



CLARK SCHAEFER HACKETT  
BUSINESS ADVISORS

# **CITY OF MASSILLON, OHIO**

STARK COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2024





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City Council  
City of Massillon  
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Massillon, OH 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, 2024 through December 31, 2024. 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.

KEITH FABER  
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

**August 20, 2025**

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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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Street Construction 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 statements 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 16, 2025 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 16, 2025

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**City of Massillon, Ohio**  
*Management's Discussion and Analysis*  
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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, 2024. 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 2024 are as follows:

- The general fund reported an end of year unencumbered cash balance of \$4,050,398 (budget basis). All departments have contributed by controlling expenditures in 2024. In addition, the City was able to transfer \$30,000 to the budget stabilization fund from the general fund, yielding an ending balance of \$540,000 in the budget stabilization fund.
- The City's income tax revenue has increased by 3.42 percent from 2023 (cash basis). The City is still in the process of spending the American Rescue Plan Act (ARPA) funds that were received. As of the end of 2024, funds from this program have been allocated for several sewer and stormwater projects, street improvement, park improvement, the purchase of a health department building, and animal control.
- Entity-wide net position increased as revenues continued to exceed expenses, despite a decline in revenues, mainly related to operating grants, and marginal increase in program expenses. Operating grants were lower for 2024 after having elevated amounts in the prior year related to the recognition of ARPA revenue, community development block grants, emergency management agency first responders grants, and a Stark County Land Reutilization grant.

### **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 four 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 2024?" 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.

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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, street construction 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-wide financial statements. By doing

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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 2024 compared to 2023.

	Table 1 Net Position					
	Governmental Activities		Business-Type Activities		Total*	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and Other Assets	\$49,479,899	\$48,084,146	\$32,424,365	\$32,115,262	\$81,904,264	\$80,199,408
Net Pension Asset	57,691	42,152	12,447	9,558	70,138	51,710
Net OPEB Asset	400,674	0	86,450	0	487,124	0
Capital Assets, Net	68,194,003	61,453,202	59,246,101	62,152,816	127,440,104	123,606,018
<i>Total Assets</i>	<i>118,132,267</i>	<i>109,579,500</i>	<i>91,769,363</i>	<i>94,277,636</i>	<i>209,901,630</i>	<i>203,857,136</i>
<b>Deferred Outflows of Resources</b>						
Deferred Charge on Refunding	48,540	72,810	0	0	48,540	72,810
Pension	13,978,892	14,480,039	792,426	1,197,117	14,756,803	15,659,597
OPEB	1,793,415	2,322,455	77,578	184,105	1,870,225	2,504,109
<i>Total Deferred Outflows of Resources</i>	<i>15,820,847</i>	<i>16,875,304</i>	<i>870,004</i>	<i>1,381,222</i>	<i>16,675,568</i>	<i>18,236,516</i>
<b>Liabilities</b>						
Current and Other Liabilities	16,491,697	15,729,993	687,876	455,620	17,179,573	16,185,613
Long-Term Liabilities:						
Due Within One Year	2,865,017	1,918,286	1,941,296	3,017,008	4,806,313	4,935,294
Due in More Than One Year:						
Net Pension Liability	41,895,826	39,851,057	2,543,866	2,906,798	44,439,692	42,757,855
Net OPEB Liability	2,275,137	2,295,782	0	61,167	2,275,137	2,356,949
Other Amounts	13,799,324	13,123,643	23,048,132	24,839,749	36,847,456	37,963,392
<i>Total Liabilities</i>	<i>77,327,001</i>	<i>72,918,761</i>	<i>28,221,170</i>	<i>31,280,342</i>	<i>105,548,171</i>	<i>104,199,103</i>
<b>Deferred Inflows of Resources</b>						
Property Taxes	3,766,311	3,155,396	0	0	3,766,311	3,155,396
Payment in Lieu of Taxes	987,917	1,060,697	0	0	987,917	1,060,697
Pension	1,118,141	1,642,194	45,692	106,961	1,149,318	1,731,596
OPEB	2,182,045	2,232,711	49,650	23,113	2,230,927	2,253,373
<i>Total Deferred Inflows of Resources</i>	<i>8,054,414</i>	<i>8,090,998</i>	<i>95,342</i>	<i>130,074</i>	<i>8,134,473</i>	<i>8,201,062</i>
<b>Net Position</b>						
Net Investment in Capital Assets	55,006,230	48,943,524	46,440,131	47,882,247	101,446,361	96,825,771
Restricted	14,740,747	13,110,839	98,897	9,558	14,839,644	13,120,397
Unrestricted (Deficit)	(21,175,278)	(16,609,318)	17,783,827	16,356,637	(3,391,451)	(252,681)
<i>Total Net Position</i>	<i>\$48,571,699</i>	<i>\$45,445,045</i>	<i>\$64,322,855</i>	<i>\$64,248,442</i>	<i>\$112,894,554</i>	<i>\$109,693,487</i>

\* 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.

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***New Accounting Pronouncements***

For 2024, the City implemented GASB Statement No. 101 *Compensated Absences*. The City also implemented GASB Statement No. 100 *Accounting Changes and Error Corrections*, which does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle. The implementation of GASB 101 resulted in recognizing additional compensated absences liabilities of \$2,835,071 in governmental activities and \$86,393 in business-type activities at January 1, 2024. These amounts also impacted beginning net position for the cumulative effect of additional compensated absences expense. (See Note 3.)

***Governmental and Business-Type Activities***

The net pension liability (NPL) is one of the largest single liabilities reported by the City at December 31, 2024. 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 primarily attributable to road improvements. Current and other assets also contributed with increases in income taxes receivable and property taxes receivable. Higher liabilities for 2024 resulted from the rise in the net pension liability, as well as an increase in the compensated absences liability. As indicated previously, changes in benefits, contribution rates, and return on investments affect the balances of the net pension liability. The change in the compensated absences liability was primarily due to the implementation of GASB 101. (See the prior discussion of new accounting pronouncements.)

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 2024, 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, 2024, represent capital assets that are used to provide services to citizens and are not available for future spending. Although the

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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 marginally in 2024 with the cumulative benefit of the reduction in liabilities and deferred inflows outweighing the decline in assets and deferred outflows. 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 mainly 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.

Table 2 shows the changes in net position for the year ended December 31, 2024, compared to 2023.

Table 2 Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Program Revenues:						
Charges for Services and Sales	\$8,115,519	\$8,199,870	\$9,926,790	\$10,177,772	\$18,042,309	\$18,377,642
Operating Grants, Contributions and Interest	4,097,208	6,212,571	416,531	729,668	4,513,739	6,942,239
Capital Grants and Contributions	2,871,717	3,248,520	166,265	355,351	3,037,982	3,603,871
Total Program Revenues	15,084,444	17,660,961	10,509,586	11,262,791	25,594,030	28,923,752
General Revenues:						
Property Taxes	3,237,578	2,814,615	0	0	3,237,578	2,814,615
Income Taxes	25,798,298	24,234,799	0	0	25,798,298	24,234,799
Permissive Motor Vehicle License Tax	164,262	135,684	0	0	164,262	135,684
Intergovernmental	1,043,217	986,050	0	0	1,043,217	986,050
Unrestricted Contributions	0	4,564	0	0	0	4,564
Payment in Lieu of Taxes	1,002,494	1,073,478	0	0	1,002,494	1,073,478
Investment Earnings/Interest	2,346,421	2,545,421	0	0	2,346,421	2,545,421
Other	290,824	474,552	6,686	23,894	297,510	498,446
Total General Revenues	33,883,094	32,269,163	6,686	23,894	33,889,780	32,293,057
Total Revenues	48,967,538	49,930,124	10,516,272	11,286,685	59,483,810	61,216,809
<b>Program Expenses</b>						
Governmental Activities:						
General Government:						
Primary Government	10,015,015	10,512,288	0	0	10,015,015	10,512,288
Intergovernmental	1,520,902	1,349,375	0	0	1,520,902	1,349,375
Security of Persons and Property	17,990,631	17,178,540	0	0	17,990,631	17,178,540
Transportation	5,866,678	5,684,846	0	0	5,866,678	5,684,846
Public Health and Welfare:						
Intergovernmental	608,284	1,266,695	0	0	608,284	1,266,695
Leisure Time Activities	5,655,262	5,123,045	0	0	5,655,262	5,123,045
Basic Utility Service	32,681	31,000	0	0	32,681	31,000
Economic Development and Assistance	759,164	987,655	0	0	759,164	987,655
Urban Redevelopment and Housing	10,244	168,374	0	0	10,244	168,374
Interest	546,952	597,480	0	0	546,952	597,480
Wastewater	0	0	9,826,606	9,334,183	9,826,606	9,334,183
Stormwater Utility	0	0	528,860	948,251	528,860	948,251
Total Program Expenses	43,005,813	42,899,298	10,355,466	10,282,434	53,361,279	53,181,732
Change in Net Position	5,961,725	7,030,826	160,806	1,004,251	6,122,531	8,035,077
Net Position Beginning of Year as Previously Reported	45,445,045	38,414,219	64,248,442	63,244,191	109,693,487	101,658,410
Restatement - Change in Accounting Principle	(2,835,071)	0	(86,393)	0	(2,921,464)	0
Restated Net Position Beginning of Year	42,609,974	38,414,219	64,162,049	63,244,191	106,772,023	101,658,410
Net Position End of Year	\$48,571,699	\$45,445,045	\$64,322,855	\$64,248,442	\$112,894,554	\$109,693,487

**City of Massillon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2024*  
*Unaudited*

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***New Accounting Pronouncements***

The previous table separately reflects the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections* does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle. The 2023 information does not reflect activity related to the additional compensated absences expenses required under GASB 101, *Compensated Absences*. (See also explanation of new accounting pronouncements provided related to Net Position - Table 1 and explanation provided in Note 3.)

***Governmental Activities***

Despite a decline in revenues and minimal increase in program expenses, the net position of governmental activities increased in 2024 as revenues continued to outpace expenses. Revenue decreases were primarily related to operating grants. Operating grants were lower in 2024 after having higher amounts in the prior year related to the recognition of ARPA revenue, community development block grants, emergency management agency first responders grants, and a Stark County Land Reutilization grant. While the decreases in grants revenue had similar decreases in expenses, other increases in program expenses were primarily due to the increases in security of persons and property and leisure time activities expenses.

For 2024, 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 decrease in general government expense is primarily related to high costs of demolishing buildings downtown in the prior year.

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 primarily due to higher salaries and benefits. Salaries and benefits increased due to increased overtime and compensatory time caused by coverage for personnel on leave, additional hires for police to reach minimum manning, and the increase in health insurance premiums.

The increase in leisure time activities expenses was due to a combination of factors including higher contractual services, including park repairs and maintenance, as well as an uptick in salaries and benefits resulting from the minimum wage increase and longevity increases, and increased cost of materials and supplies for the Legends Golf Course.

Charges for services represent 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 decreased for 2024 due to the decline in operating and capital grants. See the previous discussion of the decline in operating grants. The decrease in capital grants and contributions was related to transportation grants.



**City of Massillon, Ohio**  
*Management's Discussion and Analysis*  
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General revenues accounted for a major portion of total governmental revenues. These revenues primarily consist of income tax revenue, which grew in 2024 due to an increase in withholdings. Another primary source of general revenue is property tax revenue, which also increased in 2024 as a result of the increase in property taxes levied for the Massillon Museum.

***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. Despite a decline in revenues and marginal increase in expenses, net position grew as revenues continued to cover expenses for 2024. The decline in revenues was due to lower operating grants and capital grants and contributions related to ARPA funding used for stormwater and wastewater projects, as well as a decline in charges for services revenues related to the County's share of wastewater plant costs. Expenses increased mainly due to increases in salaries and benefits and compensated absences.

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 \$1.45 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 decreased from the prior year due to the decrease in revenues and increase in expenditures for 2024. The primary driver of the decline in revenues was the decrease in investment earnings/interest related to lower interest rates and a lower invested balance. A decline was also seen in charges for services for 2024 due to decreases in charges related to school officers and street lighting and in other revenue related to the prior year's \$200,000 reimbursement from the Stark County Land Reutilization Corporation for demolition costs of a downtown building. The street lighting fee was reduced by 50 percent for 2024. Expenditure increases were also seen, primarily in security of persons and property due to salaries and benefits and in leisure time activities due to capital projects for parks.

The street construction fund had a decrease in fund balance primarily due to an increase in transportation expense for road improvements.

The American Rescue Plan fund had no change in fund balance for 2024. 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 2024 mainly due to the growth in charges for services revenue that resulted primarily from the increase in Legends Golf Course charges for services and good weather. The decrease in expenditures was largely related to new leases in the prior year, but the capital outlay for those new leases was offset by equal other financing sources in the prior year.

**City of Massillon, Ohio**  
*Management's Discussion and Analysis*  
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***Enterprise Funds***

Information about the proprietary funds starts on page 26. These funds are accounted for on an accrual basis. The wastewater fund is the City's only major enterprise fund. The wastewater fund had a decrease in net position due to the increase in expenses and decrease in wastewater charges for services. Costs related to repairs and replacements, including valve replacements, contributed to the increase in contractual services for the wastewater fund, and increases in salaries and benefits and compensated absences caused the increase in personal services. The decline in charges for services resulted from a decline in the County's share of plant costs.

**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.

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 variances between the original budgeted revenue and final budgeted revenue amounts were for intergovernmental revenue and income taxes. Overall, total actual revenues were more 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, and leisure time activities.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of 2024, the City had \$127,440,104 in capital assets (net of accumulated depreciation). Of this total, \$68,194,003 was reported in governmental activities and \$59,246,101 was reported in business-type activities.

