes in proportion and differences between City contributions and proportionate share of contributions	14,439	1,946	499,452	515,837
City contributions subsequent to the measurement date	1,265,420	12,611	1,890,152	3,168,183
Total Deferred Outflows of Resources	\$6,451,117	\$40,004	\$9,168,476	\$15,659,597
Deferred Inflows of Resources				
Differences between expected and actual experience	\$0	\$7,389	\$615,840	\$623,229
Changes of assumptions	0	0	527,092	527,092
Changes in proportion and differences between City contributions and proportionate share of contributions	181,440	19,171	380,664	581,275
Total Deferred Inflows of Resources	\$181,440	\$26,560	\$1,523,596	\$1,731,596

\$3,168,183 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 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 Plan	OPERS Combined Plan	OP&F	Total
Year Ending December 31:				
2024	\$500,205	(\$1,540)	\$711,396	\$1,210,061
2025	988,619	1,162	1,409,754	2,399,535
2026	1,319,483	2,502	1,465,332	2,787,317
2027	2,195,950	5,429	2,196,606	4,397,985
2028	0	(2,831)	(28,360)	(31,191)
Thereafter	0	(3,889)	0	(3,889)
Total	\$5,004,257	\$833	\$5,754,728	\$10,759,818

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Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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 key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent 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 for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 12.1 percent for 2022.

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

City of Massillon, Ohio
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real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized as follows:

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 for the current year was 6.9 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.9 percent) or one percentage point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability (asset):			
OPERS Traditional Plan	\$23,558,701	\$15,727,119	\$9,212,650
OPERS Combined Plan	(26,986)	(51,710)	(71,304)

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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 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. Assumptions considered are withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2022, are presented as follows:

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost-of-Living Adjustments	2.2 percent simple per year

For 2022, 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 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, 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 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, 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.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

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

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

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 as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 2.5x

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OP&F’s Board of Trustees has incorporated the risk parity concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective in the previous table, 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 pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return of 7.50 percent. 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.

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 percent, 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 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$35,658,756	\$27,030,736	\$19,858,262

Note 17 – Defined Benefit OPEB Plans

See Note 16 for a description of the net OPEB liability.

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.

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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.

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,

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through the OPERS Connector. OPERS also will reimburse 50 percent 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.

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 14.0 percent 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 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 percent 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 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$15,597 for 2023. Of this amount, \$1,655 is reported as an intergovernmental payable.

Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care 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.

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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.

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

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 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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 \$44,068 for 2023. Of this amount, \$5,306 is reported as an intergovernmental payable.

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of 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:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.05248721%	0.2845631%	
Prior Measurement Date	<u>0.05400907%</u>	<u>0.2816057%</u>	
Change in Proportionate Share	<u>-0.00152186%</u>	<u>0.0029574%</u>	
Proportionate Share of the Net OPEB Liability	\$330,942	\$2,026,007	\$2,356,949
OPEB Expense	(\$594,721)	\$190,404	(\$404,317)

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	\$0	\$120,900	\$120,900
Changes of assumptions	323,238	1,009,651	1,332,889
Net difference between projected and actual earnings on OPEB plan investments	657,262	173,771	831,033
Changes in proportion and differences between City contributions and proportionate share of contributions	4,030	155,592	159,622
City contributions subsequent to the measurement date	<u>15,597</u>	<u>44,068</u>	<u>59,665</u>
Total Deferred Outflows of Resources	<u>\$1,000,127</u>	<u>\$1,503,982</u>	<u>\$2,504,109</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$82,549	\$399,488	\$482,037
Changes of assumptions	26,598	1,657,108	1,683,706
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>977</u>	<u>86,653</u>	<u>87,630</u>
Total Deferred Inflows of Resources	<u>\$110,124</u>	<u>\$2,143,249</u>	<u>\$2,253,373</u>

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\$59,665 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2024. 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:			
2024	\$111,939	(\$5,399)	\$106,540
2025	240,000	13,041	253,041
2026	204,956	(75,277)	129,679
2027	317,511	(40,989)	276,522
2028	0	(168,631)	(168,631)
Thereafter	0	(406,080)	(406,080)
Total	\$874,406	(\$683,335)	\$191,071

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. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases	2.75 to 10.75 percent including wage inflation
Single Discount Rate	5.22 percent
Prior Year Single Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Prior Year Municipal Bond Rate	1.84 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent 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.

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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, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 15.6 percent for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The 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 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 rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric 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 Trust	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 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at

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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 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 City’s proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the City’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (4.22 percent) or one percentage point higher (6.22 percent) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share of the net OPEB liability (asset)	\$1,126,375	\$330,942	(\$325,421)

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 liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$310,199	\$330,942	\$354,289

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.

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

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented as follows:

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended Discount Rate:	
Current measurement date	4.27 percent
Prior measurement date	2.84 percent
Cost-of-Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2036

For 2022, 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 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, 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 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, 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.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

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

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

OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 16.

Discount Rate For 2022, the total OPEB liability was calculated using the discount rate of 4.27 percent. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, for 2022, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2035, and the Municipal Bond Index Rate of 3.65 percent was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27 percent. For 2021, a municipal bond rate of 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.5 which resulted in a blended discount rate of 2.84. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

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

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$2,494,837	\$2,026,007	\$1,630,194

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Note 18 – Asset Retirement Obligations

The Governmental Accounting Standard Board’s (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with their wastewater treatment facilities. Any ARO associated with these public safety issues are not reasonably estimable. Currently, there is significant uncertainty as to what public safety items would need addressed; therefore, a reliable estimated amount could not be determined.

Note 19 – Long-Term Obligations

Original issue amounts and interest rates of the City’s debt issues were as follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Governmental Activities:			
Park and Recreation Bonds - 2002	5.20%	\$12,340,000	December 1, 2031
Golf Course Construction Refunding Bonds - 2002	1.5-7.16	7,281,233	December 1, 2031
Marketplace Infrastructure TIF Bonds - 2004	1.5-4.2	1,774,999	December 1, 2023
Lincoln Center Phase III Bonds - 2007	4.09	2,569,998	December 1, 2027
Various Purpose Improvement Refunding Bonds - 2012A	2.00-4.125	7,580,000	December 1, 2026
<i>From Direct Borrowings:</i>			
OPWC Loan - 2006	0.00	492,629	July 1, 2026
OPWC Loan - Hankins Road - 2014	0.00	549,061	January 1, 2046
OPWC Loan - 9th St. Improvement - 2014	0.00	457,467	January 1, 2046
OPWC Loan - Levee Infrastructure - 2014	0.00	581,789	July 1, 2046
Business-Type Activities - from Direct Borrowings:			
<i>Wastewater:</i>			
OWDA Loan - WWTP Upgrade Phase I - 2002	1.26	6,131,478	July 1, 2024
OWDA Loan - WWTP Upgrade Phase II - 2002	1.26	36,018,868	July 1, 2024
OWDA Loan - WWTP Nutrient Removal Upgrade - 2014	0.28	31,327,297	January 1, 2038
OWDA Loan - WWTP Nutrient Removal Equipment Procurement HAB - 2015	0.00	4,316,904	January 1, 2038
OPWC Loan - Hankins Road - 2014	0.00	312,210	January 1, 2046
OPWC Loan - 9th St. Improvement - 2014	0.00	260,128	January 1, 2046
OPWC Loan - Levee Infrastructure Improvement - 2014	0.00	330,822	January 1, 2046
<i>Stormwater Utility:</i>			
OPWC Loan - Hankins Road - 2014	0.00	215,318	January 1, 2046
OPWC Loan - 9th St. Improvement - 2014	0.00	179,399	January 1, 2046
OPWC Loan - Levee Infrastructure Improvement - 2014	0.00	228,153	January 1, 2046

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The changes in 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:					
<u>General Obligation Bonds:</u>					
Park and Recreation Bonds - 2002	\$3,955,000	\$0	\$0	\$3,955,000	\$0
Golf Course Construction Refunding Bonds - 2002					
Serial Bonds	3,075,000	0	(280,000)	2,795,000	295,000
Unamortized Discount	(9,474)	0	1,784	(7,690)	0
Marketplace Infrastructure TIF Bonds - 2004					
Serial Bonds	125,000	0	(125,000)	0	0
Lincoln Center Phase III Bonds - 2007					
Term Bonds	870,000	0	(160,000)	710,000	165,000
Various Purpose Improvement Refunding Bonds - 2012A					
Serial Bonds	2,470,000	0	(585,000)	1,885,000	605,000
Unamortized Discount	(19,271)	0	4,818	(14,453)	0
Total General Obligation Bonds	<u>10,466,255</u>	<u>0</u>	<u>(1,143,398)</u>	<u>9,322,857</u>	<u>1,065,000</u>
<u>Loans from Direct Borrowings:</u>					
OPWC Loan - 2006	87,289	0	(24,631)	62,658	24,631
OPWC Loan - Hankins Road - 2014	420,947	0	(18,302)	402,645	18,302
OPWC Loan - 9th St. Improvement - 2014	350,724	0	(15,249)	335,475	15,249
OPWC Loan - Levee Infrastructure - 2014	455,735	0	(19,393)	436,342	19,393
Total Loans	<u>1,314,695</u>	<u>0</u>	<u>(77,575)</u>	<u>1,237,120</u>	<u>77,575</u>
<u>Other Long-Term Obligations:</u>					
Compensated Absences	1,893,660	319,022	(203,274)	2,009,408	273,763
Claims Payable	13,727	0	(13,727)	0	0
Leases Payable	170,064	1,061,898	(198,501)	1,033,461	199,959
Subscriptions Payable	0	226,128	0	226,128	54,196
<u>From Direct Borrowings:</u>					
Financed Purchases	271,376	296,279	(191,154)	376,501	189,739
Police and Fireman's Pension Liability	892,118	0	(55,664)	836,454	58,054
Total Other Long-Term Obligations	<u>3,240,945</u>	<u>1,903,327</u>	<u>(662,320)</u>	<u>4,481,952</u>	<u>775,711</u>
<u>Net Pension Liability:</u>					
OPERS	3,855,320	8,965,001	0	12,820,321	0
OP&F	17,593,095	9,437,641	0	27,030,736	0
Total Net Pension Liability	<u>21,448,415</u>	<u>18,402,642</u>	<u>0</u>	<u>39,851,057</u>	<u>0</u>
<u>Net OPEB Liability:</u>					
OPERS	0	269,775	0	269,775	0
OP&F	3,086,641	0	(1,060,634)	2,026,007	0
Total Net OPEB Liability	<u>3,086,641</u>	<u>269,775</u>	<u>(1,060,634)</u>	<u>2,295,782</u>	<u>0</u>
Total Governmental Activities	<u>\$39,556,951</u>	<u>\$20,575,744</u>	<u>(\$2,943,927)</u>	<u>\$57,188,768</u>	<u>\$1,918,286</u>
Business-Type Activities:					
<u>Loans from Direct Borrowings:</u>					
OWDA Loans:					
<i>Wastewater:</i>					
WWTP Upgrade OWDA Phase I - 2002	\$515,169	\$0	(\$342,367)	\$172,802	\$172,802
WWTP Upgrade OWDA Phase II - 2002	3,044,304	0	(2,022,937)	1,021,367	1,021,367
WWTP Nutrient Removal Upgrade - 2014	23,659,052	0	(1,546,565)	22,112,487	1,550,898
WWTP Nutrient Removal Equipment Procurement HAB - 2015	3,237,678	0	(215,845)	3,021,833	215,845
Total OWDA Loans	<u>\$30,456,203</u>	<u>\$0</u>	<u>(\$4,127,714)</u>	<u>\$26,328,489</u>	<u>\$2,960,912</u>

(continued)

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	Balance 12/31/2022	Issued	Retired	Balance 12/31/2023	Amounts Due in One Year
Business-Type Activities:					
<u>Loans from Direct Borrowings: (continued)</u>					
OPWC Loans:					
<i>Wastewater:</i>					
Hankins Road - 2014	\$239,362	\$0	(\$10,407)	\$228,955	\$10,407
9th Street Improvement - 2014	199,431	0	(8,671)	190,760	8,671
Levee Infrastructure Improvement Loan - 2014	259,145	0	(11,027)	248,118	11,027
Total Wastewater	<u>697,938</u>	<u>0</u>	<u>(30,105)</u>	<u>667,833</u>	<u>30,105</u>
<i>Stormwater Utility:</i>					
Hankins Road - 2014	165,078	0	(7,177)	157,901	7,177
9th Street Improvement - 2014	137,539	0	(5,980)	131,559	5,980
Levee Infrastructure Improvement Loan - 2014	178,721	0	(7,605)	171,116	7,605
Total Stormwater Utility	<u>481,338</u>	<u>0</u>	<u>(20,762)</u>	<u>460,576</u>	<u>20,762</u>
Total OPWC Loans	<u>1,179,276</u>	<u>0</u>	<u>(50,867)</u>	<u>1,128,409</u>	<u>50,867</u>
Total Loans	31,635,479	0	(4,178,581)	27,456,898	3,011,779
<u>Other Long-Term Obligations:</u>					
Compensated Absences	414,317	24,823	(39,281)	399,859	5,229
<u>Net Pension Liability - OPERS:</u>					
Wastewater	926,278	1,980,520	0	2,906,798	0
<u>Net OPEB Liability - OPERS:</u>					
Wastewater	0	61,167	0	61,167	0
<i>Total Business-Type Activities</i>	<u>\$32,976,074</u>	<u>\$2,066,510</u>	<u>(\$4,217,862)</u>	<u>\$30,824,722</u>	<u>\$3,017,008</u>

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from voted and unvoted general property taxes. Property tax monies will be received in, and the debt will be repaid from the bond retirement funds.