For governmental activities, the increase in total capital assets was due in large part to road improvements, progress on the Wampler Park splash pad project, other improvements involving a pickle ball court and restroom at Wampler Park, various park restrooms, an addition for Fire Station 4, and the purchase of street machinery and equipment, and several vehicles including an ambulance, a bucket truck, and several police vehicles. 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.

**City of Massillon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2024*  
*Unaudited*

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***Debt***

At December 31, 2024, the City had total long-term debt obligations outstanding of \$35,950,729. Of this total, \$3,418,306 is due within one year and \$32,532,423 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 and parks and recreation capital improvements funds.

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, 2024, the City's overall legal debt margin was \$72,739,113 with an unvoted debt margin of \$34,959,323. See Note 19 to the basic financial statements for details on the City's long-term obligations.

**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 7.5 percent increase in 2024, 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 2024.

The Legends of Massillon Golf Course, part of the City of Massillon Parks and Recreation Department, had a revenue increase of over 11 percent from 2023.

**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](http://www.massillonohio.gov).

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## **Basic Financial Statements**

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**City of Massillon, Ohio**  
*Statement of Net Position*  
December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total *	City of Massillon Board of Health
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$34,350,464	\$17,134,766	\$51,485,230	\$173,096
Cash and Cash Equivalents in Segregated Accounts	172,490	0	172,490	0
Cash and Cash Equivalents with Escrow Agents	1,005,063	0	1,005,063	0
Materials and Supplies Inventory	440,980	695	441,675	0
Accrued Interest Receivable	269,761	0	269,761	0
Accounts Receivable	1,223,793	2,625,318	3,849,111	0
Permissive Tax Receivable	11,940	0	11,940	0
Internal Balances	(124,978)	124,978	0	0
Intergovernmental Receivable	2,001,114	12,502,428	14,503,542	26,141
Prepaid Items	306,704	36,180	342,884	7,891
Income Taxes Receivable	4,756,172	0	4,756,172	0
Property Taxes Receivable	4,078,479	0	4,078,479	0
Payment in Lieu of Taxes Receivable	987,917	0	987,917	0
Net Pension Asset (See Note 16)	57,691	12,447	70,138	3,778
Net OPEB Asset (See Note 17)	400,674	86,450	487,124	26,232
Nondepreciable Capital Assets	21,186,962	346,904	21,533,866	17,300
Depreciable Capital Assets, Net	47,007,041	58,899,197	105,906,238	582,706
<i>Total Assets</i>	<u>118,132,267</u>	<u>91,769,363</u>	<u>209,901,630</u>	<u>837,144</u>
<b>Deferred Outflows of Resources</b>				
Deferred Charge on Refunding	48,540	0	48,540	0
Pension	13,978,892	792,426	14,756,803 *	273,061
OPEB	1,793,415	77,578	1,870,225 *	23,337
<i>Total Deferred Outflows of Resources</i>	<u>15,820,847</u>	<u>870,004</u>	<u>16,675,568</u>	<u>296,398</u>
<b>Liabilities</b>				
Accounts Payable	751,119	313,144	1,064,263	9,968
Accrued Wages	759,593	90,242	849,835	23,303
Contracts Payable	2,682,563	245,102	2,927,665	0
Intergovernmental Payable	469,713	39,388	509,101	18,669
Matured Compensated Absences Payable	9,887	0	9,887	0
Accrued Interest Payable	50,708	0	50,708	0
Unearned Revenue	11,289,668	0	11,289,668	0
Deposits Held Payable	478,446	0	478,446	0
Long-Term Liabilities:				
Due Within One Year	2,865,017	1,941,296	4,806,313	20,587
Due in More Than One Year:				
Net Pension Liability (See Note 16)	41,895,826	2,543,866	44,439,692	771,922
Net OPEB Liability (See Note 17)	2,275,137	0	2,275,137	0
Other Amounts	13,799,324	23,048,132	36,847,456	93,549
<i>Total Liabilities</i>	<u>77,327,001</u>	<u>28,221,170</u>	<u>105,548,171</u>	<u>937,998</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	3,766,311	0	3,766,311	0
Payment in Lieu of Taxes	987,917	0	987,917	0
Pension	1,118,141	45,692	1,149,318 *	1,635
OPEB	2,182,045	49,650	2,230,927 *	16,532
<i>Total Deferred Inflows of Resources</i>	<u>8,054,414</u>	<u>95,342</u>	<u>8,134,473</u>	<u>18,167</u>
<b>Net Position</b>				
Net Investment in Capital Assets	55,006,230	46,440,131	101,446,361	600,006
Restricted for:				
Capital Projects	3,502,632	0	3,502,632	0
Transportation	6,685,993	0	6,685,993	0
Court Operations	1,313,146	0	1,313,146	0
Security Services	946,283	0	946,283	0
Vacant/Foreclosure Property Programs	705,416	0	705,416	0
Pension and OPEB Plans	458,365	98,897	557,262	30,010
Other Purposes	1,075,464	0	1,075,464	0
Unclaimed Monies	53,448	0	53,448	0
Unrestricted (Deficit)	(21,175,278)	17,783,827	(3,391,451)	(452,639)
<i>Total Net Position</i>	<u>\$48,571,699</u>	<u>\$64,322,855</u>	<u>\$112,894,554</u>	<u>\$177,377</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, 2024

		Program Revenues		
		Charges for	Operating Grants,	Capital Grants
		Services	Contributions	and
	Expenses	and Sales	and Interest	Contributions
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General Government - Primary Government	\$10,015,015	\$3,485,303	\$484,254	\$0
General Government - Intergovernmental	1,520,902	0	3,870	0
Security of Persons and Property	17,990,631	1,431,233	425,121	0
Transportation	5,866,678	27,792	2,281,980	2,771,717
Public Health and Welfare - Intergovernmental	608,284	74,193	448	0
Leisure Time Activities	5,655,262	2,996,475	352,941	100,000
Basic Utility Service	32,681	0	22,344	0
Economic Development and Assistance	759,164	11,000	526,250	0
Urban Redevelopment and Housing	10,244	89,523	0	0
Interest	546,952	0	0	0
<i>Total Governmental Activities</i>	<u>43,005,813</u>	<u>8,115,519</u>	<u>4,097,208</u>	<u>2,871,717</u>
<b>Business-Type Activities:</b>				
Wastewater	9,826,606	9,628,055	0	28,268
Stormwater Utility	528,860	298,735	416,531	137,997
<i>Total Business-Type Activities</i>	<u>10,355,466</u>	<u>9,926,790</u>	<u>416,531</u>	<u>166,265</u>
<i>Total Primary Government</i>	<u><u>\$53,361,279</u></u>	<u><u>\$18,042,309</u></u>	<u><u>\$4,513,739</u></u>	<u><u>\$3,037,982</u></u>
<b>Component Unit:</b>				
City of Massillon Board of Health	<u>\$1,109,697</u>	<u>\$189,946</u>	<u>\$911,202</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

Payment in Lieu of Taxes

Investment Earnings/Interest

Other

*Total General Revenues*

Change in Net Position

*Net Position Beginning of Year as Previously Reported*

Change in Accounting Principle (See Note 3)

*Restated Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Primary Government		Component Unit
	Business-Type Activities	Total	City of Massillon Board of Health
(\$6,045,458)	\$0	(\$6,045,458)	\$0
(1,517,032)	0	(1,517,032)	0
(16,134,277)	0	(16,134,277)	0
(785,189)	0	(785,189)	0
(533,643)	0	(533,643)	0
(2,205,846)	0	(2,205,846)	0
(10,337)	0	(10,337)	0
(221,914)	0	(221,914)	0
79,279	0	79,279	0
(546,952)	0	(546,952)	0
(27,921,369)	0	(27,921,369)	0
0	(170,283)	(170,283)	0
0	324,403	324,403	0
0	154,120	154,120	0
(27,921,369)	154,120	(27,767,249)	0
0	0	0	(8,549)
1,739,321	0	1,739,321	0
398,718	0	398,718	0
1,099,539	0	1,099,539	0
17,955,808	0	17,955,808	0
2,579,808	0	2,579,808	0
1,591,964	0	1,591,964	0
1,711,359	0	1,711,359	0
1,959,359	0	1,959,359	0
164,262	0	164,262	0
1,043,217	0	1,043,217	0
1,002,494	0	1,002,494	0
2,346,421	0	2,346,421	0
290,824	6,686	297,510	1,628
33,883,094	6,686	33,889,780	1,628
5,961,725	160,806	6,122,531	(6,921)
45,445,045	64,248,442	109,693,487	231,855
(2,835,071)	(86,393)	(2,921,464)	(47,557)
42,609,974	64,162,049	106,772,023	184,298
\$48,571,699	\$64,322,855	\$112,894,554	\$177,377

**City of Massillon, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2024*

	General	Street Construction	American Rescue Plan	Parks and Recreation	Other Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$5,192,837	\$3,983,349	\$11,654,203	\$2,528,817	\$10,707,238
Cash and Cash Equivalents:					
In Segregated Accounts	112,049	0	0	0	60,441
With Escrow Agents	0	353,992	0	0	651,071
Materials and Supplies Inventory	94,955	291,314	0	54,711	0
Accrued Interest Receivable	98,878	146,443	0	0	24,440
Accounts Receivable	388,300	0	0	0	835,493
Permissive Tax Receivable	0	0	0	0	11,940
Intergovernmental Receivable	607,449	930,067	0	4,499	459,099
Prepaid Items	254,800	16,923	0	27,530	7,451
Income Taxes Receivable	3,317,429	475,618	0	370,981	592,144
Property Taxes Receivable	2,335,400	0	0	0	1,743,079
Payment in Lieu of Taxes Receivable	0	0	0	0	987,917
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	54,881	0	0	0	0
<i>Total Assets</i>	<u>\$12,456,978</u>	<u>\$6,197,706</u>	<u>\$11,654,203</u>	<u>\$2,986,538</u>	<u>\$16,080,313</u>
<b>Liabilities</b>					
Accounts Payable	\$292,011	\$42,767	\$228,640	\$108,155	\$79,546
Accrued Wages	639,325	53,973	0	59,156	7,139
Contracts Payable	87,778	1,938,387	64,276	0	592,122
Intergovernmental Payable	134,902	24,706	0	27,991	282,114
Interfund Payable	0	0	124,978	0	0
Matured Compensated Absences Payable	9,023	864	0	0	0
Unearned Revenue	0	0	11,236,309	53,359	0
Deposits Held Payable	0	0	0	0	478,446
<i>Total Liabilities</i>	<u>1,163,039</u>	<u>2,060,697</u>	<u>11,654,203</u>	<u>248,661</u>	<u>1,439,367</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	2,151,140	0	0	0	1,615,171
Payment in Lieu of Taxes	0	0	0	0	987,917
Unavailable Revenues	2,459,858	848,746	0	178,961	1,669,042
<i>Total Deferred Inflows of Resources</i>	<u>4,610,998</u>	<u>848,746</u>	<u>0</u>	<u>178,961</u>	<u>4,272,130</u>
<b>Fund Balances</b>					
Nonspendable	403,203	308,237	0	82,241	7,451
Restricted	0	2,980,026	0	0	7,067,727
Committed	60,629	0	0	2,476,675	3,277,313
Assigned	344,427	0	0	0	619,495
Unassigned (Deficit)	5,874,682	0	0	0	(603,170)
<i>Total Fund Balances</i>	<u>6,682,941</u>	<u>3,288,263</u>	<u>0</u>	<u>2,558,916</u>	<u>10,368,816</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$12,456,978</u>	<u>\$6,197,706</u>	<u>\$11,654,203</u>	<u>\$2,986,538</u>	<u>\$16,080,313</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, 2024*

Total Governmental Funds	<b>Total Governmental Fund Balances</b>	\$22,898,936
\$34,066,444	<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
172,490	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	68,194,003
1,005,063	Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
440,980	Delinquent Property Taxes	312,168
269,761	Income Taxes	2,236,696
1,223,793	Intergovernmental	1,426,931
11,940	Opioid Settlement	218,400
2,001,114	Charges for Services	917,758
306,704	Other	44,654
4,756,172	Total	5,156,607
4,078,479	The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	229,139
987,917	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.	48,540
54,881	Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(50,708)
\$49,375,738	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
\$751,119	General Obligation Bonds	(8,264,297)
759,593	Loans	(1,159,545)
2,682,563	Compensated Absences	(5,158,731)
469,713	Leases Payable	(828,418)
124,978	Subscriptions Payable	(171,931)
9,887	Financed Purchases	(303,019)
11,289,668	Police and Fireman's Pension Liability	(778,400)
478,446	Total	(16,664,341)
16,565,967	The net pension/OPEB asset and liability are not due and payable in the current period; therefore, the asset, liability and related deferred outflows/inflows are not reported in the funds:	
3,766,311	Net Pension Asset	57,691
987,917	Net OPEB Asset	400,674
5,156,607	Deferred Outflows - Pension	13,978,892
9,910,835	Deferred Outflows - OPEB	1,793,415
801,132	Net Pension Liability	(41,895,826)
10,047,753	Net OPEB Liability	(2,275,137)
5,814,617	Deferred Inflows - Pension	(1,118,141)
963,922	Deferred Inflows - OPEB	(2,182,045)
5,271,512	Total	(31,240,477)
22,898,936	<i>Net Position of Governmental Activities</i>	\$48,571,699
\$49,375,738		