On November 1, 2002, the City issued \$7,281,233 in general obligation bonds with an average interest rate of 4.3 percent to advance refund \$2,510,000 of outstanding golf course construction refunding series bonds with an average interest rate of 5.2 percent. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide future debt service payments on the golf course refunding series bonds. As a result, the golf construction refunding series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

During 2007, the Lincoln Center Phase III bonds were issued for \$2,569,998 to finance the construction of the Lincoln Center complex in a redevelopment area. Revenues for payment of interest and principal on the bond result from service payments being made in lieu of taxes.

Optional Redemption The Current Interest Bonds Maturing after December 1, 2018, are subject to redemption at the option of the City, on or after December 1, 2018, in whole or in part on any date, in the integral multiples of \$5,000, at a redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

Redemption Dates (Dates Inclusive)	Redemption Prices
December 1, 2017	100%

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Mandatory Sinking Fund Redemption The Lincoln Center Phase III current interest term bonds maturing on December 1, 2024, and 2027, respectively, are subject to mandatory sinking fund redemption requirements at a redemption price of 100 percent of the principal amounts to be redeemed plus accrued interest to the date of redemption, on December 1 in each of the years and in the principal amounts set forth as follows:

Year	Issue	
	\$480,000	\$545,000
2025	\$0	\$175,000
2026	0	180,000
Total Mandatory Sinking Fund Payments	0	355,000
Amount Due at Stated Maturity	165,000	190,000
Total	\$165,000	\$545,000
<i>Stated Maturity</i>	<i>12/1/2024</i>	<i>12/1/2027</i>

In 2012, the City issued various purpose refunding bonds in the amount of \$7,580,000, to refund the parks and recreation serial bonds. The bonds were issued with interest rates varying from 2 to 4.125 percent. The bonds were issued for a 15-year period with a final maturity on December 1, 2026. The bonds will be retired through the parks and recreation bond retirement debt service fund.

The bonds were sold at a discount of \$72,265. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the various purpose refunding bonds. As a result, \$7,570,000 of these bonds was considered defeased, and the liability for the refunded bonds has been removed from the City's financial statements. On December 31, 2023, \$1,950,000 of the defeased bonds are still outstanding.

The 2006 OPWC loans are composed of two separate, zero percent interest loans. The purposes of these loans are for the Federal Avenue pump station and the arena district rehabilitation. These loans will be repaid over a period of 20 years by user fees.

The 2014 OPWC loans for Levee Infrastructure, Hankins Road, and for 9th Street improvements are zero percent interest loans. These loans will be repaid over a period of 30 years by the OPWC loan payment debt service fund.

In 2018, the City financed \$845,500 to purchase a fire truck through Huntington Public Capital Corporation. The interest rate of this financed purchase from direct borrowing is 2.8187 percent, and the financed purchase matures on February 15, 2024.

In 2020, the City financed \$16,017 to purchase police copiers through US Bank Equipment Finance. The interest rate of this financed purchase from direct borrowing is 7.66 percent, and the financed purchase matures in July 2025. These copiers were not capitalized since they did not meet the City's capitalization criteria.

On April 22, 2021, the City financed \$6,543 to purchase a council copier through US Bank Equipment Finance. The interest rate of this financed purchase from direct borrowing is 7.831 percent, and the financed purchase matures on July 22, 2026.

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In 2021, the City financed \$6,210 to purchase an engineering copier through US Bank Equipment Finance. The interest rate of this financed purchase from direct borrowing is 7.83 percent, and the financed purchase matures in January 2027.

In 2023, the City financed \$211,818 to purchase police tasers and body cameras through Axon Enterprise, Incorporated. The interest rate of this financed purchase from direct borrowing is 2.82 percent, and the financed purchase matures in March 2027. These items were not capitalized since they did not meet the City's capitalization criteria.

In 2023, the City financed \$73,909 to purchase police in-car cameras through Axon Enterprise, Incorporated. The interest rate of this financed purchase from direct borrowing is 2.82 percent, and the financed purchase matures in October 2027. These items were not capitalized since they did not meet the City's capitalization criteria.

In 2023, the City financed \$5,276 to purchase a copier for community development through Wells Fargo Financial Leasing. The interest rate of this financed purchase from direct borrowing is 8.47 percent, and the financed purchase matures in June 2028.

In 2023, the City financed \$5,276 to purchase a copier for code enforcement through Wells Fargo Financial Leasing. The interest rate of this financed purchase from direct borrowing is 8.47 percent, and the financed purchase matures in October 2028.

The City has outstanding agreements to lease parking garage space, golf course mowers, and golf course equipment and also has various outstanding contracts for the use of a SBITA vendor's IT software, including software related to body cameras and in-car cameras and other software. The future lease/subscription payments were discounted based on the interest rate implicit in the lease/subscription or using the City's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease/subscription. These leases will be paid from the general fund and the parks and recreation special revenue fund, and the subscriptions will be paid from the general fund. A summary of the principal and interest amounts for the remaining leases/subscriptions is as follows:

Year	Leases Payable		Subscriptions Payable	
	Principal	Interest	Principal	Interest
2024	\$199,959	\$34,980	\$54,196	\$6,377
2025	208,841	27,064	55,724	4,849
2026	180,699	18,966	57,296	3,277
2027	168,477	12,103	58,912	1,661
2028	164,764	5,549	0	0
2029-2033	60,332	1,839	0	0
2034-2037	50,389	535	0	0
	<u>\$1,033,461</u>	<u>\$101,036</u>	<u>\$226,128</u>	<u>\$16,164</u>

The City also entered into agreements with the Ohio Water Development Authority (OWDA) to upgrade and expand the City's wastewater treatment facility. The agreements provided loan proceeds which were received by the City and used to fund the projects. The debt proceeds will be repaid by wastewater service charges semi-annually over 20 years at varying interest rates. Under the terms of the agreements, the OWDA reimburses or directly pays the construction costs of the approved projects. The OWDA capitalizes administrative costs and construction interest and adds them to the total of each loan.

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The City entered into agreements with the Ohio Public Works Commission (OPWC) for various wastewater and stormwater utility projects. The agreements provided loan proceeds to fund the projects. The debt proceeds will be repaid by the wastewater and stormwater utility service charges semi-annually over 30 years with no interest.

The City has pledged future revenues, net of operating expenses, to repay OWDA and OPWC loans in the wastewater fund. The debt is payable solely from net revenues and is payable through 2046. Annual principal and interest payments on the debt issues are expected to require about 101 percent of net revenues and about 43 percent of total revenues. The total principal and interest remaining to be paid on the debt is \$27,455,738. The amount of principal and interest paid in the current year was \$4,261,310. Net revenues available were \$4,239,732 and total revenues were \$9,896,794.

The City has pledged future revenues, net of operating expenses, to repay OPWC loans in the stormwater utility fund. The debt is payable solely from net revenues and is payable through 2046. Annual principal payments on the debt issues are expected to require about 7 percent of total revenues. The total principal remaining to be paid on the debt is \$460,576. The amount of principal paid in the current year was \$20,762. Net revenues available were negative \$510,957, and total revenues were \$304,872.

The City's outstanding OPWC loans from direct borrowings of \$1,237,120 related to governmental activities and \$1,128,409 related to business-type activities contain provisions that in the event of default (1) OPWC may apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over to the Attorney General's office for collection, and as provided by law, OPWC may require that such payment be taken from the City's share of the county undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

The City's outstanding OWDA loans from direct borrowings of \$26,328,489 related to business-type activities contain provisions that in the event of default (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within 30 days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to the OWDA, and (3) for each additional 30 days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

There is no repayment schedule for the net pension/OPEB liabilities; however, employer pension/OPEB contributions are made from the general fund, the street construction, community development, police pension, fire pension, parks and recreation, clerk of courts computing, probation services, and alternative dispute resolution special revenue funds, and the wastewater enterprise fund. For additional information related to the net pension/OPEB liabilities, see Notes 16 and 17. Compensated absences will be paid from the general fund and the street construction, community development, and parks and recreation special revenue funds, and wastewater enterprise fund.

The governmental financed purchases will be paid from the general fund, the community development and the foreclosure property special revenue funds, and the income tax capital improvement fund. The police and fireman's pension liability will be paid from the general fund.

The City's overall debt margin was \$69,516,227 and the unvoted legal debt margin was \$32,640,999 at December 31, 2023. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2023, are as follows:

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

	Governmental Activities						
	General Obligation Bonds				From Direct Borrowings		
	Serial Bonds		Term Bonds		OPWC Loans	Financed Purchases	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2024	\$900,000	\$406,726	\$165,000	\$29,081	\$77,575	\$189,739	\$11,552
2025	940,000	368,513	175,000	22,481	77,575	62,291	5,809
2026	975,000	328,586	180,000	15,263	65,620	61,621	3,805
2027	1,055,000	286,338	190,000	7,838	53,664	61,176	1,908
2028	1,105,000	234,438	0	0	52,944	1,674	57
2029-2033	3,660,000	366,045	0	0	264,720	0	0
2034-2038	0	0	0	0	264,720	0	0
2039-2043	0	0	0	0	264,719	0	0
2044-2046	0	0	0	0	115,583	0	0
Totals	<u>\$8,635,000</u>	<u>\$1,990,646</u>	<u>\$710,000</u>	<u>\$74,663</u>	<u>\$1,237,120</u>	<u>\$376,501</u>	<u>\$23,131</u>

	Governmental Activities		Business-Type Activities		
	From Direct Borrowing		From Direct Borrowings		
	Police and Fireman's Pension Liability		OWDA Loans		OPWC Loans
	Principal	Interest	Principal	Interest	Principal
2024	\$58,054	\$34,939	\$2,960,912	\$68,537	\$50,867
2025	60,548	32,445	1,771,090	56,484	50,867
2026	63,148	29,845	1,775,447	52,127	50,867
2027	65,861	27,132	1,779,816	47,757	50,867
2028	68,689	24,304	1,784,199	43,375	50,867
2029-2033	390,317	74,648	8,987,157	150,709	254,337
2034-2038	129,837	5,470	7,269,868	40,427	254,341
2039-2043	0	0	0	0	254,344
2044-2046	0	0	0	0	111,052
Totals	<u>\$836,454</u>	<u>\$228,783</u>	<u>\$26,328,489</u>	<u>\$459,416</u>	<u>\$1,128,409</u>

Note 20 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn two to six weeks of vacation per year, depending upon length of service. Vacation leave is not accrued, because the City has a “use it or lose it” policy. All employees must use their vacation leave by the end of the year or it is forfeited.

Per the City’s negotiated agreements, employees with at least 5 years of service are entitled to 40 percent of their sick balance at termination.

Employees who are not under a specific bargaining unit agreement, as well as those under the AFSCME and Police Officers Association negotiated agreements who were hired before November 5, 2012, who have at least 20 years of service or are retiring pursuant to the rules and regulations established by the applicable retirement board, are entitled to 170 days (or 1,360 hours) of sick leave at 100 percent and then 40 percent of hours over the 1,360-hour threshold.

Employees under the AFSCME and Police Officers Association negotiated agreements who were hired on or after November 5, 2012, who are retiring pursuant to the rules and regulations established by the applicable retirement board, are entitled to up to 500 hours of sick leave at 100 percent compensation.

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Employees under the Fire Department negotiated agreement who are retiring pursuant to the rules and regulations established by the applicable retirement board or have completed at least 25 years of service are entitled to various levels of compensation for sick leave as follows. Employees who were hired before December 31, 1992, are entitled to up to 170 sick days (17 pays) at 100 percent compensation, plus 40 percent compensation for sick days in excess of 170. Employees hired from January 1, 1993, to July 31, 2012, are entitled to 40 percent compensation for up to 170 sick days and 100 percent compensation for sick days over 170. Employees hired after July 31, 2012, are entitled to between 25 and 50 percent compensation of accumulated sick hours, based on tiers of accumulated hours.

Insurance

For 2023, the City provided health insurance to its employees through Medical Mutual of Ohio. Dental and vision insurance was provided through Ohio AFSCME. The City's portion of monthly premiums for health insurance for single, employee/spouse, employee/children, and family were \$633, \$1,393, \$1,140, and \$1,963, respectively. The City's portion of monthly insurance premiums was \$48 for dental insurance and \$14 for vision insurance. The City also provides, at no cost to the employees, \$10,000 of term life insurance and \$10,000 of accidental death and dismemberment insurance through the Standard Insurance Company for all employees except police and fire, who receive \$50,000 of term life insurance and \$50,000 of accidental death and dismemberment insurance.

Note 21 – Encumbrances

The amounts of \$40,221, \$472,224, and \$104,859 in accounts payable, contracts payable, and retainage payable, respectively, have been capitalized for governmental activities as well as \$12,023 and \$106,575 in accounts payable and contracts payable, respectively, for business-type activities.