**City of Massillon, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2024*

	General	Street Construction	American Rescue Plan	Parks and Recreation	Other Governmental Funds
<b>Revenues</b>					
Property Taxes	\$1,768,300	\$0	\$0	\$0	\$1,497,786
Income Taxes	17,092,375	2,456,018	0	1,862,803	3,149,205
Permissive Motor Vehicle License Taxes	0	0	0	0	164,262
Payment in Lieu of Taxes	2,676	0	0	0	999,818
Intergovernmental	1,596,033	1,930,619	1,163,630	0	3,108,015
Investment Earnings/Interest	2,175,539	146,442	0	0	24,571
Licenses and Permits	711,845	0	0	23,041	10,000
Fines and Forfeitures	1,430,406	0	0	0	788,506
Opioid Settlement	0	0	0	0	93,970
Charges for Services	1,877,493	0	0	2,894,532	289,502
Contributions and Donations	101,400	0	0	0	10,000
Other	180,829	8,021	0	48,456	61,260
<i>Total Revenues</i>	<u>26,936,896</u>	<u>4,541,100</u>	<u>1,163,630</u>	<u>4,828,832</u>	<u>10,196,895</u>
<b>Expenditures</b>					
Current:					
General Government	8,771,841	0	375,814	0	669,969
Security of Persons and Property	13,328,568	0	305,764	0	2,016,182
Transportation	1,931,201	5,879,279	138,663	0	204,548
Leisure Time Activities	750,371	0	342,941	4,526,327	11,480
Basic Utility Service	0	0	0	0	32,681
Economic Development and Assistance	188,367	0	0	0	532,752
Urban Redevelopment and Housing	0	0	0	0	9,716
Intergovernmental	604,262	0	448	0	1,524,476
Capital Outlay	0	0	0	0	4,675,868
Debt Service:					
Principal Retirement	75,112	0	0	193,755	1,387,458
Interest	36,446	0	0	34,680	456,217
<i>Total Expenditures</i>	<u>25,686,168</u>	<u>5,879,279</u>	<u>1,163,630</u>	<u>4,754,762</u>	<u>11,521,347</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,250,728</u>	<u>(1,338,179)</u>	<u>0</u>	<u>74,070</u>	<u>(1,324,452)</u>
<b>Other Financing Sources (Uses)</b>					
Financed Purchase Issued	0	0	0	0	122,974
Transfers In	0	0	0	0	1,803,456
Transfers Out	(1,750,512)	0	0	0	(52,944)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,750,512)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,873,486</u>
<i>Net Change in Fund Balances</i>	<u>(499,784)</u>	<u>(1,338,179)</u>	<u>0</u>	<u>74,070</u>	<u>549,034</u>
<i>Fund Balances Beginning of Year</i>					
As Previously Reported	7,183,238	-	0	2,484,846	14,446,224
Change Within Reporting Entity - See Note 3 Nonmajor Fund to Major Fund	0	4,626,442	0	0	(4,626,442)
Change in Accounting Principle - See Note 3	(513)	0	0	0	0
<i>Restated Fund Balances Beginning of Year</i>	<u>7,182,725</u>	<u>4,626,442</u>	<u>0</u>	<u>2,484,846</u>	<u>9,819,782</u>
<i>Fund Balances End of Year</i>	<u>\$6,682,941</u>	<u>\$3,288,263</u>	<u>\$0</u>	<u>\$2,558,916</u>	<u>\$10,368,816</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, 2024*

Total Governmental Funds	<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>(\$1,214,859)</b>
\$3,266,086	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
24,560,401	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 outlay exceeded depreciation/amortization in the current period:		
164,262	Capital Outlay	10,053,775	
1,002,494	Current Year Depreciation/Amortization	(3,280,031)	
7,798,297	Total		6,773,744
2,346,552	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
744,886			(32,943)
2,218,912	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
93,970	Delinquent Property Taxes	(28,508)	
5,061,527	Income Taxes	1,237,897	
111,400	Intergovernmental	102,314	
298,566	Opioid Settlement	(19,777)	
47,667,353	Charges for Services	16,001	
	Other	(7,742)	
	Total		1,300,185
	Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position, such as financed purchase issued, are not reported as revenues in the statement of activities.		
			(122,974)
	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.		
			1,656,325
	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	(24,270)	
	Accrued Interest	11,101	
	Amortization of Discount	(6,440)	
	Total		(19,609)
	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.		
			(314,765)
	Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
	Pension	2,934,188	
	OPEB	55,535	
	Total		2,989,723
	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	(4,940,512)	
	OPEB	(112,590)	
	Total		(5,053,102)
	<b>Change in Net Position of Governmental Activities</b>		
			<b>\$5,961,725</b>
24,113,795			
\$22,898,936			

**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, 2024*

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
<b>Revenues</b>				
Property Taxes	\$1,733,500	\$1,765,955	\$1,765,955	\$0
Income Taxes	16,961,150	17,289,076	17,304,821	15,745
Payments in the Lieu of Taxes	2,600	2,676	2,676	0
Intergovernmental	1,054,600	1,537,559	1,570,028	32,469
Interest	1,776,800	1,810,021	1,810,021	0
Licenses and Permits	696,200	709,241	709,241	0
Fines and Forfeitures	1,382,500	1,408,378	1,408,378	0
Charges for Services	1,836,400	1,870,789	1,870,789	0
Other	169,312	172,470	172,469	(1)
<i>Total Revenues</i>	<u>25,613,062</u>	<u>26,566,165</u>	<u>26,614,378</u>	<u>48,213</u>
<b>Expenditures</b>				
Current:				
General Government	8,982,022	9,492,842	8,919,237	573,605
Security of Persons and Property	13,333,982	13,677,440	13,446,739	230,701
Transportation	1,254,623	1,859,152	1,791,054	68,098
Leisure Time Activities	210,990	787,471	674,172	113,299
Economic Development and Assistance	113,566	186,314	183,403	2,911
Intergovernmental	604,262	604,262	604,262	0
Debt Service:				
Principal Retirement	17,058	17,058	17,058	0
Interest	1,507	1,507	1,507	0
<i>Total Expenditures</i>	<u>24,518,010</u>	<u>26,626,046</u>	<u>25,637,432</u>	<u>988,614</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,095,052	(59,881)	976,946	1,036,827
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>(1,777,238)</u>	<u>(1,791,238)</u>	<u>(1,780,512)</u>	<u>10,726</u>
<i>Net Change in Fund Balance</i>	(682,186)	(1,851,119)	(803,566)	1,047,553
<i>Fund Balance Beginning of Year</i>	4,171,553	4,171,553	4,171,553	0
Prior Year Encumbrances Appropriated	<u>682,411</u>	<u>682,411</u>	<u>682,411</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$4,171,778</u>	<u>\$3,002,845</u>	<u>\$4,050,398</u>	<u>\$1,047,553</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*  
*Street Construction Fund*  
*For the Year Ended December 31, 2024*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Income Taxes	\$2,423,039	\$2,484,219	\$2,486,476	\$2,257
Intergovernmental	1,882,900	1,928,999	1,928,999	0
Interest	107,800	110,439	110,439	0
Other	7,800	8,021	8,021	0
<i>Total Revenues</i>	4,421,539	4,531,678	4,533,935	2,257
<b>Expenditures</b>				
Current:				
Transportation	6,614,641	8,368,633	7,643,927	724,706
<i>Net Change in Fund Balance</i>	(2,193,102)	(3,836,955)	(3,109,992)	726,963
<i>Fund Balance Beginning of Year</i>	2,155,163	2,155,163	2,155,163	0
Prior Year Encumbrances Appropriated	2,193,992	2,193,992	2,193,992	0
<i>Fund Balance End of Year</i>	<u>\$2,156,053</u>	<u>\$512,200</u>	<u>\$1,239,163</u>	<u>\$726,963</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, 2024*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Expenditures</b>				
Current:				
General Government	8,958,114	8,998,914	8,998,914	0
Security of Persons and Property	1,326,440	1,326,440	1,326,440	0
Transportation	2,125,671	2,125,671	2,125,671	0
Leisure Time Activities	570,896	570,896	570,896	0
Intergovernmental	<u>448</u>	<u>448</u>	<u>448</u>	<u>0</u>
<i>Total Expenditures</i>	<u>12,981,569</u>	<u>13,022,369</u>	<u>13,022,369</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(12,981,569)	(13,022,369)	(13,022,369)	0
<i>Fund Balance Beginning of Year</i>	11,814,333	11,814,333	11,814,333	0
Prior Year Encumbrances Appropriated	<u>1,208,036</u>	<u>1,208,036</u>	<u>1,208,036</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$40,800</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></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, 2024*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Income Taxes	\$1,803,008	\$1,884,799	\$1,886,560	\$1,761
Licenses and Permits	22,100	23,041	23,041	0
Charges for Services	2,768,800	2,887,135	2,887,135	0
Other	46,485	48,456	48,456	0
<i>Total Revenues</i>	<u>4,640,393</u>	<u>4,843,431</u>	<u>4,845,192</u>	<u>1,761</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities	4,496,272	4,873,272	4,609,238	264,034
Debt Service:				
Principal Retirement	193,755	193,755	193,755	0
Interest	34,680	34,680	34,680	0
<i>Total Expenditures</i>	<u>4,724,707</u>	<u>5,101,707</u>	<u>4,837,673</u>	<u>264,034</u>
<i>Net Change in Fund Balance</i>	(84,314)	(258,276)	7,519	265,795
<i>Fund Balance Beginning of Year</i>	2,305,293	2,305,293	2,305,293	0
Prior Year Encumbrances Appropriated	84,316	84,316	84,316	0
<i>Fund Balance End of Year</i>	<u>\$2,305,295</u>	<u>\$2,131,333</u>	<u>\$2,397,128</u>	<u>\$265,795</u>

See accompanying notes to the basic financial statements

**City of Massillon, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2024*

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Wastewater	Nonmajor - Stormwater Utility	Total	
<b>Assets</b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$16,734,585	\$400,181	\$17,134,766	\$229,139
Accounts Receivable	2,504,693	120,625	2,625,318	0
Interfund Receivable	0	124,978	124,978	0
Intergovernmental Receivable	12,502,428	0	12,502,428	0
Materials and Supplies Inventory	695	0	695	0
Prepaid Items	36,180	0	36,180	0
<i>Total Current Assets</i>	<u>31,778,581</u>	<u>645,784</u>	<u>32,424,365</u>	<u>229,139</u>
<i>Non-Current Assets:</i>				
Restricted Assets:				
Net Pension Asset	12,447	0	12,447	0
Net OPEB Asset	86,450	0	86,450	0
Nondepreciable Capital Assets	208,907	137,997	346,904	0
Depreciable Capital Assets, Net	56,538,367	2,360,830	58,899,197	0
<i>Total Non-Current Assets</i>	<u>56,846,171</u>	<u>2,498,827</u>	<u>59,344,998</u>	<u>0</u>
<i>Total Assets</i>	<u>88,624,752</u>	<u>3,144,611</u>	<u>91,769,363</u>	<u>229,139</u>
<b>Deferred Outflows of Resources</b>				
Pension	792,426	0	792,426	0
OPEB	77,578	0	77,578	0
<i>Total Deferred Outflows of Resources</i>	<u>870,004</u>	<u>0</u>	<u>870,004</u>	<u>0</u>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts Payable	308,011	5,133	313,144	0
Accrued Wages	90,242	0	90,242	0
Contracts Payable	121,757	123,345	245,102	0
Intergovernmental Payable	39,388	0	39,388	0
Compensated Absences Payable	119,339	0	119,339	0
Loans Payable	1,801,195	20,762	1,821,957	0
<i>Total Current Liabilities</i>	<u>2,479,932</u>	<u>149,240</u>	<u>2,629,172</u>	<u>0</u>
<i>Long-Term Liabilities (net of current portion):</i>				
Compensated Absences Payable	424,970	0	424,970	0
Loans Payable	22,204,110	419,052	22,623,162	0
Net Pension Liability	2,543,866	0	2,543,866	0
<i>Total Long-Term Liabilities</i>	<u>25,172,946</u>	<u>419,052</u>	<u>25,591,998</u>	<u>0</u>
<i>Total Liabilities</i>	<u>27,652,878</u>	<u>568,292</u>	<u>28,221,170</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>				
Pension	45,692	0	45,692	0
OPEB	49,650	0	49,650	0
<i>Total Deferred Inflows of Resources</i>	<u>95,342</u>	<u>0</u>	<u>95,342</u>	<u>0</u>
<b>Net Position</b>				
Net Investment in Capital Assets	44,504,463	1,935,668	46,440,131	0
Restricted for Pension and OPEB Plans	98,897	0	98,897	0
Unrestricted	17,143,176	640,651	17,783,827	229,139
<i>Total Net Position</i>	<u>\$61,746,536</u>	<u>\$2,576,319</u>	<u>\$64,322,855</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, 2024*