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amounts of encumbrances expected to be honored upon performance by the vendor in the next year or soon thereafter were as follows:

Governmental Funds:	
General	\$682,411
American Rescue Plan	1,208,036
Parks and Recreation	84,316
Other Governmental Funds	<u>3,800,679</u>
Total Governmental Funds	<u><u>\$5,775,442</u></u>
Proprietary Fund:	
Wastewater	<u><u>\$2,049,461</u></u>

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. The City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 23 – City of Massillon Board of Health

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the City of Massillon Board of Health (Board of Health) as a body corporate and politic. A six-member Board and a Health Commissioner govern the Board of Health. The Board consists of five voting members and a president, the mayor of the City of Massillon, who votes only to break a tie. The Health Commissioner is non-voting and serves as secretary. Consistent with the provisions of Ohio Revised Code Section 3709.36, the Board of Health is a legally separate organization. Among its various duties, the Board of Health provides for the prompt diagnosis and control of communicable diseases. The Board of Health may also inspect businesses where food is manufactured, handled, stored, or offered for sale. The Board of Health is operated by a board with all members being appointed by the City. The rates charged by the Board of Health are subject to the approval of City Council. In addition, the City provides funding to the Board of Health, thus the City can impose will on the Board of Health, and the Board of Health imposes a financial burden to the City. Therefore, the Board of Health is considered a discretely presented component unit of the City of Massillon.

Summary of Significant Accounting Policies

The financial statements of the Board of Health have been prepared in conformity with generally accepted accounting principles (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 Board of Health's accounting policies are described as follows.

Basis of Presentation of Government-wide Financial Statements The statement of net position and the statement of activities display information about the Board of Health as a whole. The statement of net position presents the financial condition of the Board of Health at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Board of Health's activities. 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 Board of Health, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Board of Health.

Measurement Focus of Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the Board of Health are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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.

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Revenues – Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the Board of Health receives value without directly giving equal value in return, includes grants and donations. Revenue from grants 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 Board of Health must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board of Health on a reimbursement basis.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes 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) until then. For the Board of Health, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB.

In addition to liabilities, the statements of financial position 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. For the Board of Health, deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position.

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.

Prepaid Items Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expense in the year in which services are consumed.

Compensated Absences Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31, by those employees whom it is estimated will become eligible to receive termination benefits 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 Board of Health's termination policy, which follows the City's policy.

The Board of Health does not accrue a liability for vacation benefits as of December 31. The Board of Health's policy, which follows the City's policy, allows employees to earn vacation leave based on the completion of a certain number of years of employment. The employees become eligible for the vacation benefits on or after January 1, with an exception made for first year employees. Vacation is not allowed to be carried forward to the following calendar year. After an employee completes one year of service, January 1 is considered their anniversary date for vacation purposes. Based on the Board of Health's policy, a liability for earned vacation leave exists on January 1, but not on December 31.

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Pensions/Other Postemployment Benefits (OPEB) For purposes of measuring the net pension/OPEB assets/liabilities, deferred outflows of resources and deferred inflows of resources related to 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 plans. 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.

Net Position Net position represents the difference between all other elements on the statement of financial position. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Board of Health's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. 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. Restricted net position for a pension plan represents the corresponding restricted asset amount held in trust by the pension plan for future benefits.

Changes in Accounting Principles

For 2023, the Board of Health implemented Governmental Accounting Standards Board (GASB) No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The Board of Health did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Board of Health did not have any contracts that met the GASB 96 definition of a SBITA, other than short-term SBITAs.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified previously.

For 2023, the Board of Health also implemented the guidance in GASB's Implementation Guide No. 2021-1, *Implementation Guidance Update-2021* (other than question 5.1).

Deposits and Investments

The City of Massillon Treasurer is custodian for the Board of Health's deposits. The City's deposit and investment pool holds the Board of Health's assets, valued at the Treasurer's reported carrying amount.

Receivables

Receivables at December 31, 2023, consisted primarily of intergovernmental receivables arising from grants and other revenues. All receivables are considered collectible in full within one year. A summary of the principal items of intergovernmental receivables follows:

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Intergovernmental Receivables:	
Ohio Department of Health Grants	\$20,476
Women, Infants and Children Grant	17,724
BWC Premium Refunds	1,508
Stark County Charges for Services	<u>758</u>
Total	<u>\$40,466</u>

Capital Assets

All capital assets are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Board of Health maintains a capitalization threshold of five thousand dollars. 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.

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 over the following useful lives:

Description	Estimated Useful Life
Land Improvements	20 to 30 years
Buildings and Improvements	10 to 50 years
Machinery and Equipment	10 to 15 years

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

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<i>Nondepreciable Capital Assets</i>				
Land	\$0	\$17,300	\$0	\$17,300
<i>Depreciable Capital Assets</i>				
Land Improvements	0	123,703	0	123,703
Buildings and Improvements	0	407,167	0	407,167
Machinery and Equipment	10,115	57,229	0	67,344
<i>Total Depreciable Capital Assets</i>	<u>10,115</u>	<u>588,099</u>	<u>0</u>	<u>598,214</u>
<i>Less Accumulated Depreciation</i>				
Land Improvements	0	(4,370)	0	(4,370)
Buildings and Improvements	0	(11,241)	0	(11,241)
Machinery and Equipment	(1,012)	(6,734)	0	(7,746)
<i>Total Accumulated Depreciation</i>	<u>(1,012)</u>	<u>(22,345)</u>	<u>0</u>	<u>(23,357)</u>
<i>Total Depreciable Capital Assets, Net</i>	<u>9,103</u>	<u>565,754</u>	<u>0</u>	<u>574,857</u>
<i>Total Capital Assets, Net</i>	<u>\$9,103</u>	<u>\$583,054</u>	<u>\$0</u>	<u>\$592,157</u>

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Risk Management

The Board of Health is exposed to various risks of casualty losses and injuries to employees.

Property and Liability The Board of Health belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. The Board of Health’s contributions for 2023 totaled \$3,625.

Workers’ Compensation The Board of Health 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.

Other Employee Benefits

Compensated Absences The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn two to six weeks of vacation per year, depending upon length of service. Vacation leave is not accrued, because the Board of Health has a “use it or lose it” policy. All employees must use their vacation leave by the end of the year or it is forfeited. Per the Board of Health’s policy, employees with at least 5 years of service are entitled to 40 percent of their sick balance at termination. Upon retirement, employees are entitled to 170 days (or 1,360 hours) of sick leave at 100 percent and then 40 percent of hours over the 1,360-hour threshold.

Insurance The Board of Health provided health insurance to its employees through Medical Mutual of Ohio. Dental and vision insurance was provided through Ohio AFSCME. The Board of Health’s portion of monthly premiums for health insurance for single, employee/spouse, employee/children, and family were \$633, \$1,393, \$1,140, and \$1,963, respectively. The Board of Health’s portion of monthly insurance premiums was \$48 for dental insurance and \$14 for vision insurance. The Board of Health also provides, at no cost to the employees, \$10,000 of term life insurance and \$10,000 of accidental death and dismemberment insurance through the Standard Insurance Company for all employees.

Long-Term Obligations

A schedule of changes in long-term obligations of the Board of Health during 2023 follows:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023	Amounts Due In One Year
Governmental Activities					
Other Long-Term Obligations					
Net Pension Liability - OPERS	\$225,311	\$572,861	\$0	\$798,172	\$0
Net OPEB Liability - OPERS	0	16,796	0	16,796	0
Compensated Absences	53,352	9,625	(1,602)	61,375	1,605
<i>Total Governmental Activities</i>	<u>\$278,663</u>	<u>\$599,282</u>	<u>(\$1,602)</u>	<u>\$876,343</u>	<u>\$1,605</u>

Contingencies

Grants Amounts grantor agencies pay to the Board of Health are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow; however, based on prior experience, management believes any refunds would be immaterial.

Litigation Management is not aware of any pending litigation.

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Defined Benefit Pension Plans

Plan descriptions and actuarial information for the Board of Health's defined benefit pension plans are the same as the City's (see Note 16).

For 2023, the Board of Health's contractually required contribution was \$64,222 for the traditional plan, \$640 for the combined plan, and \$2,247 for the member-directed plan. Of these amounts, \$7,889 is reported as an intergovernmental payable for the traditional plan, \$79 for the combined plan, and \$276 for the member-directed plan.

The net pension liability (asset) for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Board of Health's proportion of the net pension liability (asset) was based on the Board of Health'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 of the Board of Health's defined benefit pension plans:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.00270200%	0.00111346%	
Prior Measurement Date	<u>0.00258966%</u>	<u>0.00086391%</u>	
Change in Proportionate Share	<u>0.00011234%</u>	<u>0.00024955%</u>	
Proportionate Share of the:			
Net Pension Liability	\$798,172	\$0	\$798,172
Net Pension (Asset)	\$0	(\$2,624)	(\$2,624)
Pension Expense	\$119,770	\$200	\$119,970

2023 pension expense for the member-directed defined contribution plan was \$2,247. The aggregate pension expense for all pension plans was \$122,217 for 2023.

At December 31, 2023, the Board of Health reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$26,512	\$162	\$26,674
Changes of assumptions	8,432	173	8,605
Net difference between projected and actual earnings on pension plan investments	227,504	956	228,460
Changes in proportion and differences between Board of Health contributions and proportionate share of contributions	12,543	92	12,635
Board of Health contributions subsequent to the measurement date	<u>64,222</u>	<u>640</u>	<u>64,862</u>
Total Deferred Outflows of Resources	<u>\$339,213</u>	<u>\$2,023</u>	<u>\$341,236</u>

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

	OPERS Traditional Plan	OPERS Combined Plan	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$375	\$375
Changes in proportion and differences between Board of Health contributions and proportionate share of contributions	0	1,105	1,105
Total Deferred Inflows of Resources	\$0	\$1,480	\$1,480

\$64,862 reported as deferred outflows of resources related to pension resulting from Board of Health contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 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 Plan	OPERS Combined Plan	Total
Year Ending December 31:			
2024	\$39,603	(\$99)	\$39,504
2025	56,976	40	57,016
2026	66,964	108	67,072
2027	111,448	257	111,705
2028	0	(160)	(160)
Thereafter	0	(243)	(243)
Total	\$274,991	(\$97)	\$274,894

Sensitivity of the Board of Health's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following table presents the Board of Health's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the Board of Health's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.9 percent) or one percentage point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Board of Health's proportionate share of the net pension liability (asset):			
OPERS Traditional Plan	\$1,195,634	\$798,172	\$467,554
OPERS Combined Plan	(1,370)	(2,624)	(3,619)

Defined Benefit OPEB Plan

Plan descriptions and actuarial information for the Board of Health's defined benefit OPEB plan are the same as the City's (see Note 17).

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The Board of Health's contractually required contribution was \$792 for 2023. Of this amount, \$97 is reported as an intergovernmental payable.

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. The Board of Health's proportion of the net OPEB liability was based on the Board of Health'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
Proportion of the Net OPEB Liability/Asset:	
Current Measurement Date	0.00266379%
Prior Measurement Date	0.00254493%
Change in Proportionate Share	0.00011886%
Proportionate Share of the Net OPEB Liability	\$16,796
OPEB Expense	(\$30,106)

At December 31, 2023, the Board of Health reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Changes of assumptions	\$16,405
Net difference between projected and actual earnings on OPEB plan investments	33,357
Changes in proportion and differences between Board of Health contributions and proportionate share of contributions	267
Board of Health contributions subsequent to the measurement date	792
Total Deferred Outflows of Resources	\$50,821
Deferred Inflows of Resources	
Differences between expected and actual experience	\$4,190
Changes of assumptions	1,349
Total Deferred Inflows of Resources	\$5,539

\$792 reported as deferred outflows of resources related to OPEB resulting from Board of Health contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

City of Massillon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

	OPERS
Year Ending December 31:	
2024	\$5,745
2025	12,228
2026	10,402
2027	16,115
Total	\$44,490

Sensitivity of the Board of Health’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Board of Health’s proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the Board of Health’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (4.22 percent) or one percentage point higher (6.22 percent) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Board of Health's proportionate share of the net OPEB liability (asset)	\$57,165	\$16,796	(\$16,516)

Sensitivity of the Board of Health’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Board of Health's proportionate share of the net OPEB liability	\$15,743	\$16,796	\$17,981

Required Supplementary Information

City of Massillon, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
*Last Ten Years **

	2023	2022	2021	2020
City's Proportion of the Net Pension Liability	0.05324000%	0.05495834%	0.05455151%	0.05538618%
City's Proportionate Share of the Net Pension Liability	\$15,727,119	\$4,781,598	\$8,077,891	\$10,947,454
City's Covered Payroll	\$8,281,407	\$7,976,107	\$7,683,279	\$7,792,779
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	189.91%	59.95%	105.14%	140.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.05537472%	0.05671800%	0.05601800%	0.05505400%	0.05640300%	0.05640300%
\$15,166,013	\$8,897,955	\$12,720,735	\$9,536,047	\$6,802,833	\$6,649,179
\$7,831,771	\$7,495,369	\$7,241,500	\$6,851,467	\$6,915,008	\$6,977,329
193.65%	118.71%	175.66%	139.18%	98.38%	95.30%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