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Wastewater	Nonmajor - Stormwater Utility	Total	
<b>Operating Revenues</b>				
Charges for Services	\$9,628,055	\$298,735	\$9,926,790	\$0
Other	6,686	0	6,686	0
<i>Total Operating Revenues</i>	<u>9,634,741</u>	<u>298,735</u>	<u>9,933,476</u>	<u>0</u>
<b>Operating Expenses</b>				
Personal Services	2,649,241	0	2,649,241	0
Contractual Services	2,667,698	386,844	3,054,542	0
Materials and Supplies	847,838	0	847,838	0
Depreciation	3,590,482	142,016	3,732,498	0
Refunds	2,808	0	2,808	0
<i>Total Operating Expenses</i>	<u>9,758,067</u>	<u>528,860</u>	<u>10,286,927</u>	<u>0</u>
<i>Operating Income (Loss)</i>	<u>(123,326)</u>	<u>(230,125)</u>	<u>(353,451)</u>	<u>0</u>
<b>Non-Operating Revenues (Expenses)</b>				
Intergovernmental	0	416,531	416,531	0
Interest Expense	(68,539)	0	(68,539)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(68,539)</u>	<u>416,531</u>	<u>347,992</u>	<u>0</u>
<i>Income (Loss) before Contributions</i>	<u>(191,865)</u>	<u>186,406</u>	<u>(5,459)</u>	<u>0</u>
Capital Contributions	28,268	137,997	166,265	0
<i>Change in Net Position</i>	<u>(163,597)</u>	<u>324,403</u>	<u>160,806</u>	<u>0</u>
<i>Net Position Beginning of Year as Previously Reported</i>	61,996,526	2,251,916	64,248,442	229,139
Change in Accounting Principle (See Note 3)	(86,393)	0	(86,393)	0
<i>Restated Net Position Beginning of Year</i>	<u>61,910,133</u>	<u>2,251,916</u>	<u>64,162,049</u>	<u>229,139</u>
<i>Net Position End of Year</i>	<u>\$61,746,536</u>	<u>\$2,576,319</u>	<u>\$64,322,855</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, 2024*

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Wastewater	Nonmajor - Stormwater Utility	Total	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$9,837,252	\$300,526	\$10,137,778	\$0
Cash Received from Other Operating Sources	7,527	0	7,527	347
Cash Payments for Employee Services and Benefits	(2,595,595)	0	(2,595,595)	0
Cash Payments to Suppliers for Goods and Services	(3,415,689)	(412,497)	(3,828,186)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>3,833,495</u>	<u>(111,971)</u>	<u>3,721,524</u>	<u>347</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Intergovernmental	<u>0</u>	<u>445,684</u>	<u>445,684</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Capital Contributions	1,450,191	14,652	1,464,843	0
Payments for Capital Acquisitions	(410,699)	(289,827)	(700,526)	0
Principal Paid on Loans	(2,991,017)	(20,762)	(3,011,779)	0
Interest Paid on Loans	(68,539)	0	(68,539)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(2,020,064)</u>	<u>(295,937)</u>	<u>(2,316,001)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>1,813,431</u>	<u>37,776</u>	<u>1,851,207</u>	<u>347</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>14,921,154</u>	<u>362,405</u>	<u>15,283,559</u>	<u>228,792</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$16,734,585</u></u>	<u><u>\$400,181</u></u>	<u><u>\$17,134,766</u></u>	<u><u>\$229,139</u></u>

*(continued)*

**City of Massillon, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds (continued)*  
*For the Year Ended December 31, 2024*

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Wastewater	Nonmajor - Stormwater Utility	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating Income (Loss)	(\$123,326)	(\$230,125)	(\$353,451)	\$0
Adjustments:				
Depreciation	3,590,482	142,016	3,732,498	0
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	63,739	1,791	65,530	0
Intergovernmental Receivable	146,299	0	146,299	347
Materials and Supplies Inventory	1,393	0	1,393	0
Prepaid Items	1,151	0	1,151	0
Net Pension Asset	1,191	0	1,191	0
Net OPEB Asset	16,601	0	16,601	0
Deferred Outflows - Pension	277,747	0	277,747	0
Deferred Outflows - OPEB	92,534	0	92,534	0
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	102,095	5,133	107,228	0
Accrued Wages	23,437	0	23,437	0
Contracts Payable	1,247	(30,786)	(29,539)	0
Intergovernmental Payable	5,873	0	5,873	0
Compensated Absences Payable	58,057	0	58,057	0
Net Pension Liability	247,932	0	247,932	0
Deferred Inflows - Pension	(549,269)	0	(549,269)	0
Deferred Inflows - OPEB	(123,688)	0	(123,688)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$3,833,495</u>	<u>(\$111,971)</u>	<u>\$3,721,524</u>	<u>\$347</u>

**Noncash Capital Financing Activities:**

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, 2024, the City had an intergovernmental receivable related to capital contributions of \$11,883,004 in the wastewater fund.

At December 31, 2024, the City had an interfund receivable related to capital contributions of \$123,345 in the stormwater utility 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.

At December 31, 2024, the City had contracts payable related to the acquisition of capital assets of \$120,510 in the wastewater fund and \$123,345 in the stormwater utility fund.

See accompanying notes to the basic financial statements

**City of Massillon, Ohio**  
*Statement of Fiduciary Net Position*  
*Custodial Funds*  
*December 31, 2024*

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**Assets**

Cash and Cash Equivalents in Segregated Accounts	<u>\$162,617</u>
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**Liabilities**

Accounts Payable	53,561
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Intergovernmental Payable	<u>109,056</u>
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<i>Total Liabilities</i>	<u>162,617</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, 2024*

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**Additions**

Fines and Forfeitures for Other Governments	\$1,271,323
Fines and Forfeitures for Others	<u>1,847,546</u>
<i>Total Additions</i>	<u>3,118,869</u>

**Deductions**

Distributions of Fines and Forfeitures to Other Governments	1,271,323
Distributions of Fines and Forfeitures to Others	<u>1,847,546</u>
<i>Total Deductions</i>	<u>3,118,869</u>

<i>Change in Fiduciary Net Position</i>	0
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<i>Net Position at Beginning of Year</i>	<u>0</u>
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<i>Net Position at End of Year</i>	<u><u>\$0</u></u>
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See accompanying notes to the basic financial statements

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**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 32,568 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, 2024*

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**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, 2024*

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**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.

**Street Construction Fund** The street construction fund accounts for and reports restricted revenue from income tax and State monies that are used to support transportation costs. In the prior year, this fund was a nonmajor fund; therefore the fund balance beginning of year as previously reported includes a “-“ to indicate this amount is included with nonmajor governmental funds.

**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, 2024*

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***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 total net 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.

***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.

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

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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(see Note 9). 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, 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, 2024, but which were levied to finance 2025 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.

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

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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***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 projects with the Ohio Department of Transportation (ODOT), where ODOT received local funding upfront from the City. The balance in these accounts is presented as "cash and cash equivalents with escrow agents" in the financial statements.

During 2024, the City had investments in money market accounts, U.S. treasury notes/bonds, federal home loan bank bonds, federal farm credit 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 2024 amounted to \$2,175,539, which includes \$1,927,501 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, 2024, 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 include unclaimed monies legally required to be maintained until the end of a five-year holding period and deposits held for individuals. Restricted assets in the wastewater enterprise fund represent amounts held in trust by the pension and OPEB plans for future benefits.

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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***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
<b><i>Tangible Assets</i></b>	
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
<b><i>Intangible Right to Use Lease Assets</i></b>	
Buildings	15 years
Equipment	4 to 10 years
<b><i>Intangible Right to Use Subscription Assets</i></b>	
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*  
*For the Year Ended December 31, 2024*

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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***

For the City, compensated absences include leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The City does not offer noncash settlements. The City uses a first-in first-out flow assumption for compensated absences.

Liabilities should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates and is allowed to be carried over to subsequent years, and the leave is more likely than not to be used for time off or otherwise paid in cash. For the City, this leave includes sick and compensatory time. However, the City also has certain compensated absences that are dependent upon the occurrence of sporadic events that affect a relatively small proportion of employees. A liability for these types of leave is recognized when the leave commences. For the City this type of leave includes military leave, jury duty leave, bereavement/funeral leave, personal leave, and on-the-job injury leave. Holiday leave taken on a specific date, not at the discretion of the employee is recognized as a liability when used. The liability for compensated absences includes salary related payments.

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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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.

Liabilities for compensated absences are recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements and buyouts. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

***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.

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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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.

***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. Nonspendable fund balance in the general fund includes unclaimed monies legally required to be maintained until the end of a five-year holding period offset by any estimated liability for payments to claimants.

***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.

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**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.

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. Of the restricted net position, none has resulted from enabling legislation. Restricted net position for pension and OPEB plans represent the corresponding restricted asset amounts held in trust by the pension and OPEB plans 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. Restricted net position for unclaimed monies represents amounts required to be maintained until the end of a five-year holding period offset by any estimated liability for payments to claimants.

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.



**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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***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 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.

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**Note 3 – Changes in Accounting Principles, Change within the Financial Reporting Entity, and Restatement of Fund Balances and Net Position**

***Changes in Accounting Principles***

For 2024, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and related guidance from GASB Implementation Guide No. 2023-1, *Implementation Guidance Update — 2023*. The City also implemented Question 5.1 from GASB Implementation Guide No. 2021-1, *Implementation Guidance Update — 2021* and GASB Statement No. 101, *Compensated Absences*.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The City reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of GASB Statement No. 100 and GASB Implementation Guides 2021-1 and 2023-1 did not have any effect on beginning net position/fund balance.

GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The effects of implementing the GASB pronouncement are shown on the table on the following page.

***Change within the Financial Reporting Entity***

For 2024, the street construction special revenue fund presentation was adjusted from nonmajor to major due to meeting the quantitative threshold for a major fund.

***Restatement of Fund Balances and Net Position***

For the City, GASB Statement No. 101 increased the compensated absences liability, and the cumulative effects of compensated absences related expense on beginning net position/fund balances are shown on the table on the following page. Also, the street construction special revenue fund presentation was adjusted from nonmajor to major; this change is shown on the table on the following page.

**City of Massillon, Ohio**  
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For the Year Ended December 31, 2024

		Change within the Financial Reporting Entity	Change in Accounting Principle	
	12/31/2023 As Previously Reported	Changes between Major and NonMajor Funds	GASB 101	12/31/2023 As Restated/ Adjusted
<b>Government-Wide</b>				
Governmental Activities	\$45,445,045	\$0	(\$2,835,071)	\$42,609,974
Business-Type Activities	64,248,442	0	(86,393)	64,162,049
<b>Total Primary Government</b>	<b>\$109,693,487</b>	<b>\$0</b>	<b>(\$2,921,464)</b>	<b>\$106,772,023</b>
<b>Discretely Presented Component Unit</b>				
City of Massillon Board of Health	\$231,855	\$0	(\$47,557)	\$184,298
<b>Governmental Funds</b>				
Major Funds:				
General	\$7,183,238	\$0	(\$513)	\$7,182,725
Street Construction	-	4,626,442	0	4,626,442
American Rescue Plan	0	0	0	0
Parks and Recreation	2,484,846	0	0	2,484,846
All Other Governmental Funds	14,446,224	(4,626,442)	0	9,819,782
<b>Total Governmental Funds</b>	<b>\$24,114,308</b>	<b>\$0</b>	<b>(\$513)</b>	<b>\$24,113,795</b>
<b>Proprietary Funds</b>				
Enterprise Funds:				
Wastewater	\$61,996,526	\$0	(\$86,393)	\$61,910,133
Nonmajor - Stormwater Utility	2,251,916	0	0	2,251,916
<b>Total Enterprise Funds</b>	<b>\$64,248,442</b>	<b>\$0</b>	<b>(\$86,393)</b>	<b>\$64,162,049</b>
<b>Total Internal Service Funds</b>	<b>\$229,139</b>	<b>\$0</b>	<b>\$0</b>	<b>\$229,139</b>
<b>Fiduciary Funds</b>				
Custodial	\$0	\$0	\$0	\$0

#### Note 4 – Accountability

As of December 31, 2024, the following funds had deficit fund balances:

	Amount
<i>Special Revenue:</i>	
Community Development	\$1,404
Police Pension	108,459
Fire Pension	158,739
<i>Capital Projects:</i>	
Project Grants	331,602

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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

**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	Street Construction	American Rescue Plan	Parks and Recreation
GAAP Basis	(\$499,784)	(\$1,338,179)	\$0	\$74,070
Adjustment for Revenue Accruals	210,764	(7,165)	(1,163,630)	16,360
Beginning Unrecorded Cash	89,900	0	0	0
Ending Unrecorded Cash	(148,569)	0	0	0
Beginning Fair Value Adjustment for Investments	(594,577)	0	0	0
Ending Fair Value Adjustment for Investments	266,642	0	0	0
Adjustment for Expenditure Accruals	556,984	979,538	(204,536)	48,778
Perspective Differences:				
Budget Stabilization	(30,000)	0	0	0
COBRA and Retiree Life Insurance	(2,009)	0	0	0
Parking Enforcement	(5,643)	0	0	0
Enterprise Zone	(1,000)	0	0	0
Donations	(99,780)	0	0	0
Adjustment for Encumbrances	(546,494)	(2,744,186)	(11,654,203)	(131,689)
Budget Basis	(\$803,566)	(\$3,109,992)	(\$13,022,369)	\$7,519

**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	Street Construction	Parks and Recreation	Other Governmental Funds	Total
<u><b>Nonspendable:</b></u>					
Inventory	\$94,955	\$291,314	\$54,711	\$0	\$440,980
Prepays	254,800	16,923	27,530	7,451	306,704
Unclaimed Monies	53,448	0	0	0	53,448
<i>Total Nonspendable</i>	<u>403,203</u>	<u>308,237</u>	<u>82,241</u>	<u>7,451</u>	<u>801,132</u>
<u><b>Restricted for:</b></u>					
Capital Projects	0	0	0	3,171,030	3,171,030
Transportation	0	2,980,026	0	867,010	3,847,036
Court Operations	0	0	0	1,309,770	1,309,770
Security Services	0	0	0	944,518	944,518
Vacant/Foreclosure Property Programs	0	0	0	88,323	88,323
Other Purposes:					
Indigent Drivers Interlock	0	0	0	492,671	492,671
Public Health	0	0	0	145,534	145,534
Community Improvement	0	0	0	29,368	29,368
Basic Utility Services	0	0	0	12,219	12,219
Massillon Bicentennial	0	0	0	7,284	7,284
<i>Total Restricted</i>	<u>0</u>	<u>2,980,026</u>	<u>0</u>	<u>7,067,727</u>	<u>10,047,753</u>
<u><b>Committed to:</b></u>					
Capital Projects	0	0	0	1,254,170	1,254,170
Debt Service	0	0	0	1,681,554	1,681,554
Police Department	0	0	0	129,494	129,494
Leisure Time Activities	0	0	2,476,675	8,865	2,485,540
Veterans Park and Duncan Plaza	0	0	0	137,661	137,661
Fines and Forfeitures	0	0	0	41,676	41,676
Economic Development	0	0	0	13,461	13,461
Streetscape Project	0	0	0	10,432	10,432
Donor Purposes	60,629	0	0	0	60,629
<i>Total Committed</i>	<u>60,629</u>	<u>0</u>	<u>2,476,675</u>	<u>3,277,313</u>	<u>5,814,617</u>
<u><b>Assigned to:</b></u>					
Purchases on Order:					
City Administration	75,810	0	0	0	75,810
Court Operations	18,776	0	0	0	18,776
Police and Fire Departments	35,044	0	0	0	35,044
Engineering and Street Maintenance	122,689	0	0	0	122,689
Capital Projects	0	0	0	619,495	619,495
Parking Enforcement	49,932	0	0	0	49,932
Community and Economic Development	42,176	0	0	0	42,176
<i>Total Assigned</i>	<u>344,427</u>	<u>0</u>	<u>0</u>	<u>619,495</u>	<u>963,922</u>
Unassigned (Deficit)	<u>5,874,682</u>	<u>0</u>	<u>0</u>	<u>(603,170)</u>	<u>5,271,512</u>
<b>Total Fund Balances</b>	<u><u>\$6,682,941</u></u>	<u><u>\$3,288,263</u></u>	<u><u>\$2,558,916</u></u>	<u><u>\$10,368,816</u></u>	<u><u>\$22,898,936</u></u>

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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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, 2024, was \$540,000.

## **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;
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;

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
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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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**Investments**

Investments are reported at fair value. As of December 31, 2024, 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	\$10,686,603	Less than one year	AAAm or N/A	23.59 %
Fair Value - Level Two Inputs:				
U.S. Treasury Notes/Bonds	10,839,273	Less than five years	AA+	23.92
Federal Home Loan Bank Bonds	7,940,353	Less than five years	AA+	17.53
Federal Farm Credit Bank Bonds	6,234,749	Less than five years	AA+	13.76
Negotiable Certificates of Deposit	5,694,825	Less than five years	N/A	12.57
Federal National Mortgage Association Bonds	1,551,817	Less than four years	AA+	N/A
Federal Home Loan Mortgage Corporation Bonds	1,456,576	Less than four years	AA+	N/A
Tennessee Valley Authority Bonds	472,772	Less than four years	AA+	N/A
Private Export Funding Corporation Bonds	289,159	Less than three years	AA+	N/A
Federal Agricultural Mortgage Corporation Bonds	142,479	Less than three years	N/A	N/A
Total Investments	<u>\$45,308,606</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, 2024. 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 and federal agricultural mortgage corporation bonds are not rated. Ohio law requires the money market mutual funds 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.



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**Note 8 – Internal Activity**

***Interfund Transfers***

	Transfers In
	Other Governmental Funds
Transfers Out	
General	\$1,750,512
Other Governmental Funds	52,944
Total	<u>\$1,803,456</u>

Transfers of \$1,750,512 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, 2024, consisted of a \$124,978 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 2025.

***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, 2024, were as follows:

	Pension		OPEB	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Governmental Activities	\$14,484	\$31	\$0	\$768
Business-Type Activities:				
Wastewater	31	14,484	768	0
Total	<u>\$14,515</u>	<u>\$14,515</u>	<u>\$768</u>	<u>\$768</u>

**Note 9 – Receivables**

Receivables at December 31, 2024, 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. All allowances for uncollectibles represent estimates of uncollectible receivables in the accounts receivable classification.

**City of Massillon, Ohio**  
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	Accounts Receivable	Allowance for Uncollectibles	Net Accounts Receivable
Governmental Activities	\$1,843,849	\$620,056	\$1,223,793
Business-Type Activities	2,625,318	0	2,625,318

***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 \$218,400 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 \$192,468 not expected to be collected within one year of the date of the financial statements.

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2024 for real and public utility property taxes represents collections of 2023 taxes.

2024 real property taxes were levied after October 1, 2024, on the assessed value as of January 1, 2024, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2024 real property taxes are collected in and intended to finance 2025.

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. 2024 public utility property taxes, which became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2024, was \$5.20 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2024 property tax receipts were based are as follows:

Category	Assessed Values
Real Estate:	
Residential/Agricultural	\$492,408,100
Other Real Estate	223,770,780
Tangible Personal Property Public Utility	39,416,920
Total	<u>\$755,595,800</u>

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, 2024, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2024 operations is offset to deferred inflows of

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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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 2024, 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:

<b>Governmental Activities:</b>	
Gasoline Tax	\$873,541
Local Government	385,001
Ohio Public Works Commission Grant	331,602
Homestead and Rollback	174,326
Motor Vehicle License Tax	129,098
Workers' Compensation Refund	44,654
District Share of Court Costs	15,617
Prisoner Transport and Fingerprint Fees	14,915
Domestic Violence Grant	9,574
Judges Insurance Reimbursement	6,348
Police Task Force Reimbursements	6,287
Recycling Grant	4,961
Prosecutor's Contract Reimbursement	4,200
Law Enforcement Continuing Education Reimbursement	990
Total	<u><u>\$2,001,114</u></u>

**City of Massillon, Ohio**  
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*For the Year Ended December 31, 2024*

**Business-Type Activities:**

Wastewater	
Stark County - Loan Commitment	\$11,883,004
Stark County - Maintenance Share	615,081
Workers' Compensation Refund	4,343
Total	<u>\$12,502,428</u>

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, 2024, is \$11,883,004. 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 10 – Tax Abatements**

As of December 31, 2024, 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.

Tax Abatement Program	Amount of 2024 Taxes Abated
<i>Community Reinvestment Area (CRA):</i>	
Massillon Senior	\$7,252
<i>Enterprise Zone Tax Exemptions:</i>	
Snackhouse Properties	57,730
Mast Trucking	2,227
Quest Automotive	1,247

**City of Massillon, Ohio**  
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**Note 11 – Capital Assets**

Capital asset activity for governmental activities for the year ended December 31, 2024, was as follows:

	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024
<b>Governmental Activities</b>				
<i><b>Nondepreciable Capital Assets</b></i>				
Land	\$10,862,789	\$0	\$0	\$10,862,789
Construction in Progress	7,283,741	5,956,717	(2,916,285)	10,324,173
<i>Total Nondepreciable Capital Assets</i>	<u>18,146,530</u>	<u>5,956,717</u>	<u>(2,916,285)</u>	<u>21,186,962</u>
<i><b>Depreciable/Amortizable Capital Assets</b></i>				
<i><b>Tangible Assets</b></i>				
Land Improvements	8,981,417	276,646	0	9,258,063
Buildings and Improvements	17,208,731	786,846	0	17,995,577
Vehicles	9,807,155	676,048	(109,810)	10,373,393
Machinery and Equipment	8,684,981	799,213	(16,943)	9,467,251
Infrastructure	50,660,459	4,474,590	0	55,135,049
<i>Total Tangible Assets</i>	<u>95,342,743</u>	<u>7,013,343</u>	<u>(126,753)</u>	<u>102,229,333</u>
<i><b>Intangible Right to Use</b></i>				
<i><b>Lease Assets</b></i>				
Intangible Right to Use - Buildings	180,000	0	0	180,000
Intangible Right to Use - Equipment	1,094,479	0	0	1,094,479
<i>Total Lease Assets</i>	<u>1,274,479</u>	<u>0</u>	<u>0</u>	<u>1,274,479</u>
<i><b>Subscription Assets</b></i>				
Intangible Right to Use - Software	286,700	0	0	286,700
<i>Total Intangible Assets</i>	<u>1,561,179</u>	<u>0</u>	<u>0</u>	<u>1,561,179</u>
<i>Total Depreciable/Amortizable Capital Assets</i>	<u>96,903,922</u>	<u>7,013,343</u>	<u>(126,753)</u>	<u>103,790,512</u>
<i><b>Less Accumulated Depreciation/Amortization</b></i>				
<i><b>Depreciation</b></i>				
Land Improvements	(6,207,841)	(138,519)	0	(6,346,360)
Buildings and Improvements	(11,320,425)	(370,221)	0	(11,690,646)
Vehicles	(5,722,784)	(540,779)	76,867	(6,186,696)
Machinery and Equipment	(6,259,503)	(449,379)	16,943	(6,691,939)
Infrastructure	(23,816,682)	(1,516,482)	0	(25,333,164)
<i>Total Depreciation</i>	<u>(53,327,235)</u>	<u>(3,015,380)</u>	<u>93,810</u>	<u>(56,248,805)</u>
<i><b>Amortization</b></i>				
<i><b>Intangible Right to Use</b></i>				
<i><b>Lease Assets</b></i>				
Intangible Right to Use - Buildings	(2,460)	(11,969)	0	(14,429)
Intangible Right to Use - Equipment	(228,984)	(195,342)	0	(424,326)
<i>Total Lease Assets</i>	<u>(231,444)</u>	<u>(207,311)</u>	<u>0</u>	<u>(438,755)</u>
<i><b>Subscription Assets</b></i>				
Intangible Right to Use - Software	(38,571)	(57,340)	0	(95,911)
<i>Total Amortization</i>	<u>(270,015)</u>	<u>(264,651)</u>	<u>0</u>	<u>(534,666)</u>
<i>Total Accumulated Depreciation/Amortization</i>	<u>(53,597,250)</u>	<u>(3,280,031) *</u>	<u>93,810</u>	<u>(56,783,471)</u>
<i>Total Depreciable/Amortizable Capital Assets, Net</i>	<u>43,306,672</u>	<u>3,733,312</u>	<u>(32,943)</u>	<u>47,007,041</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$61,453,202</u>	<u>\$9,690,029</u>	<u>(\$2,949,228)</u>	<u>\$68,194,003</u>

**City of Massillon, Ohio**  
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\*Depreciation/amortization expense was charged to governmental activities as follows:

	Depreciation	Amortization		Total
		Lease Assets	Subscription Assets	
General Government - Primary Government	\$89,394	\$11,969	\$0	\$101,363
Security of Persons and Property	526,129	0	57,340	583,469
Transportation	1,810,248	0	0	1,810,248
Leisure Time Activities	588,553	195,342	0	783,895
Economic Development and Assistance	528	0	0	528
Urban Redevelopment and Housing	528	0	0	528
<b>Total</b>	<b>\$3,015,380</b>	<b>\$207,311</b>	<b>\$57,340</b>	<b>\$3,280,031</b>

Capital asset activity for business-type activities for the year ended December 31, 2024, was as follows:

	Balance 1/1/2024	Additions	Deductions	Balance 12/31/2024
<b>Business-Type Activities</b>				
<i><b>Nondepreciable Capital Assets</b></i>				
Land	\$59,400	\$0	\$0	\$59,400
Construction in Progress	207,399	233,863	(153,758)	287,504
<i><b>Total Nondepreciable Capital Assets</b></i>	<i><b>266,799</b></i>	<i><b>233,863</b></i>	<i><b>(153,758)</b></i>	<i><b>346,904</b></i>
<i><b>Depreciable Capital Assets</b></i>				
<i><b>Tangible Assets</b></i>				
Land Improvements	64,105	0	0	64,105
Buildings and Improvements	44,433,699	15,563	0	44,449,262
Vehicles	1,828,885	73,570	0	1,902,455
Machinery and Equipment	6,086,779	277,990	0	6,364,769
Infrastructure	63,322,015	378,555	0	63,700,570
<i><b>Total Depreciable Capital Assets</b></i>	<i><b>115,735,483</b></i>	<i><b>745,678</b></i>	<i><b>0</b></i>	<i><b>116,481,161</b></i>
<i><b>Less Accumulated Depreciation</b></i>				
Land Improvements	(6,541)	(2,475)	0	(9,016)
Buildings and Improvements	(16,348,130)	(1,883,206)	0	(18,231,336)
Vehicles	(1,496,206)	(94,937)	0	(1,591,143)
Machinery and Equipment	(3,345,089)	(387,486)	0	(3,732,575)
Infrastructure	(32,653,500)	(1,364,394)	0	(34,017,894)
<i><b>Total Accumulated Depreciation</b></i>	<i><b>(53,849,466)</b></i>	<i><b>(3,732,498)</b></i>	<i><b>0</b></i>	<i><b>(57,581,964)</b></i>
<i><b>Total Depreciable Capital Assets, Net</b></i>	<i><b>61,886,017</b></i>	<i><b>(2,986,820)</b></i>	<i><b>0</b></i>	<i><b>58,899,197</b></i>
<i><b>Business-Type Activities Capital Assets, Net</b></i>	<i><b>\$62,152,816</b></i>	<i><b>(\$2,752,957)</b></i>	<i><b>(\$153,758)</b></i>	<i><b>\$59,246,101</b></i>

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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## **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, 2023, (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, 2023, (latest information available):

<u>Casualty and Property Coverage</u>	<u>2023</u>
Assets	\$67,306,752
Liabilities	23,172,377
Net Position - Unrestricted	<u>\$44,134,375</u>

At December 31, 2023, 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 \$17.7 million of unpaid claims to be billed to approximately 616 member governments in the future, as of December 31, 2023. 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.

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

Year	Contributions to PEP
2024	\$541,302
2023	513,010
2022	467,140

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 received notice of the claims paid by the Bureau of Workers' Compensation, the City reimbursed the State for claims paid on the City's behalf. The payable was then reclassified from claims payable to intergovernmental payable. This plan involved 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 maintenance of these benefits is accounted for in the retrospective workers' compensation internal service fund.

At December 31, 2024, there was no claims liability remaining, as the final billing for the retrospective rating years occurred in 2024, with a refund for the overpayment of claims. Changes in the fund's intergovernmental liability (receivable) and claims liability amounts for 2023 and 2024 were as follows:

Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Change in Workers' Compensation Estimate	Balance at End of Year
2023	\$13,786	\$0	\$59	(\$14,074)	(\$347)
2024	(347)	0	(347)	0	0

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, 2024.



**City of Massillon, Ohio**  
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***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, 2024.

**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 2024, 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.

***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

**City of Massillon, Ohio**  
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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 2024, the City paid \$17,000 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 sixteen trustees consisting of six appointed or elected City officials and ten 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 2024, 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, plus other small communities in Western Stark County, 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 financial benefits or impose specific financial burdens on the City. During 2024, the City made contributions of \$815,760 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).

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***Net Pension Liability (Asset)/Net OPEB Liability (Asset)***

The net pension liability (asset) and the net OPEB liability (asset) 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.

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 healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net pension/OPEB 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.

***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, 2024, the combined plan was consolidated into the traditional pension plan, as approved by the legislature in House Bill 33. The traditional pension plan includes members of the legacy combined plan, a hybrid defined benefit/defined contribution plan which was closed to new members effective January 1, 2022. New members are no longer able to select the

**City of Massillon, Ohio**  
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combined plan, and current members are no longer able to make a plan change to the combined plan. The combined plan was consolidated into the traditional pension plan effective January 1, 2024, as a separate division. No changes were made to the benefit design features of the combined plan as part of this consolidation so that members in this plan will experience no changes. The City's 2024 net pension liability (asset) for OPERS is measured as of December 31, 2023, and reflects the traditional plan and the combined plan as two separate plans. The City's 2025 financial statements will reflect the effects of the combined plan being consolidated into the traditional pension 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):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Traditional plan state and local members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

Combined plan members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

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.

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When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost-of-living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 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:

	State and Local	
	Traditional	Combined
<b>2024 Statutory Maximum Contribution Rates</b>		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
<b>2024 Actual Contribution Rates</b>		
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.

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Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

For 2024, the City's contractually required contribution was \$1,312,398 for the traditional plan, \$6,675 for the combined plan, and \$45,094 for the member-directed plan. Of these amounts, \$158,169 is reported as an intergovernmental payable for the traditional plan, \$798 for the combined plan, and \$5,439 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 may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before 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, surviving beneficiaries under optional plans, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

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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:

	<u>Police</u>	<u>Firefighters</u>
<b>2024 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2024 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,849,209 for 2024. Of this amount, \$248,371 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, 2024, the specific liability of the City was \$778,400 payable in semi-annual payments through the year 2035.

***Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability (asset) for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

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	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.05475153%	0.02281820%	0.3116068%	
Prior Measurement Date	0.05324000%	0.02193954%	0.2845631%	
Change in Proportionate Share	0.00151153%	0.00087866%	0.0270437%	
Proportionate Share of the:				
Net Pension Liability	\$14,334,174	\$0	\$30,105,518	\$44,439,692
Net Pension (Asset)	0	(70,138)	0	(70,138)
Pension Expense	1,631,147	2,462	3,518,598	5,152,207

2024 pension expense for the member-directed defined contribution plan was \$45,094. The aggregate pension expense for all pension plans was a \$5,197,301 for 2024.

At December 31, 2024, 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
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$234,279	\$2,842	\$966,475	\$1,203,596
Changes of assumptions	0	2,603	1,902,636	1,905,239
Net difference between projected and actual earnings on pension plan investments	2,893,247	11,408	3,411,588	6,316,243
Changes in proportion and differences between City contributions and proportionate share of contributions	176,646	1,368	1,985,429	2,163,443
City contributions subsequent to the measurement date	1,312,398	6,675	1,849,209	3,168,282
Total Deferred Outflows of Resources	\$4,616,570	\$24,896	\$10,115,337	\$14,756,803
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$0	\$6,937	\$336,695	\$343,632
Changes of assumptions	0	0	457,187	457,187
Changes in proportion and differences between City contributions and proportionate share of contributions	58,587	18,730	271,182	348,499
Total Deferred Inflows of Resources	\$58,587	\$25,667	\$1,065,064	\$1,149,318



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\$3,168,282 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 2025. 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:				
2025	\$787,433	(\$915)	\$1,837,532	\$2,624,050
2026	1,023,833	478	1,905,223	2,929,534
2027	1,846,307	3,538	2,706,142	4,555,987
2028	(411,988)	(5,047)	264,333	(152,702)
2029	0	(2,949)	473,624	470,675
Thereafter	0	(2,551)	14,210	11,659
Total	<u>\$3,245,585</u>	<u>(\$7,446)</u>	<u>\$7,201,064</u>	<u>\$10,439,203</u>

***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, 2023, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67:

	OPERS Traditional Plan	OPERS Combined Plan
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 (Current Year)	2.3 percent, simple through 2024, then 2.05 percent, simple	2.3 percent, simple through 2024, then 2.05 percent, simple
Post-January 7, 2013 Retirees (Prior Year)	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

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Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2 percent for 2023.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	2.85%
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other Investments	5.00	3.46
Total	100.00%	

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

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***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%)
<b>City's proportionate share of the net pension liability (asset):</b>			
OPERS Traditional Plan	\$22,565,843	\$14,334,174	\$7,487,819
OPERS Combined Plan	(42,442)	(70,138)	(91,957)

***Actuarial Assumptions – OP&F***

The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful life of the participants, which was 6.03 years at December 31, 2023.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2023, are presented as follows:

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

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.

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.

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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.

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

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

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

Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.10 %
Non-US Equity	12.40	4.90
Private Markets	10.00	7.30
Core Fixed Income *	25.00	2.40
High Yield Fixed Income	7.00	4.10
Private Credit	5.00	6.80
U.S. Inflation Linked Bonds*	15.00	2.10
Midstream Energy Infrastructure	5.00	5.80
Real Assets	8.00	6.00
Gold	5.00	3.50
Private Real Estate	12.00	5.40
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

\* levered 2.0x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective 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 2023, 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 members would be computed based on contribution requirements as stipulated by State statute.

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Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payment of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

Net pension liability is sensitive to changes in the discount rate. 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	\$39,877,000	\$30,105,518	\$21,979,579

**Note 17 – Defined Benefit OPEB Plans**

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

***Ohio Public Employees Retirement System (OPERS)***

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined, and Member-Directed plans. The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

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

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

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

**Age 65 or older Retirees** Minimum of 20 years of qualifying service credit

**Age 60 to 64 Retirees** Based on the following age-and-service criteria:

**Group A** 30 years of total service with at least 20 years of qualified health care service credit;

**Group B** 31 years of total service credit with at least 20 years of qualified health care service credit; or

**Group C** 32 years of total service credit with at least 20 years of qualified health care service credit.

**Age 59 or younger Retirees** Based on the following age-and-service criteria:

**Group A** 30 years of qualified health care service credit;

**Group B** 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52; or

**Group C** 32 years of qualified health care service credit and at least age 55.

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

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

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
<b>Age and Service Requirements December 1, 2014 or Prior</b>	<b>Age and Service Requirements December 1, 2014 or Prior</b>	<b>Age and Service Requirements December 1, 2014 or Prior</b>
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
<b>January 1, 2015 through December 31, 2021</b>	<b>January 1, 2015 through December 31, 2021</b>	<b>January 1, 2015 through December 31, 2021</b>
Age 60 with 20 years of service credit or Any Age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

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

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The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance for both non-Medicare and Medicare retirees.

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

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

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 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.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10 percent each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20 percent per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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

Funding Policy – The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.0 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.

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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.0 percent. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$14,855 for 2024. Of this amount, \$1,791 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 healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

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

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

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.



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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 2024, 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 \$43,316 for 2024. Of this amount, \$5,817 is reported as an intergovernmental payable.

***OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net OPEB liability (asset) 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:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.05397343%	0.3116068%	
Prior Measurement Date	<u>0.05248721%</u>	<u>0.2845631%</u>	
Change in Proportionate Share	<u>0.00148622%</u>	<u>0.0270437%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$0	\$2,275,137	\$2,275,137
Net OPEB (Asset)	(487,124)	0	(487,124)
OPEB Expense	(57,604)	158,277	100,673

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At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$0	\$109,405	\$109,405
Changes of assumptions	125,410	782,897	908,307
Net difference between projected and actual earnings on OPEB plan investments	292,545	168,004	460,549
Changes in proportion and differences between City contributions and proportionate share of contributions	0	333,793	333,793
City contributions subsequent to the measurement date	<u>14,855</u>	<u>43,316</u>	<u>58,171</u>
Total Deferred Outflows of Resources	<u>\$432,810</u>	<u>\$1,437,415</u>	<u>\$1,870,225</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$69,332	\$418,104	\$487,436
Changes of assumptions	209,400	1,465,135	1,674,535
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>9,682</u>	<u>59,274</u>	<u>68,956</u>
Total Deferred Inflows of Resources	<u>\$288,414</u>	<u>\$1,942,513</u>	<u>\$2,230,927</u>

\$58,171 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 or an increase in the net OPEB asset in 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2025	(\$18,719)	\$34,677	\$15,958
2026	19,321	(60,054)	(40,733)
2027	227,721	(22,024)	205,697
2028	(98,782)	(161,385)	(260,167)
2029	0	(176,511)	(176,511)
Thereafter	<u>0</u>	<u>(163,117)</u>	<u>(163,117)</u>
Total	<u>\$129,541</u>	<u>(\$548,414)</u>	<u>(\$418,873)</u>

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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 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 the System and plan members. 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	5.70 percent
Prior Year Single Discount Rate	5.22 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.77 percent
Prior Year Municipal Bond Rate	4.05 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2038
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.

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

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0 percent for 2023.

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

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plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00%	2.82%
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other Investments	5.00	2.43
Total	<u>100.00%</u>	

**Discount Rate** A single discount rate of 5.70 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 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) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 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 rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate** The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70 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 (4.70 percent) or one percentage point higher (6.70 percent) than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
City's proportionate share of the net OPEB liability (asset)	\$267,708	(\$487,124)	(\$1,112,392)

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***Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate*** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset 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 with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50 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 care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
City's proportionate share of the net OPEB (asset)	(\$507,350)	(\$487,124)	(\$464,172)

***Actuarial Assumptions – OP&F***

OP&F's total OPEB liability as of December 31, 2023, is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation are presented as follows:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.50 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended Discount Rate:	
Current measurement rate	4.07 percent
Prior measurement rate	4.27 percent
Cost-of-Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2038

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.

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.

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.

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

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

The 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 2023, the total OPEB liability was calculated using the discount rate of 4.07 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.5 percent was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38 percent was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07 percent.

**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. To illustrate the potential impact, the following table presents the net OPEB liability calculated using the discount rate of 4.07 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 (3.07 percent), or one percentage point higher (5.07 percent), than the current rate:

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	1% Decrease (3.07%)	Current Discount Rate (4.07%)	1% Increase (5.07%)
City's proportionate share of the net OPEB liability	\$2,802,338	\$2,275,137	\$1,831,131

**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
<b>Governmental Activities:</b>			
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
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
<b>Business-Type Activities - from Direct Borrowings:</b>			
<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 1/1/2024	Additions	Deletions	Balance 12/31/2024	Amounts Due in One Year
<b>Governmental Activities:</b>					
<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	2,795,000	0	(295,000)	2,500,000	310,000
Unamortized Discount	(7,690)	0	1,622	(6,068)	0
Lincoln Center Phase III Bonds - 2007					
Term Bonds	710,000	0	(165,000)	545,000	175,000
Various Purpose Improvement Refunding Bonds - 2012A					
Serial Bonds	1,885,000	0	(605,000)	1,280,000	630,000
Unamortized Discount	(14,453)	0	4,818	(9,635)	0
Total General Obligation Bonds	9,322,857	0	(1,058,560)	8,264,297	1,115,000
<u>Loans from Direct Borrowings:</u>					
OPWC Loan - 2006	62,658	0	(24,631)	38,027	24,631
OPWC Loan - Hankins Road - 2014	402,645	0	(18,302)	384,343	18,302
OPWC Loan - 9th St. Improvement - 2014	335,475	0	(15,249)	320,226	15,249
OPWC Loan - Levee Infrastructure - 2014	436,342	0	(19,393)	416,949	19,393
Total Loans	1,237,120	0	(77,575)	1,159,545	77,575
<u>Other Long-Term Obligations:</u>					
Compensated Absences	4,843,966	314,765	0	5,158,731	1,268,668
Leases Payable	1,033,461	0	(205,043)	828,418	203,760
Subscriptions Payable	226,128	0	(54,197)	171,931	55,725
<u>From Direct Borrowings:</u>					
Financed Purchases	376,501	122,974	(196,456)	303,019	83,741
Police and Fireman's Pension Liability	836,454	0	(58,054)	778,400	60,548
Total Other Long-Term Obligations	7,316,510	437,739	(513,750)	7,240,499	1,672,442
<u>Net Pension Liability:</u>					
OPERS	12,820,321	0	(1,030,013)	11,790,308	0
OP&F	27,030,736	3,074,782	0	30,105,518	0
Total Net Pension Liability	39,851,057	3,074,782	(1,030,013)	41,895,826	0
<u>Net OPEB Liability:</u>					
OPERS	269,775	0	(269,775)	0	0
OP&F	2,026,007	249,130	0	2,275,137	0
Total Net OPEB Liability	2,295,782	249,130	(269,775)	2,275,137	0
Total Governmental Activities	\$60,023,326	\$3,761,651	(\$2,949,673)	\$60,835,304	\$2,865,017
<b>Business-Type Activities:</b>					
<u>Loans from Direct Borrowings:</u>					
OWDA Loans:					
<u>Wastewater:</u>					
WWTP Upgrade OWDA Phase I - 2002	\$172,802	\$0	(\$172,802)	\$0	\$0
WWTP Upgrade OWDA Phase II - 2002	1,021,367	0	(1,021,367)	0	0
WWTP Nutrient Removal Upgrade - 2014	22,112,487	0	(1,550,898)	20,561,589	1,555,244
WWTP Nutrient Removal Equipment					
Procurement HAB - 2015	3,021,833	0	(215,845)	2,805,988	215,846
Total OWDA Loans	\$26,328,489	\$0	(\$2,960,912)	\$23,367,577	\$1,771,090

(continued)



**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2024

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024	Amounts Due in One Year
<b>Business-Type Activities:</b>					
<u>Loans from Direct Borrowings: (continued)</u>					
OPWC Loans:					
<i>Wastewater:</i>					
Hankins Road - 2014	\$228,955	\$0	(\$10,407)	\$218,548	\$10,407
9th Street Improvement - 2014	190,760	0	(8,671)	182,089	8,671
Levee Infrastructure Improvement Loan - 2014	248,118	0	(11,027)	237,091	11,027
Total Wastewater	667,833	0	(30,105)	637,728	30,105
<i>Stormwater Utility:</i>					
Hankins Road - 2014	157,901	0	(7,177)	150,724	7,177
9th Street Improvement - 2014	131,559	0	(5,980)	125,579	5,980
Levee Infrastructure Improvement Loan - 2014	171,116	0	(7,605)	163,511	7,605
Total Stormwater Utility	460,576	0	(20,762)	439,814	20,762
Total OPWC Loans	1,128,409	0	(50,867)	1,077,542	50,867
Total Loans	27,456,898	0	(3,011,779)	24,445,119	1,821,957
 <u>Other Long-Term Obligations:</u>					
Compensated Absences	486,252	58,057	0	544,309	119,339
 <u>Net Pension Liability - OPERS:</u>					
Wastewater	2,906,798	0	(362,932)	2,543,866	0
 <u>Net OPEB Liability - OPERS:</u>					
Wastewater	61,167	0	(61,167)	0	0
 <i>Total Business-Type Activities</i>	<u>\$30,911,115</u>	<u>\$58,057</u>	<u>(\$3,435,878)</u>	<u>\$27,533,294</u>	<u>\$1,941,296</u>

Increases and decreases to compensated absences are presented net on the previous tables.

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.

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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*Mandatory Sinking Fund Redemption* The Lincoln Center Phase III current interest term bonds maturing on December 1, 2027, 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
	\$545,000
2025	\$175,000
2026	180,000
Total Mandatory Sinking Fund Payments	355,000
Amount Due at Stated Maturity	190,000
Total	\$545,000
<i>Stated Maturity</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, 2024, \$1,330,000 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 9<sup>th</sup> 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 matured 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.

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.

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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.

In 2024, the City financed \$122,974 to purchase exercise equipment for parks and recreation through KS StateBank. The interest rate of this financed purchase from direct borrowing is 8.14 percent, and the financed purchase matures in September 2029.

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 income tax capital improvement 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
2025	\$203,760	\$26,650	\$55,725	\$4,848
2026	180,698	18,966	57,295	3,277
2027	168,477	12,103	58,911	1,661
2028	164,764	5,549	0	0
2029	11,891	469	0	0
2030-2034	60,957	1,584	0	0
2035-2037	37,871	321	0	0
	<u>\$828,418</u>	<u>\$65,642</u>	<u>\$171,931</u>	<u>\$9,786</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.

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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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 88 percent of net revenues and about 32 percent of total revenues. The total principal and interest remaining to be paid on the debt is \$24,396,184. The amount of principal and interest paid in the current year was \$3,059,556. Net revenues available were \$3,467,156 and total revenues were \$9,634,741.

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 \$439,814. The amount of principal paid in the current year was \$20,762. Net revenues available were negative \$88,109, and total revenues were \$298,735.

The City's outstanding OPWC loans from direct borrowings of \$1,159,545 related to governmental activities and \$1,077,542 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 \$23,367,577 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.

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 and parks and recreation capital improvement funds. The police and fireman's pension liability will be paid from the general fund.

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2024

The City's overall debt margin was \$72,739,113 and the unvoted legal debt margin was \$34,959,323 at December 31, 2024. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2024, are as follows:

	Governmental Activities						
	General Obligation Bonds				From Direct Borrowings		
	Serial Bonds		Term Bonds		OPWC Loans	Financed Purchases	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2025	\$940,000	\$368,513	\$175,000	\$22,481	\$77,575	\$83,741	\$14,504
2026	975,000	328,586	180,000	15,263	65,620	84,775	10,674
2027	1,055,000	286,338	190,000	7,838	53,664	86,288	6,820
2028	1,105,000	234,438	0	0	52,944	28,797	2,850
2029	1,160,000	180,075	0	0	52,944	19,418	598
2030-2034	2,500,000	185,970	0	0	264,720	0	0
2035-2039	0	0	0	0	264,720	0	0
2040-2044	0	0	0	0	264,718	0	0
2045-2046	0	0	0	0	62,640	0	0
Totals	\$7,735,000	\$1,583,920	\$545,000	\$45,582	\$1,159,545	\$303,019	\$35,446

	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
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	71,639	21,354	1,788,593	38,980	50,867
2030-2034	407,082	57,883	9,009,316	128,551	254,338
2035-2039	41,433	881	5,459,116	23,605	254,342
2040-2044	0	0	0	0	254,343
2045-2046	0	0	0	0	60,184
Totals	\$778,400	\$193,844	\$23,367,577	\$390,879	\$1,077,542

## 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.

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
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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.

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 2024, the City provided health insurance to its employees through Medical Mutual of Ohio. Dental and vision insurance was provided through Ohio AFSCME. Employees contribute 15 percent of insurance premiums. The City's portion of monthly premiums for health insurance for single, employee/spouse, employee/children, and family were \$681, \$1,498, \$1,225, and \$2,111, 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**

Contracts payable in the amount of \$2,682,563 have been capitalized for governmental activities as well as \$243,855 in contracts payable 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	\$546,494
Street Construction	2,744,186
American Rescue Plan	11,654,203
Parks and Recreation	131,689
Other Governmental Funds	<u>1,286,597</u>
Total Governmental Funds	<u>\$16,363,169</u>

**Proprietary Funds:**

Wastewater	\$2,583,491
Nonmajor - Stormwater Utility	<u>9,130</u>
Total Proprietary Funds	<u>\$2,592,621</u>

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**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.

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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***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.

***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, 2024, 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*** For the Board of Health, compensated absences include leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The Board of Health does not offer noncash settlements. The Board of Health uses a first-in first-out flow assumption for compensated absences.

Liabilities should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates and is allowed to be carried over to subsequent years, and the leave is more likely than not to be used for time off or otherwise paid in cash. For the Board of Health, this leave includes sick and compensatory time. However, the Board of Health also has certain compensated absences that are dependent upon the occurrence of sporadic events that affect a relatively small proportion of employees. A liability for these types of leave is recognized when the leave commences. For the Board of Health, this type of leave includes military leave, jury duty leave, bereavement/funeral leave, and personal leave. Holiday leave taken on a specific date, not at the discretion of the employee, is recognized as a liability when used. The liability for compensated absences includes salary related payments.



**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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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.

Liabilities for compensated absences are recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.

***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 pension and OPEB plans represent the corresponding restricted asset amounts held in trust by the pension and OPEB plans for future benefits.

***Changes in Accounting Principles and Restatement of Net Position***

For 2024, the Board of Health implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and related guidance from GASB Implementation Guide No. 2023-1, *Implementation Guidance Update — 2023*. The Board of Health also implemented Question 5.1 from GASB Implementation Guide No. 2021-1, *Implementation Guidance Update — 2021* and GASB Statement No. 101, *Compensated Absences*.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The Board of Health reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of GASB Statement No. 100 and GASB Implementation Guides 2021-1 and 2023-1 did not have any effect on beginning net position/fund balance.

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
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GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The implementation of GASB 101 resulted in recognizing an additional compensated absences liability of \$47,557 in governmental activities at January 1, 2024. These amounts also impacted beginning net position for the cumulative effect of additional compensated absences expense. This change in accounting principle is separately displayed in the accompanying financial statements.

***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, 2024, 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:

<b>Intergovernmental Receivables:</b>	
Women, Infants and Children Grant	\$14,343
Ohio Department of Health Grants	10,496
BWC Premium Refunds	<u>1,302</u>
Total	<u>\$26,141</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

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2024

Capital asset activity for governmental activities for the year ended December 31, 2024, was as follows:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024
<b><i>Nondepreciable Capital Assets</i></b>				
Land	\$17,300	\$0	\$0	\$17,300
<b><i>Depreciable Capital Assets</i></b>				
Land Improvements	123,703	0	0	123,703
Buildings and Improvements	407,167	8,400	0	415,567
Machinery and Equipment	67,344	24,380	0	91,724
<b><i>Total Depreciable Capital Assets</i></b>	<b>598,214</b>	<b>32,780</b>	<b>0</b>	<b>630,994</b>
<b><i>Less Accumulated Depreciation</i></b>				
Land Improvements	(4,370)	(4,370)	0	(8,740)
Buildings and Improvements	(11,241)	(11,389)	0	(22,630)
Machinery and Equipment	(7,746)	(9,172)	0	(16,918)
<b><i>Total Accumulated Depreciation</i></b>	<b>(23,357)</b>	<b>(24,931)</b>	<b>0</b>	<b>(48,288)</b>
<b><i>Total Depreciable Capital Assets, Net</i></b>	<b>574,857</b>	<b>7,849</b>	<b>0</b>	<b>582,706</b>
<b><i>Total Capital Assets, Net</i></b>	<b>\$592,157</b>	<b>\$7,849</b>	<b>\$0</b>	<b>\$600,006</b>

***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 2024 totaled \$4,309.

***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 \$681, \$1,498, \$1,225, and \$2,111, 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.

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

***Long-Term Obligations***

A schedule of changes in long-term obligations of the Board of Health during 2024 follows:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024	Amounts Due In One Year
<b><i>Governmental Activities</i></b>					
<b>Other Long-Term Obligations</b>					
Net Pension Liability - OPERS	\$798,172	\$0	(\$26,250)	\$771,922	\$0
Net OPEB Liability - OPERS	16,796	0	(16,796)	0	0
Compensated Absences	108,932	5,204	0	114,136	20,587
<i>Total Governmental Activities</i>	<u>\$923,900</u>	<u>\$5,204</u>	<u>(\$43,046)</u>	<u>\$886,058</u>	<u>\$20,587</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.

***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 2024, Board of Health's contractually required contribution was \$70,675 for the traditional plan, \$359 for the combined plan, and \$2,428 for the member-directed plan. Of these amounts, \$8,129 is reported as an intergovernmental payable for the traditional plan, \$41 for the combined plan, and \$280 for the member-directed plan.

The net pension liability (asset) for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. 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:

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.00294847%	0.00122880%	
Prior Measurement Date	<u>0.00270200%</u>	<u>0.00111346%</u>	
Change in Proportionate Share	<u>0.00024647%</u>	<u>0.00011534%</u>	
Proportionate Share of the:			
Net Pension Liability	\$771,922	\$0	\$771,922
Net Pension (Asset)	0	(3,778)	(3,778)
Pension Expense	111,908	52	111,960

2024 pension expense for the member-directed defined contribution plan was \$2,428. The aggregate pension expense for all pension plans was \$114,388 for 2024.

At December 31, 2024, 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>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$12,617	\$153	\$12,770
Changes of assumptions	0	140	140
Net difference between projected and actual earnings on pension plan investments	155,807	614	156,421
Changes in proportion and differences between Board of Health contributions and proportionate share of contributions	32,631	65	32,696
Board of Health contributions subsequent to the measurement date	<u>70,675</u>	<u>359</u>	<u>71,034</u>
Total Deferred Outflows of Resources	<u>\$271,730</u>	<u>\$1,331</u>	<u>\$273,061</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$374	\$374
Changes in proportion and differences between Board of Health contributions and proportionate share of contributions	<u>0</u>	<u>1,261</u>	<u>1,261</u>
Total Deferred Inflows of Resources	<u>\$0</u>	<u>\$1,635</u>	<u>\$1,635</u>

\$71,034 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 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

	OPERS Traditional Plan	OPERS Combined Plan	Total
Year Ending December 31:			
2025	\$62,827	(\$89)	\$62,738
2026	60,987	(13)	60,974
2027	99,427	152	99,579
2028	(22,186)	(306)	(22,492)
2029	0	(195)	(195)
Thereafter	0	(212)	(212)
Total	<u>\$201,055</u>	<u>(\$663)</u>	<u>\$200,392</u>

***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%)
<b>Board of Health's proportionate share of the net pension liability (asset):</b>			
OPERS Traditional Plan	\$1,215,212	\$771,922	\$403,233
OPERS Combined Plan	(2,286)	(3,778)	(4,952)

***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).

The Board of Health's contractually required contribution was \$800 for 2024. Of this amount, \$92 is reported as an intergovernmental payable.

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Board of Health's proportion of the net OPEB liability (asset) 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:

**City of Massillon, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2024

	<u>OPERS</u>
Proportion of the Net OPEB Liability/Asset:	
Current Measurement Date	0.00290657%
Prior Measurement Date	<u>0.00266379%</u>
Change in Proportionate Share	<u>0.00024278%</u>
Proportionate Share of the Net OPEB (Asset)	(\$26,232)
OPEB Expense	(\$3,751)

At December 31, 2024, the Board of Health reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
<b>Deferred Outflows of Resources</b>	
Changes of assumptions	\$6,754
Net difference between projected and actual earnings on OPEB plan investments	15,754
Changes in proportion and differences between Board of Health contributions and proportionate share of contributions	29
Board of Health contributions subsequent to the measurement date	<u>800</u>
Total Deferred Outflows of Resources	<u>\$23,337</u>
<b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	\$3,733
Changes of assumptions	11,276
Changes in proportion and differences between Board of Health contributions and proportionate share of contributions	<u>1,523</u>
Total Deferred Inflows of Resources	<u>\$16,532</u>

\$800 reported as deferred outflows of resources related to OPEB resulting from Board of Health contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in 2025. 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, 2024*

	<u>OPERS</u>
Year Ending December 31:	
2025	(\$1,615)
2026	675
2027	12,263
2028	<u>(5,318)</u>
Total	<u>\$6,005</u>

***Sensitivity of the Board of Health's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate*** The following table presents the Board of Health's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70 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 (4.70 percent) or one percentage point higher (6.70 percent) than the current rate:

	1% Decrease <u>(4.70%)</u>	Current Discount Rate <u>(5.70%)</u>	1% Increase <u>(6.70%)</u>
Board of Health's proportionate share of the net OPEB liability (asset)	\$14,417	(\$26,232)	(\$59,904)

***Sensitivity of the Board of Health's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate*** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset 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 with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50 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 care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease <u></u>	Current Health Care Cost Trend Rate Assumption <u></u>	1% Increase <u></u>
Board of Health's proportionate share of the net OPEB (asset)	(\$27,322)	(\$26,232)	(\$24,996)



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## **Required Supplementary Information**

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**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 \**

	2024	2023	2022	2021
City's Proportion of the Net Pension Liability	0.05475153%	0.05324000%	0.05495834%	0.05455151%
City's Proportionate Share of the Net Pension Liability	\$14,334,174	\$15,727,119	\$4,781,598	\$8,077,891
City's Covered Payroll	\$9,038,714	\$8,281,407	\$7,976,107	\$7,683,279
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	158.59%	189.91%	59.95%	105.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%

\* 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	2016	2015
0.05538618%	0.05537472%	0.05671800%	0.05601800%	0.05505400%	0.05640300%
\$10,947,454	\$15,166,013	\$8,897,955	\$12,720,735	\$9,536,047	\$6,802,833
\$7,792,779	\$7,831,771	\$7,495,369	\$7,241,500	\$6,851,467	\$6,915,008
140.48%	193.65%	118.71%	175.66%	139.18%	98.38%
82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

**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 Seven Years (1) \**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
City's Proportion of the Net Pension Asset	0.02281820%	0.02193954%	0.01833409%
City's Proportionate Share of the Net Pension (Asset)	(\$70,138)	(\$51,710)	(\$72,237)
City's Covered Payroll	\$105,092	\$102,043	\$83,586
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	66.74%	50.67%	86.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	144.55%	137.14%	169.88%

(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

2021	2020	2019	2018
0.01234051%	0.01211991%	0.01225170%	0.01197400%
(\$35,623)	(\$25,273)	(\$13,700)	(\$16,300)
\$54,379	\$53,950	\$54,871	\$49,038
65.51%	46.85%	24.97%	33.24%
157.67%	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 Eight Years (1) \**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
City's Proportion of the Net OPEB Liability/Asset	0.05397343%	0.05248721%	0.05400907%
City's Proportionate Share of the:			
Net OPEB Liability	\$0	\$330,942	\$0
Net OPEB (Asset)	(\$487,124)	\$0	(\$1,691,647)
City's Covered Payroll	\$9,556,528	\$8,766,050	\$8,422,193
City's Proportionate Share of the Net OPEB Liability/ Asset as a Percentage of its Covered Payroll	5.10%	3.78%	20.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	107.76%	94.79%	128.23%

(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

2021	2020	2019	2018	2017
0.05331288%	0.05398806%	0.05401098%	0.05506000%	0.05457000%
\$0 (\$949,812)	\$7,457,154 \$0	\$7,041,756 \$0	\$5,979,111 \$0	\$5,511,755 \$0
\$8,062,783	\$8,156,454	\$8,203,317	\$7,798,532	\$7,542,000
11.78%	91.43%	85.84%	76.67%	73.08%
115.57%	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 \**

	2024	2023	2022	2021
City's Proportion of the Net Pension Liability	0.3116068%	0.2845631%	0.2816057%	0.2899345%
City's Proportionate Share of the Net Pension Liability	\$30,105,518	\$27,030,736	\$17,593,095	\$19,765,095
City's Covered Payroll	\$8,813,527	\$7,672,042	\$7,103,939	\$7,017,072
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	341.58%	352.33%	247.65%	281.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.63%	62.90%	75.03%	70.65%

\* 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	2016	2015
0.2834343%	0.2767090%	0.2714710%	0.2740040%	0.2687600%	0.2791415%
\$19,093,649	\$22,586,766	\$16,661,402	\$17,355,140	\$17,289,519	\$14,460,694
\$6,657,638	\$6,202,343	\$5,876,511	\$5,865,422	\$5,819,720	\$5,479,273
286.79%	364.17%	283.53%	295.89%	297.09%	263.92%
69.89%	63.07%	70.91%	68.36%	66.77%	71.71%

**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 Eight Years (1) \**

	2024	2023	2022
City's Proportion of the Net OPEB Liability	0.3116068%	0.2845631%	0.2816057%
City's Proportionate Share of the Net OPEB Liability	\$2,275,137	\$2,026,007	\$3,086,641
City's Covered Payroll	\$8,813,527	\$7,672,042	\$7,103,939
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	25.81%	26.41%	43.45%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.89%	52.59%	46.90%

(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

2021	2020	2019	2018	2017
0.2899345%	0.2834343%	0.2767090%	0.2714710%	0.2740040%
\$3,071,903	\$2,799,687	\$2,519,860	\$15,381,167	\$13,006,354
\$7,017,072	\$6,657,638	\$6,202,343	\$5,876,511	\$5,865,422
43.78%	42.05%	40.63%	261.74%	221.75%
45.40%	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)*

	2024	2023	2022	2021
<b>Net Pension Liability - Traditional Plan</b>				
Contractually Required Contribution	\$1,312,398	\$1,265,420	\$1,159,397	\$1,116,655
Contributions in Relation to the Contractually Required Contribution	<u>(1,312,398)</u>	<u>(1,265,420)</u>	<u>(1,159,397)</u>	<u>(1,116,655)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$9,374,271	\$9,038,714	\$8,281,407	\$7,976,107
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net Pension Asset - Combined Plan</b>				
Contractually Required Contribution	\$6,675	\$12,611	\$14,286	\$11,702
Contributions in Relation to the Contractually Required Contribution	<u>(6,675)</u>	<u>(12,611)</u>	<u>(14,286)</u>	<u>(11,702)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$55,625	\$105,092	\$102,043	\$83,586
Pension Contributions as a Percentage of Covered Payroll	<u>12.00%</u>	<u>12.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability/Asset - OPEB Plan (1)</b>				
Contractually Required Contribution	\$14,855	\$15,597	\$15,304	\$14,500
Contributions in Relation to the Contractually Required Contribution	<u>(14,855)</u>	<u>(15,597)</u>	<u>(15,304)</u>	<u>(14,500)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (2)	\$9,850,171	\$9,556,528	\$8,766,050	\$8,422,193
OPEB Contributions as a Percentage of Covered Payroll	<u>0.15%</u>	<u>0.16%</u>	<u>0.17%</u>	<u>0.17%</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

2020	2019	2018	2017	2016	2015
\$1,075,659	\$1,090,989	\$1,096,448	\$974,398	\$868,980	\$822,176
(1,075,659)	(1,090,989)	(1,096,448)	(974,398)	(868,980)	(822,176)
\$0	\$0	\$0	\$0	\$0	\$0
\$7,683,279	\$7,792,779	\$7,831,771	\$7,495,369	\$7,241,500	\$6,851,467
14.00%	14.00%	14.00%	13.00%	12.00%	12.00%
\$7,613	\$7,553	\$7,682	\$6,375	\$10,299	\$18,387
(7,613)	(7,553)	(7,682)	(6,375)	(10,299)	(18,387)
\$0	\$0	\$0	\$0	\$0	\$0
\$54,379	\$53,950	\$54,871	\$49,038	\$85,825	\$153,225
14.00%	14.00%	14.00%	13.00%	12.00%	12.00%
\$13,005	\$12,389	\$12,667	\$85,609	\$155,134	
(13,005)	(12,389)	(12,667)	(85,609)	(155,134)	
\$0	\$0	\$0	\$0	\$0	
\$8,062,783	\$8,156,454	\$8,203,317	\$7,798,532	\$7,542,000	
0.16%	0.15%	0.15%	1.10%	2.06%	

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

	2024	2023	2022	2021
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$1,849,209	\$1,890,152	\$1,637,878	\$1,520,097
Contributions in Relation to the Contractually Required Contribution	<u>(1,849,209)</u>	<u>(1,890,152)</u>	<u>(1,637,878)</u>	<u>(1,520,097)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$8,663,074	\$8,813,527	\$7,672,042	\$7,103,939
Pension Contributions as a Percentage of Covered Payroll	<u>21.35%</u>	<u>21.45%</u>	<u>21.35%</u>	<u>21.40%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$43,316	\$44,068	\$38,360	\$35,520
Contributions in Relation to the Contractually Required Contribution	<u>(43,316)</u>	<u>(44,068)</u>	<u>(38,360)</u>	<u>(35,520)</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>21.85%</u>	<u>21.95%</u>	<u>21.85%</u>	<u>21.90%</u>

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
\$1,503,298	\$1,424,350	\$1,324,679	\$1,254,365	\$1,250,243	\$1,239,138
(1,503,298)	(1,424,350)	(1,324,679)	(1,254,365)	(1,250,243)	(1,239,138)
\$0	\$0	\$0	\$0	\$0	\$0
\$7,017,072	\$6,657,638	\$6,202,343	\$5,876,511	\$5,865,422	\$5,819,720
21.42%	21.39%	21.36%	21.35%	21.32%	21.29%
\$35,085	\$33,288	\$31,012	\$29,382	\$29,327	\$29,098
(35,085)	(33,288)	(31,012)	(29,382)	(29,327)	(29,098)
\$0	\$0	\$0	\$0	\$0	\$0
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
21.92%	21.89%	21.86%	21.85%	21.82%	21.79%

**City of Massillon, Ohio**  
*Notes to the Required Supplementary Information*  
For the Year Ended December 31, 2024

**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:

2024	2.3 percent, simple through 2024 then 2.05 percent, simple
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



**City of Massillon, Ohio**  
*Notes to the Required Supplementary Information*  
For the Year Ended December 31, 2024

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 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**

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
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	Individual	Individual
	Entry Age	Entry Age	Entry Age

Since 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 7, 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	See Below	See Below
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, 2024*

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For 2017 and prior the investment rate of return was 8.25 percent. Beginning in 2018, the OP&F Board adopted a change in the investment rate of return, changing it from 8.25 percent for 2017 and prior to 8 percent. 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.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
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.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
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, 2024*

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**Changes in Assumptions – OPERS OPEB**

Wage Inflation:	
Beginning in 2022	2.75 percent
2021 and prior	3.25 percent
Projected Salary Increases (including wage inflation):	
Beginning in 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:	
2024	3.77 percent
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:	
2024	5.70 percent
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:	
2024	5.50 percent, initial 3.5 percent, ultimate in 2038
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

**City of Massillon, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2024*

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**Changes in Assumptions – OP&F OPEB**

Blended Discount Rate:	
2024	4.07 percent
2023	4.27 percent
2022	2.84 percent
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

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 beginning in 2022.

**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, 2024

<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>159,728</u>
Total U.S. Department of Agriculture			<u>159,728</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	<u>520,546</u>
Total U.S. Department of Housing and Urban Development			<u>520,546</u>
<u>U.S. Department of Justice</u>			
<i>(Passed through Ohio Department of Public Safety)</i>			
Violence Against Women Formula Grants	16.588	2023-WF-VA2-8225	<u>77,189</u>
Total U.S. Department of Justice			<u>77,189</u>
<u>U.S. Department of Transportation</u>			
<i>(Passed through Ohio Department of Transportation)</i>			
Highway Planning and Construction	20.205	PID 116456	<u>299,718</u>
Total U.S. Department of Transportation			<u>299,718</u>
<u>U.S. Department of Treasury</u>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>1,368,166</u>
Total U.S. Department of Treasury			<u>1,368,166</u>
<u>U.S. Department of Health and Human Services</u>			
<i>(Passed through Ohio Department of Health)</i>			
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	07620032EO0123	13,069
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	07620032WF0123	<u>85,431</u>
Total U.S. Department of Health and Human Services			<u>98,500</u>
Total			\$ <u><u>2,523,847</u></u>

The accompanying notes are an integral part of this schedule.

**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, 2024. 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, 2024, 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 16, 2025.

**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 grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 16, 2025



**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, 2024. 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, 2024.

***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 16, 2025

## 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 9/2/2025**

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](http://www.ohioauditor.gov)