City of Massillon, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Asset
Ohio Public Employees Retirement System - Combined Plan
*Last Six Years (1) **

	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's Proportion of the Net Pension Asset	0.02193954%	0.01833409%	0.01234051%
City's Proportionate Share of the Net Pension (Asset)	(\$51,710)	(\$72,237)	(\$35,623)
City's Covered Payroll	\$102,043	\$83,586	\$54,379
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	50.67%	86.42%	65.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.14%	169.88%	157.67%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

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

See accompanying notes to the required supplementary information

2020	2019	2018
0.01211991%	0.01225170%	0.01197400%
(\$25,273)	(\$13,700)	(\$16,300)
\$53,950	\$54,871	\$49,038
46.85%	24.97%	33.24%
145.28%	126.64%	137.28%

City of Massillon, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)
Ohio Public Employees Retirement System - OPEB Plan
*Last Seven Years (1) **

	2023	2022	2021
City's Proportion of the Net OPEB Liability/Asset	0.05248721%	0.05400907%	0.05331288%
City's Proportionate Share of the:			
Net OPEB Liability	\$330,942	\$0	\$0
Net OPEB (Asset)	\$0	(\$1,691,647)	(\$949,812)
City's Covered Payroll	\$8,766,050	\$8,422,193	\$8,062,783
City's Proportionate Share of the Net OPEB Liability/ Asset as a Percentage of its Covered Payroll	3.78%	20.09%	11.78%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%

(1) Although this schedule is intended to show information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.05398806%	0.05401098%	0.05506000%	0.05457000%
\$7,457,154 \$0	\$7,041,756 \$0	\$5,979,111 \$0	\$5,511,755 \$0
\$8,156,454	\$8,203,317	\$7,798,532	\$7,542,000
91.43%	85.84%	76.67%	73.08%
47.80%	46.33%	54.14%	54.04%

City of Massillon, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund
*Last Ten Years **

	2023	2022	2021	2020
City's Proportion of the Net Pension Liability	0.2845631%	0.2816057%	0.2899345%	0.2834343%
City's Proportionate Share of the Net Pension Liability	\$27,030,736	\$17,593,095	\$19,765,095	\$19,093,649
City's Covered Payroll	\$7,672,042	\$7,103,939	\$7,017,072	\$6,657,638
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	352.33%	247.65%	281.67%	286.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.2767090%	0.2714710%	0.2740040%	0.2687600%	0.2791415%	0.2791415%
\$22,586,766	\$16,661,402	\$17,355,140	\$17,289,519	\$14,460,694	\$13,595,067
\$6,202,343	\$5,876,511	\$5,865,422	\$5,819,720	\$5,479,273	\$6,334,725
364.17%	283.53%	295.89%	297.09%	263.92%	214.61%
63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

City of Massillon, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
Ohio Police and Fire Pension Fund
*Last Seven Years (1) **

	2023	2022	2021
City's Proportion of the Net OPEB Liability	0.2845631%	0.2816057%	0.2899345%
City's Proportionate Share of the Net OPEB Liability	\$2,026,007	\$3,086,641	\$3,071,903
City's Covered Payroll	\$7,672,042	\$7,103,939	\$7,017,072
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	26.41%	43.45%	43.78%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.59%	46.90%	45.40%

(1) Although this schedule is intended to show information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.2834343%	0.2767090%	0.2714710%	0.2740040%
\$2,799,687	\$2,519,860	\$15,381,167	\$13,006,354
\$6,657,638	\$6,202,343	\$5,876,511	\$5,865,422
42.05%	40.63%	261.74%	221.75%
47.08%	46.57%	14.13%	15.96%

City of Massillon, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System
Last Ten Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$1,265,420	\$1,159,397	\$1,116,655	\$1,075,659
Contributions in Relation to the Contractually Required Contribution	<u>(1,265,420)</u>	<u>(1,159,397)</u>	<u>(1,116,655)</u>	<u>(1,075,659)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$9,038,714	\$8,281,407	\$7,976,107	\$7,683,279
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net Pension Asset - Combined Plan				
Contractually Required Contribution	\$12,611	\$14,286	\$11,702	\$7,613
Contributions in Relation to the Contractually Required Contribution	<u>(12,611)</u>	<u>(14,286)</u>	<u>(11,702)</u>	<u>(7,613)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$105,092	\$102,043	\$83,586	\$54,379
Pension Contributions as a Percentage of Covered Payroll	<u>12.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability/Asset - OPEB Plan (1)				
Contractually Required Contribution	\$15,597	\$15,304	\$14,500	\$13,005
Contributions in Relation to the Contractually Required Contribution	<u>(15,597)</u>	<u>(15,304)</u>	<u>(14,500)</u>	<u>(13,005)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (2)	\$9,556,528	\$8,766,050	\$8,422,193	\$8,062,783
OPEB Contributions as a Percentage of Covered Payroll	<u>0.16%</u>	<u>0.17%</u>	<u>0.17%</u>	<u>0.16%</u>

(1) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(2) The OPEB plan includes the members from the traditional plan, the combined plan and the member-directed plan. The member-directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

Note: Prior to 2019, the City of Massillon Board of Health was included.

See accompanying notes to the required supplementary information

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$1,090,989	\$1,096,448	\$974,398	\$868,980	\$822,176	\$829,801
<u>(1,090,989)</u>	<u>(1,096,448)</u>	<u>(974,398)</u>	<u>(868,980)</u>	<u>(822,176)</u>	<u>(829,801)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,792,779	\$7,831,771	\$7,495,369	\$7,241,500	\$6,851,467	\$6,915,008
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
\$7,553	\$7,682	\$6,375	\$10,299	\$18,387	\$19,099
<u>(7,553)</u>	<u>(7,682)</u>	<u>(6,375)</u>	<u>(10,299)</u>	<u>(18,387)</u>	<u>(19,099)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$53,950	\$54,871	\$49,038	\$85,825	\$153,225	\$159,158
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
\$12,389	\$12,667	\$85,609	\$155,134		
<u>(12,389)</u>	<u>(12,667)</u>	<u>(85,609)</u>	<u>(155,134)</u>		
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		
\$8,156,454	\$8,203,317	\$7,798,532	\$7,542,000		
<u>0.15%</u>	<u>0.15%</u>	<u>1.10%</u>	<u>2.06%</u>		

City of Massillon, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Pension Liability				
Contractually Required Contribution	\$1,890,152	\$1,637,878	\$1,520,097	\$1,503,298
Contributions in Relation to the Contractually Required Contribution	<u>(1,890,152)</u>	<u>(1,637,878)</u>	<u>(1,520,097)</u>	<u>(1,503,298)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$8,813,527	\$7,672,042	\$7,103,939	\$7,017,072
Pension Contributions as a Percentage of Covered Payroll	<u>21.45%</u>	<u>21.35%</u>	<u>21.40%</u>	<u>21.42%</u>
Net OPEB Liability				
Contractually Required Contribution	\$44,068	\$38,360	\$35,520	\$35,085
Contributions in Relation to the Contractually Required Contribution	<u>(44,068)</u>	<u>(38,360)</u>	<u>(35,520)</u>	<u>(35,085)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>21.95%</u>	<u>21.85%</u>	<u>21.90%</u>	<u>21.92%</u>

(1) The City's covered payroll is the same for pension and OPEB.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
\$1,424,350	\$1,324,679	\$1,254,365	\$1,250,243	\$1,239,138	\$1,168,189
<u>(1,424,350)</u>	<u>(1,324,679)</u>	<u>(1,254,365)</u>	<u>(1,250,243)</u>	<u>(1,239,138)</u>	<u>(1,168,189)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,657,638	\$6,202,343	\$5,876,511	\$5,865,422	\$5,819,720	\$5,479,273
<u>21.39%</u>	<u>21.36%</u>	<u>21.35%</u>	<u>21.32%</u>	<u>21.29%</u>	<u>21.32%</u>
\$33,288	\$31,012	\$29,382	\$29,327	\$29,098	\$27,396
<u>(33,288)</u>	<u>(31,012)</u>	<u>(29,382)</u>	<u>(29,327)</u>	<u>(29,098)</u>	<u>(27,396)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
<u>21.89%</u>	<u>21.86%</u>	<u>21.85%</u>	<u>21.82%</u>	<u>21.79%</u>	<u>21.82%</u>

City of Massillon, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

Changes in Assumptions – OPERS Pension – Traditional Plan

Amounts reported beginning in 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented as follows:

	2022	2019 through 2021	2018 and 2017	2016 and prior
Wage Inflation	2.75 percent	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:				
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related to COLA or Ad Hoc COLA for Post-January 7, 2013, Retirees are as follows:

2023	3.0 percent, simple through 2023 then 2.05 percent, simple
2022	3.0 percent, simple through 2022 then 2.05 percent, simple
2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent 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 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 these tables.

Amounts reported for 2017 through 2021 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as

City of Massillon, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the previously described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Changes in Assumptions – OPERS Pension – Combined Plan

	2022	2019 through 2021	2018
Wage Inflation	2.75 percent	3.25 percent	3.25 percent
Future Salary Increases	2.75 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

For 2022, 2021 and 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013, retirees as the Traditional Plan.

Changes in Assumptions – OP&F Pension

Amounts reported beginning in 2018 incorporate changes in assumptions used by OP&F in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented as follows:

	Beginning in 2018	2017 and Prior
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost-of-Living Adjustments	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

City of Massillon, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

Beginning in 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022 and forward.

Beginning in 2023, 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 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, 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 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, 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.

Prior to 2023, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

Prior to 2023, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

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

City of Massillon, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

Changes in Assumptions – OPERS OPEB

Wage Inflation:	
2023 and 2022	2.75 percent
2021 and prior	3.25 percent
Projected Salary Increases (including wage inflation):	
2023 and 2022	2.75 to 10.75 percent
2021 and prior	3.25 to 10.75 percent
Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2023	4.05 percent
2022	1.84 percent
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2023	5.22 percent
2022	6.00 percent
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2023	5.5 percent, initial 3.5 percent, ultimate in 2036
2022	5.5 percent, initial 3.5 percent, ultimate in 2034
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

Changes in Assumptions – OP&F OPEB

Blended Discount Rate:	
2023	4.27 percent
2022	2.84 percent
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

City of Massillon, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

For 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022 and 2023.

Changes in Benefit Terms – OPERS OPEB

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

Changes in Benefit Terms – OP&F OPEB

For 2019, OP&F recognized a change in benefit terms. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years.

City of Massillon, Ohio
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
<i>(Passed through Ohio Department of Health)</i>			
Special Supplemental Nutrition Program for Women Infants and Children	10.557	01-76201FCL389	\$ <u>158,132</u>
Total U.S. Department of Agriculture			<u>158,132</u>
<u>U.S. Department of Housing and Urban Development</u>			
CDBG - Entitlement Grants Cluster: Community Development Block Grants/ Entitlement Grants			
	14.218	B-21-MC-39-0029	1,125,484
<i>(Passed through Stark County HOME Consortium)</i>			
HOME Investment Partnerships Program	14.239	M04DC390204	<u>121,735</u>
Total U.S. Department of Housing and Urban Development			<u>1,247,219</u>
<u>U.S. Department of Justice</u>			
<i>(Passed through Ohio Department of Public Safety)</i>			
Violence Against Women Formula Grants	16.588	2021-WF-VA2-8225	<u>74,784</u>
Total U.S. Department of Justice			<u>74,784</u>
<u>U.S. Department of Transportation</u>			
<i>(Passed through Ohio Department of Transportation)</i>			
Highway Planning and Construction	20.205	PID 100471	11,568
Highway Planning and Construction	20.205	PID 116456	<u>365,033</u>
Total U.S. Department of Transportation			<u>376,601</u>
<u>U.S. Department of Treasury</u>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		2,714,661
<i>(Passed through Ohio Department of Public Safety)</i>			
COVID-19 - Ohio EMA ARPA Frist Responder Rentention Incentive	21.027		336,000
<i>(Passed through Ohio Office of Budget and Management)</i>			
COVID-19 - ARPA Ohio Ambulance Transportation Program	21.027		<u>20,481</u>
Total U.S. Department of Treasury			<u>3,071,142</u>
<u>U.S. Department of Health and Human Services</u>			
<i>(Passed through Ohio Department of Health)</i>			
COVID-19 Enhanced Operations	93.323	07620032EO0123	17,818
Public Health Workforce Grant	93.967	07620032WF0123	<u>71,768</u>
Total U.S. Department of Health and Human Services			<u>89,586</u>
Total			\$ <u>5,017,464</u>

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the City of Massillon, Ohio (the “City”) under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – 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.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the City Council
City of Massillon, Ohio:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Massillon, Ohio (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 20, 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 purpose of expressing our opinions 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 entity'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 grants 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*.

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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio

June 20, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the City Council
City of Massillon, Ohio:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Massillon, Ohio's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2023. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City 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 Each 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 Auditors' 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

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.

Auditors' 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 a 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 Auditors' 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.

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 20, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued :	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with the Uniform Guidance?	no
Identification of major programs:	
<i>ALN 21.027 – COVID-19 Coronavirus State and Local Fiscal Recovery Funds</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

OHIO AUDITOR OF STATE KEITH FABER



CITY OF MASSILLON

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/23/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov