



Dave Yost • Auditor of State

**City of Massillon
Stark County**

Fiscal Emergency Termination

Local Government Services

City of Massillon, Stark County

Fiscal Emergency Termination

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City of Massillon Financial Forecast
For the Years Ending December 31, 2017 through December 31, 2021

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CERTIFICATION

Pursuant to a request sent to the Auditor of State by the Financial Planning and Supervision Commission of the City of Massillon, the Auditor of State performed an analysis of the City of Massillon to determine whether the Commission and its functions under Chapter 118 of the Ohio Revised Code should be terminated. Based on the analysis, the Auditor of State certifies, as required by Section 118.27 of the Revised Code, that the City of Massillon no longer meets the fiscal emergency conditions set forth in Section 118.03 of the Revised Code, that the objectives of the financial recovery plan are being met, that an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code has been implemented, and that Management has prepared a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State and an opinion has been rendered by the Auditor of State that the financial forecast is considered to be nonadverse. Therefore, the existence of the Financial Planning and Supervision Commission of the City of Massillon and its role in the operation of the City of Massillon is terminated as of April 27, 2017.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted to Kathy Catazaro-Perry, Mayor of the City of Massillon; Claudette O. Istnick, Council President; John Kasich, Governor; Timothy Keen, Director of the Office of Budget and Management; Josh Mandel, Treasurer of State; Jon Husted, Secretary of State; and Alan Harold, Stark County Auditor.

A handwritten signature in black ink that reads "Dave Yost".

DAVE YOST
Auditor of State

April 27, 2017

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City of Massillon, Stark County
Report on the Termination of the City of Massillon
Financial Planning and Supervision Commission

Report on the Termination of the Massillon Financial Planning and Supervision Commission

At the request of the Financial Planning and Supervision Commission (the Commission) of the City of Massillon, Stark County, Ohio, as provided by Section 118.27(B) of the Ohio Revised Code, the Auditor of State has performed an analysis in order to determine whether the Commission and its functions under Chapter 118 of the Revised Code should be terminated.

Guidelines for performing such an analysis are set forth in Section 118.27(A) of the Revised Code, which states that:

“A Financial Planning and Supervision Commission with respect to a municipality...and its functions under this chapter shall continue in existence until such time as a determination is made pursuant to division (B) of this section that the municipality has done all of the following: (1) planned, and is in the process of good faith implementation of, an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code, and it is reasonably expected that such implementation will be completed within two years; (2) corrected and eliminated or has planned and is in the process of good faith implementation of correcting and eliminating all the fiscal emergency conditions determined pursuant to Section 118.04 of the Revised Code, and no new fiscal emergency conditions have occurred; (3) met the objectives of the financial plan described in Section 118.06 of the Revised Code; and (4) the municipal corporation...prepares a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State...”.

Results of our work under Section 118.27(A) of the Revised Code are as follows:

Pages six through ten of the report indicate that the City has effectively implemented corrections to its financial accounting and reporting system in accordance with Section 118.10(A) of the Revised Code.

All fiscal emergency conditions have been corrected and eliminated and no new fiscal emergency conditions exist under Section 118.04 of the Revised Code. This analysis can be found beginning on page ten.

We have reviewed the objectives of the financial plan and determined that the City has met the objectives in accordance with Section 118.06 of the Revised Code. Specific conclusions can be found on page sixteen.

We examined and issued a non-adverse report on the five-year forecast prepared by the City. The forecast and our report can be found in Appendix A.

Based on this analysis, the Auditor of State’s Office has determined that the Financial Planning and Supervision Commission and its functions may be terminated.

It is understood that this report’s determination is for the use of the Financial Planning and Supervision Commission of the City of Massillon, the Auditor of State of Ohio, the Governor of Ohio, the Mayor of the City of Massillon, and others as designated by the Auditor of State and is not to be used for any other purpose. Our procedures and findings follow.

City of Massillon, Stark County
Report on the Termination of the City of Massillon
Financial Planning and Supervision Commission

Section 1 - Financial Accounting and Reporting System

When a City is placed in fiscal emergency, the Auditor of State is required to report on the effectiveness of the City's financial accounting and reporting system. The Auditor of State, in accordance with Section 118.10(A) of the Revised Code assessed the methods, accuracy, and legality of the accounts, records, files, and reports of the City of Massillon (the City) and issued a Report on Accounting Methods, dated December 2, 2014. The report identified areas where the City's financial accounting and reporting system were not in compliance with Section 117.43 of the Revised Code and the requirements of the Auditor of State.

The criteria for termination of the Commission include a determination by the Auditor of State that an effective financial accounting and reporting system has been implemented, or is in the process of implementation, and is expected to be completed within two years. This determination is based on management providing a summary of the actions taken to address the issues identified in the Report on Accounting Methods. We confirmed whether the actions taken by management were sufficient to correct these issues identified in the Report on Accounting Methods. A summary of each area of noncompliance identified in the Report on Accounting Methods and the status of each corrective action is presented below:

Budgetary System

Auditor of State Comment from Report on Accounting Methods

Pursuant to Section 5705.10, Revised Code, the City should credit money levied and collected to the proper fund. During 2012 and 2013, the City had a deficit cash balance in the general fund. The City should no longer use the money from one fund to pay the obligations of another fund with a deficit.

Implemented

The City no longer has a deficit cash balance in any fund.

Auditor of State Comment from Report on Accounting Methods

Pursuant to Section 5705.41(B), Revised Code, the City should not make any expenditure of money unless it has been appropriated. During 2012 and 2013, the City had expenditures plus encumbrances that exceeded the Council adopted appropriations. The City should only spend and encumber money within the amount of adopted appropriations.

Implemented

The City has only spent and encumbered money within the amount of Council adopted appropriations.

Accounting Ledgers

Auditor of State Comment from Report on Accounting Methods

The City does not have a written disaster recovery plan identifying how the City would restore operations including information technology and accounting functions if the City would experience a serious incident (flood, explosion, computer malfunction, accident, grievous act). The plan should address common terminology, preventative measures, a readiness plan, offsite locations and an emergency contact list. The City should develop and implement a disaster recovery plan.

City of Massillon, Stark County
Report on the Termination of the City of Massillon
Financial Planning and Supervision Commission

Implemented

City Council passed Ordinance 32-2017 on March 6, 2017. The Ordinance implements a written disaster recovery plan that identifies how the City would restore operations if the City would experience a serious incident. The plan addresses common terminology, preventative measures, a readiness plan, offsite locations and an emergency contact.

Revenue Activity

Auditor of State Comment from Report on Accounting Methods

According to Revised Code Section 9.38, all monies receipted must be remitted to the City Treasurer by the next business day after receipt. If the amount is less than \$1,000 and a policy is specifically adopted outlining the procedures, the monies can be held up to a maximum of three business days after the day of receipt. The Income Tax Department frequently holds monies for more than a day if the total is less than \$100, and no policy has been adopted. The City should institute a specific policy outlining how many days' cash may be held, up to a maximum of three, and relevant procedures.

Implemented

City Council passed Ordinance 67-2015 on June 1, 2015. The Ordinance institutes a written deposit policy which outlines how many days cash may be held, up to a maximum of three, and relevant procedures, in accordance with Revised Code Section 9.38.

Auditor of State Comment from Report on Accounting Methods

Park and golf course credit card receipts are posted in a monthly lump sum amount one month in arrears. Park and gold course credit card receipts should be posted at least on a weekly basis.

Implemented

Park and gold course credit card receipts are still posted in a monthly lump sum amount one month in arrears. Credit card receipts are deposited in the bank daily and staff at the park and golf course reconciles their receipts with the deposits daily. It would place an undue burden on the City to post the receipts daily or weekly.

Purchasing Process

Auditor of State Comment from Report on Accounting Methods

The original purchase order is not sent to the vendor automatically. The purchase order should always be mailed, emailed or faxed to the vendor.

Implemented

The City mails or faxes a copy of the original purchase order to each vendor.

Auditor of State Comment from Report on Accounting Methods

The City occasionally issues purchase orders to a vendor before all the required information has been turned in and the City Auditor has given approval. The City should have all new vendors fill out the IRS Form W-9 and the City Auditor should approve the vendor before placing orders with that vendor.

City of Massillon, Stark County
Report on the Termination of the City of Massillon
Financial Planning and Supervision Commission

Implemented

The City now ensures that they have an IRS form W-9 on file and the City Auditor's approval before placing any orders with vendors.

Auditor of State Comment from Report on Accounting Methods

The City does not have a formal purchasing policy and purchasing procedures for the City are not documented. A purchasing policy for the City should be developed, adopted by ordinance, and distributed to all departments.

Implemented

City Council passed Ordinance 66-2015 on June 1, 2015. The Ordinance institutes a written purchasing policy which documents purchasing procedures and has been distributed to all departments.

Cash Disbursements

Auditor of State Comment from Report on Accounting Methods

The City Auditor does not review the checks after they are printed and electronically signed. The City Auditor should review the printed checks to ensure that the checks are complete and to ensure that the amounts have not been changed.

Implemented

The City Auditor now reviews the check register after each check run. The register is signed and dated by the City Auditor as indication of approval.

Auditor of State Comment from Report on Accounting Methods

The City should document the procedures for cash disbursements including the staff positions and their functions. This document should also include procedures for invoices exceeding the purchase order and the use of "Then and Now" certifications. The document should be kept on file in the City Auditor's office. The document should be reviewed periodically to ensure procedures are followed and it is kept up to date.

Implemented

City Council passed Ordinance 65-2015 on June 1, 2015. The Ordinance institutes a written cash disbursement procedure policy including staff positions and their functions. The procedures also outline policies related to "Then and Now" certifications.

Payroll Processing

Auditor of State Comment from Report on Accounting Methods

The employee who processes payroll has access to and is responsible for making rate adjustments and changes to the employee master file. An employee who does not process payroll should make rate adjustments and changes to the employee master file.

City of Massillon, Stark County
Report on the Termination of the City of Massillon
Financial Planning and Supervision Commission

Implemented

The Deputy Auditor of Employee Benefits, who does not process payroll, is now responsible for making rate adjustments and changes to the employee master file.

Capital Assets and Supplies Inventory

Auditor of State Comment from Report on Accounting Methods

The City does not consistently use asset tags throughout all departments. Assets should be tagged in every department and the tag number should be entered on the fixed asset acquisition form as well as in the SSI system.

Implemented

The City began using physical asset tags starting with additions made during 2016. The Deputy Auditor of Capital Assets assigns a tag number to all new capital assets when they are entered into the system. A physical tag is created and sent to the proper department to be placed on the asset.

Auditor of State Comment from Report on Accounting Methods

The capital asset policy should be expanded to address private property (items belonging to City employees.)

Implemented

City Council passed Ordinance 68-2015 on June 1, 2015. The Ordinance updated the capital asset policy to address private property.

Cash Management and Investing

Auditor of State Comment from Report on Accounting Methods

The investment policy does not have the City Treasurer's signature and does not address the allocation of interest. It should be updated and filed with the Clerk of the Bureau.

Implemented

City Council passed Ordinance 69-2015 on June 1, 2015. The Ordinance updated the investment and depository policy to include the allocation of interest. The updated policy has been filed with the Clerk of the Bureau with the City Treasurer's signature.

Auditor of State Comment from Report on Accounting Methods

The City does not include the amount of petty cash maintained within City offices on the monthly reconciliation. The petty cash should be included on the City's monthly reconciliation.

Implemented

The City now includes the amount of petty cash maintained within City offices on the monthly reconciliation.

City of Massillon, Stark County
Report on the Termination of the City of Massillon
Financial Planning and Supervision Commission

Auditor of State Comment from Report on Accounting Methods

The City does not have written procedures for petty cash and the replenishment of it. The City Treasurer is the custodian of all funds. Written procedures should be developed for the petty cash which includes the individual designated as the custodian, and the custodian's duties and responsibilities.

Implemented

City Council passed Ordinances 109-2015 and 110-2015 on August 3, 2015. Ordinance 109-2015 outlines cash drawer procedures for authorized departments. Ordinance 110-2015 outlines a "no petty cash" policy that applies to all City departments with the exception of the Legends Food and Beverage department. The policy outlines procedures for petty cash and its replenishment in that department.

Audit Report and Management Letters

The City Council and Officials receive a compliance and management letter at the conclusion of each annual audit. The letter that accompanied the December 31, 2015 audit identified a noncompliance issue and a couple recommendations.

The only noncompliance issue noted in the audit stated the City did not comply with requirements regarding the Community Development Block Grants/Entitlement Grants program. The City Department of Development experienced turnover at key positions during 2015 which caused the oversight in reporting. It was recommended that the City implement procedures to ensure each department is knowledgeable and compliant with reporting requirements of federal awards.

In addition, the management letter made two recommendations which are to: develop and adopt a disaster recovery plan in the event of a disaster and adopt a personal information policy designed to protect any personal information it maintains, especially information on tax returns.

The City has addressed these issues as part of their work to correct the Report on Accounting Methods Comments. These are not issues that would prevent termination of the Financial Planning and Supervision Commission.

Section 2 - Correction of Fiscal Emergency Conditions and Current Existence of Fiscal Emergency Conditions

Under Section 118.27(A)(2) of the Ohio Revised Code, the City shall have corrected or eliminated or have planned and be in the process of good faith implementation of actions to correct and eliminate all of the fiscal emergency conditions that existed when declared in fiscal emergency and no new fiscal emergency conditions have occurred in order to be terminated from fiscal emergency. Our analysis of the six fiscal emergency conditions described in Section 118 of the Revised Code is presented below:

Condition One - Default on Any Debt Obligation

Section 118.03(A)(1) of the Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

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 Report on the Termination of the City of Massillon
 Financial Planning and Supervision Commission

A summary of the City's outstanding debt as of December 31, 2016, is as follows:

Debt Issue	Year Issued	Interest Rate	Issue Amount
Governmental Activities			
Park and Recreation Bonds	2002	5.20%	\$12,340,000
Golf Course Construction Refunding Bonds	2002	1.50-7.16	7,281,233
Maketplace Infrastructure TIF Bonds	2004	1.50-4.20	1,774,999
Lincoln Center Phase III Bonds	2007	4.09	2,569,998
Various Purpose Improvement Refunding Bonds A	2012	2.00-4.125	7,580,000
Various Purpose Improvement Refunding Bonds B	2012	6.00	925,000
OPWC Loan - Arena District Rehab	2005	0.00	492,629
OPWC Loan - Hankins Road	2014	0.00	1,076,589
OPWC Loan - Ninth Street Improvement	2014	0.00	896,994
HUD Section 108 Loan	1999	6.75	225,000
Capital Leases			
Copier	2013	4.85	9,961
Ambulance	2013	4.45	112,710
Transport Van	2015	2.60	30,017
Exercise Equipment	2015	8.02	60,086
Business-Type Activities			
OWDA Loan - WPCL Fothergill	1999	3.81	1,407,776
OWDA Loan - WWTP Upgrade Phase I	2002	1.26	6,131,478
OWDA Loan - WWTP Upgrade Phase II	2002	1.26	36,018,868
OWDA Loan - WWTP Nutrient Removal - Equipment Procurement	2015	0.00	3,160,257
OWDA Loan - WWTP Nutrient Removal Upgrade	2016	0.00	11,093,359
OPWC Loan - Levee Infrastructure Improvement	2014	0.00	1,130,748
Capital Lease - Sewer Cleaner	2013	2.51	255,977

We reviewed the outstanding indebtedness as of December 31, 2016. The City had \$43,936,508 in outstanding debt at December 31, 2016, and had made all debt payments due as of that date.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(1) of the Revised Code. No default on any debt obligation for more than thirty days existed at December 31, 2016.

Condition Two - Payment of All Payroll

Section 118.03(A)(2) of the Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation in the amounts and at the times required by laws, ordinances, resolutions, or agreements, which failure of payment has continued:

- a. For more than thirty days after such time for payment, or
- b. Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two-thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

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We reviewed the payroll records of the City as of December 31, 2016. We reviewed Council minutes, ordinances, resolutions, and had discussions with the City Auditor to determine the employees of the City, pay rates, frequency of payroll, and whether any extensions for the payment of payroll existed. We reviewed the payroll reports and the payroll bank statement to determine whether City employees had been paid within the time specified by Sections 118.03(A)(2)(a) and (b) of the Revised Code. We determined that adequate cash was in the bank account and there were sufficient fund balances to cover payroll.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Revised Code as of December 31, 2016. All employees had been paid in amounts and at the times required by ordinance.

Condition Three - Increase in Minimum Tax Levy

Section 118.03(A)(3) of the Revised Code defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Stark County Budget Commission whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the City for 2016, which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Stark County Budget Commission indicated that the Budget Commission had not taken any action for tax year 2016 to increase the inside millage of the City.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Revised Code as of December 31, 2016.

Condition Four - Past Due Accounts Payable from the General Fund and all Funds

Section 118.03(A)(4) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year end balance in the general fund, exceeded one-sixth of the general fund budget for the year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation and that either had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year end balance in the general fund and in the respective special funds lawfully available to pay such accounts, excluded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable.

The general fund had no accounts payable at December 31, 2016 that had been due and payable at least thirty days. We prepared a schedule of accounts payable (as defined above) as of December 31, 2016, for

City of Massillon, Stark County
Report on the Termination of the City of Massillon
Financial Planning and Supervision Commission

all funds that were due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2016, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities including any interest and penalties. From this amount, we subtracted the year-end fund balance available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-sixth of the available revenues during 2016, excluding non-recurring receipts of all special funds from which such accounts are lawfully payable. No funds of the City had a payable over 30 days past due at December 31, 2016.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(4) of the Ohio Revised Code as of December 31, 2016. There were no payables over thirty days past due.

Condition Five - Deficit Fund Balances

Section 118.03(A)(5) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds at December 31, 2016, by subtracting all accounts payable and encumbrances from the year end cash fund balance of each fund. No further calculations were necessary because there were no deficit fund balances.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(5) of the Revised Code, as there were no deficit fund balances at December 31, 2016.

Condition Six - Treasury Balances

Section 118.03(A)(6) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation minus outstanding checks and warrants were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the City's reconciled bank balance to its cash summary by fund for all funds as of December 31, 2016, which included subtracting reconciling factors to arrive at the treasury balance. We then determined the aggregate sum of all positive fund cash balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. No further calculations were necessary because the treasury balance equaled the sum of all fund cash balances.

City of Massillon, Stark County
 Report on the Termination of the City of Massillon
 Financial Planning and Supervision Commission

Schedule I

Treasury Balances
 Ohio Revised Code Section 118.03(A)(6)
 As of December 31, 2016

	<u>Amounts at December 31, 2016</u>
Bank Cash Balance	
General Account	\$3,412,293
Sweep Account	2,545,000
Community Development Account	2,510
Parks and Recreation Account	17,759
HUD Escrow Account	1,301,356
Legends Account	4,462
Building Account	527
Utilities Account	24,074
Money Market Account	13,512,790
Certificates of Deposit	2,006,815
<i>Total Bank Cash</i>	<u>22,827,586</u>
<i>Adjustments for:</i>	
Outstanding Checks	(572,325)
Deposits in Transit	58,026
Other	(5,960)
<i>Total Adjustments</i>	<u>(520,259)</u>
<i>Total Treasury Balance</i>	<u>22,307,327</u>
Less: Positive Cash Fund Balances	
General	3,574,533
Stret Construction Maintenance and Repair	589,260
State Highway	132,855
Community Development	6
Massillon Municipal Court	88,506
Massillon Police Jail RE	33,690
Municipal Motor Vehicle License	204,361
Neighborhood Stabilization	28,375
Parking Enforcement	11,822
Budget Stabilization	300,000
Summer Concert	74,591
Lincoln Way Streets	53,000
Special Fund	10,593
Law Enforcements	85,809
Federal Law Enforcement	24,769
Federal Grants	1,050
WIC Program Fund	19,266
Foreclosure Property	47,624
Waste Management Grant	23,805
Indigent Drivers Interlock	180,741
Indigent Drivers Alcohol	97,196
Enforcement & Education	40,698
Forfeited Fund	41,997

(continued)

City of Massillon, Stark County
 Report on the Termination of the City of Massillon
 Financial Planning and Supervision Commission

Schedule I

Treasury Balances
 Ohio Revised Code Section 118.03(A)(6)
 As of December 31, 2016 (continued)

	Amounts at December 31, 2016
Community Partnership	\$3,123
Home Fund	25,848
Federal Grant COPS	2,478
Clerk of Courts Computing	46,797
Municipal Courts Computing	63,443
Parks and Recreation	817,809
Home Health Services	35,396
Economic Development	127,577
Probation Services	145,611
Mandatory Drug Fine	4,748
Veterans Pk and Duncan Plaza	58,612
Enterprise Zone	7,477
ADR Fund	68,622
Ohio Police Officers	9,780
Bond Retirement WWT (WWT)	3,489,438
Bond Retirement Park and Rec.	1,003,920
108 Loan Payments	1,301,356
Special Assessment	1,831
Sp. Ass. Bond Ret. S	57
Income Tax- Capital Improvements	623,563
WWT Capital Improvement	1,844,855
Municipal Road Fund	1,048
Collection System Improvement (WWT)	451,533
Ornamental Street Lighting	974
Marketplace Infrastructure	1,572,094
WTT Plant Upgrade	87,013
Shearer's Foods Infrastructure	49,445
South Massillon Truck	5,592
Freshmark Infrastructure	30,790
Lincoln Center III	3,112
Case Farms Infrastructure	1,257
Massillon Area Credit	7,582
Faircrest Properties	12,563
Inn at University VI	74,671
Menards Inc. Infrastructure	9,578
Baker Hughes Infrastructure	26,585
Park and Recreation CI Fund	18,215
Park and Recreation Rec. Center	354
OPWC Hills and Dales	1,337
Wastewater Treatment (WWT)	4,024,278
Stormwater Utility	213,663
Employees Insurance	32,712

(continued)

City of Massillon, Stark County
Report on the Termination of the City of Massillon
Financial Planning and Supervision Commission

Schedule I

Treasury Balances
Ohio Revised Code Section 118.03(A)(6)
As of December 31, 2016 (continued)

	Amounts at December 31, 2016
St Assessment/Bldg.	\$5,704
Vacant Foreclosure	260,000
Massillon Bicentennial	6,592
Fire Damage Structure Fund	36,336
Unclaimed Money Fund	22,343
Massillon Mural Fund	5,068
Total Positive Balances	<u>22,307,327</u>
Treasury Deficiency	<u>\$0</u>

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(6) of the Revised Code as of December 31, 2016. The treasury balance less the positive fund cash balances as of December 31, 2016, did not exceed one-sixth of the treasury receipts for the year.

Section 3 - Financial Plan Objectives

We obtained a copy of the financial plan of the City and determined whether the objectives of the plan have been met. Those objectives identified in the financial plan include the following:

- 1) Eliminate the fiscal emergency conditions which were determined by the Auditor of State, pursuant to Section 118.04 of the Revised Code;
- 2) Balance the budgets, avoid future deficits in any fund, and maintain current payments of all accounts;
- 3) Develop an effective financial accounting and reporting system; and
- 4) Prepare a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State.

All objectives of the financial plan have been met.

Section 4 - Financial Forecast

Financial forecasting is an important management tool to assist the City in making sound financial decisions for avoiding a fiscal crisis in the future. A five-year forecast is required under Section 118.27(A)(4) of the Revised Code. After examining the financial forecast, the Auditor of State rendered a non-adverse report. The financial forecast is contained in Appendix A.

DISCLAIMER

Because the preceding procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported herein.

APPENDIX A

**City of Massillon
Stark County**

Financial Forecast

For the Years Ending December 31, 2017 through December 31, 2021

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City of Massillon, Ohio

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Dave Yost • Auditor of State

City Council
City of Massillon
151 Lincoln Way East
Massillon, Ohio 44646

Based upon the requirement set forth in section 118.27(A)(3)(d) of the Ohio Revised Code, the Local Government Services Section of the Auditor of State's Office has examined the accompanying forecasted statements of revenues, expenditures, expenses, and changes in fund balance of the various funds of the City of Massillon, for the five years ending December 31, 2021. These statements are presented on the budget basis of accounting used by the City of Massillon rather than on generally accepted accounting principles. The City of Massillon's management is responsible for the forecast. Our responsibility is to determine whether the City has met the criteria that allows for the fiscal emergency to be terminated.

Based on our examination of the accompanying forecast, there is nothing in the forecast nor has anything come to our attention that indicates the fiscal emergency should not be terminated. However, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast and the variations may be material.

This report is intended solely for the use of the City of Massillon and the Financial Planning and Supervision Commission of Massillon and should not be used for any other purpose. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

A handwritten signature in black ink that reads "Dave Yost".

DAVE YOST
Auditor of State

February 28, 2017

City of Massillon - Stark County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2014, Through 2016, Actual
and Ending December 31, 2017, Through 2021, Forecasted
General Fund

	2014 Actual	2015 Actual	2016 Actual	2017 Forecasted
Revenues				
Property and Other Local Taxes	\$1,168,000	\$1,172,000	\$1,274,000	\$1,281,000
Municipal Income Taxes	13,226,000	14,142,000	15,761,000	14,768,000
Intergovernmental	2,342,000	2,403,000	748,000	775,000
Interest	12,000	15,000	39,000	39,000
Licenses and Permits	450,000	419,000	442,000	442,000
Fines and Forfeitures	1,204,000	1,148,000	1,189,000	1,189,000
Charges for Services	1,238,000	1,401,000	1,405,000	1,417,000
Other	562,000	282,000	301,000	301,000
Total Revenues	20,202,000	20,982,000	21,159,000	20,212,000
Expenditures				
Current:				
General Government				
Council				
Personal Services	125,000	114,000	112,000	115,000
Fringe Benefits	22,000	31,000	29,000	30,000
Contractual Services	25,000	12,000	12,000	31,000
Materials and Supplies	2,000	1,000	1,000	1,000
Total Council	174,000	158,000	154,000	177,000
Mayor				
Personal Services	107,000	110,000	109,000	109,000
Fringe Benefits	46,000	44,000	48,000	51,000
Contractual Services	36,000	40,000	36,000	31,000
Materials and Supplies	2,000	2,000	3,000	12,000
Total Mayor	191,000	196,000	196,000	203,000
Law Director				
Personal Services	389,000	412,000	381,000	393,000
Fringe Benefits	149,000	147,000	141,000	148,000
Contractual Services	5,000	7,000	6,000	22,000
Materials and Supplies	5,000	6,000	13,000	13,000
Total Law Director	548,000	572,000	541,000	576,000
Domestic Violence Prosecutor				
Personal Services	55,000	57,000	55,000	55,000
Fringe Benefits	9,000	9,000	10,000	10,000
Materials and Supplies	1,000	1,000	1,000	1,000
Total Domestic Violence Prosecutor	\$65,000	\$67,000	\$66,000	\$66,000

2018 Forecasted	2019 Forecasted	2020 Forecasted	2021 Forecasted
\$1,288,000	\$1,296,000	\$1,303,000	\$1,310,000
14,840,000	14,911,000	14,981,000	15,049,000
776,000	777,000	778,000	779,000
39,000	39,000	39,000	39,000
442,000	442,000	442,000	442,000
1,189,000	1,189,000	1,189,000	1,189,000
1,417,000	1,417,000	1,417,000	1,417,000
301,000	301,000	301,000	301,000
<u>20,292,000</u>	<u>20,372,000</u>	<u>20,450,000</u>	<u>20,526,000</u>
115,000	116,000	117,000	117,000
32,000	32,000	33,000	35,000
31,000	32,000	32,000	32,000
1,000	1,000	1,000	1,000
<u>179,000</u>	<u>181,000</u>	<u>183,000</u>	<u>185,000</u>
110,000	111,000	113,000	113,000
54,000	57,000	60,000	63,000
31,000	32,000	32,000	32,000
12,000	12,000	12,000	12,000
<u>207,000</u>	<u>212,000</u>	<u>217,000</u>	<u>220,000</u>
394,000	395,000	396,000	396,000
154,000	160,000	167,000	175,000
22,000	23,000	23,000	23,000
13,000	13,000	13,000	14,000
<u>583,000</u>	<u>591,000</u>	<u>599,000</u>	<u>608,000</u>
55,000	55,000	55,000	55,000
10,000	10,000	10,000	10,000
1,000	1,000	1,000	1,000
<u>\$66,000</u>	<u>\$66,000</u>	<u>\$66,000</u>	<u>\$66,000</u>

(continued)

City of Massillon - Stark County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2014, Through 2016, Actual
and Ending December 31, 2017, Through 2021, Forecasted
General Fund (continued)

	2014 Actual	2015 Actual	2016 Actual	2017 Forecasted
Municipal Court				
Personal Services	\$413,000	\$421,000	\$412,000	\$430,000
Fringe Benefits	211,000	199,000	193,000	219,000
Contractual Services	76,000	77,000	85,000	85,000
Materials and Supplies	16,000	12,000	19,000	35,000
Total Municipal Court	716,000	709,000	709,000	769,000
Clerk of Court				
Personal Services	837,000	845,000	832,000	854,000
Fringe Benefits	312,000	332,000	330,000	369,000
Contractual Services	24,000	28,000	41,000	38,000
Materials and Supplies	78,000	82,000	85,000	90,000
Total Clerk of Court	1,251,000	1,287,000	1,288,000	1,351,000
Bailiff				
Personal Services	333,000	358,000	355,000	540,000
Fringe Benefits	132,000	129,000	131,000	168,000
Contractual Services	6,000	6,000	4,000	12,000
Materials and Supplies	5,000	4,000	3,000	15,000
Total Bailiff	476,000	497,000	493,000	735,000
Planning Commission				
Personal Services	1,000	1,000	1,000	1,000
Civil Service Commission				
Personal Services	10,000	10,000	10,000	10,000
Fringe Benefits	1,000	1,000	1,000	1,000
Contractual Services	20,000	20,000	21,000	77,000
Materials and Supplies	1,000	1,000	3,000	3,000
Total Civil Service Commission	32,000	32,000	35,000	91,000
Service Department				
Personal Services	107,000	113,000	110,000	110,000
Fringe Benefits	31,000	27,000	39,000	46,000
Contractual Services	5,000	10,000	11,000	13,000
Materials and Supplies	0	0	16,000	2,000
Total Service Department	\$143,000	\$150,000	\$176,000	\$171,000

2018 Forecasted	2019 Forecasted	2020 Forecasted	2021 Forecasted
\$432,000	\$432,000	\$432,000	\$432,000
230,000	241,000	253,000	267,000
86,000	87,000	88,000	89,000
35,000	36,000	36,000	36,000
783,000	796,000	809,000	824,000
854,000	854,000	854,000	854,000
385,000	403,000	422,000	442,000
39,000	39,000	39,000	40,000
91,000	92,000	93,000	94,000
1,369,000	1,388,000	1,408,000	1,430,000
540,000	540,000	540,000	540,000
174,000	180,000	187,000	194,000
12,000	12,000	12,000	12,000
15,000	15,000	16,000	16,000
741,000	747,000	755,000	762,000
1,000	1,000	1,000	1,000
10,000	10,000	10,000	10,000
1,000	1,000	1,000	1,000
78,000	79,000	80,000	81,000
3,000	3,000	3,000	3,000
92,000	93,000	94,000	95,000
110,000	110,000	110,000	110,000
48,000	50,000	53,000	55,000
13,000	13,000	13,000	13,000
2,000	2,000	2,000	2,000
\$173,000	\$175,000	\$178,000	\$180,000

(continued)

City of Massillon - Stark County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2014, Through 2016, Actual
and Ending December 31, 2017, Through 2021, Forecasted
General Fund (continued)

	2014 Actual	2015 Actual	2016 Actual	2017 Forecasted
Auditor				
Personal Services	\$253,000	\$262,000	\$256,000	\$257,000
Fringe Benefits	116,000	113,000	120,000	120,000
Contractual Services	26,000	30,000	24,000	56,000
Materials and Supplies	15,000	22,000	12,000	28,000
Total Auditor	410,000	427,000	412,000	461,000
Income Tax				
Personal Services	160,000	162,000	184,000	196,000
Fringe Benefits	68,000	65,000	72,000	74,000
Contractual Services	38,000	40,000	44,000	52,000
Materials and Supplies	5,000	5,000	10,000	30,000
Miscellaneous	300,000	399,000	326,000	425,000
Total Income Tax	571,000	671,000	636,000	777,000
Treasurer				
Personal Services	14,000	15,000	14,000	15,000
Fringe Benefits	16,000	16,000	14,000	15,000
Contractual Services	2,000	1,000	1,000	2,000
Materials and Supplies	1,000	2,000	1,000	1,000
Total Treasurer	33,000	34,000	30,000	33,000
Engineer				
Personal Services	40,000	42,000	39,000	101,000
Fringe Benefits	20,000	19,000	16,000	27,000
Contractual Services	406,000	1,416,000	40,000	94,000
Materials and Supplies	7,000	7,000	16,000	17,000
Total Engineer	473,000	1,484,000	111,000	239,000
City Hall and Public Buildings				
Personal Services	40,000	65,000	62,000	88,000
Fringe Benefits	20,000	32,000	29,000	34,000
Contractual Services	385,000	405,000	398,000	400,000
Materials and Supplies	7,000	5,000	17,000	9,000
Total City Hall and Public Buildings	452,000	507,000	506,000	531,000
Building Department				
Personal Services	173,000	213,000	233,000	231,000
Fringe Benefits	45,000	59,000	71,000	72,000
Contractual Services	14,000	10,000	13,000	11,000
Materials and Supplies	17,000	15,000	9,000	18,000
Total Building Department	\$249,000	\$297,000	\$326,000	\$332,000

2018 Forecasted	2019 Forecasted	2020 Forecasted	2021 Forecasted
\$258,000	\$258,000	\$258,000	\$259,000
126,000	132,000	138,000	145,000
57,000	57,000	58,000	58,000
28,000	29,000	29,000	29,000
469,000	476,000	483,000	491,000
198,000	200,000	202,000	203,000
77,000	80,000	84,000	88,000
53,000	54,000	54,000	54,000
30,000	31,000	31,000	31,000
425,000	425,000	425,000	425,000
783,000	790,000	796,000	801,000
15,000	15,000	16,000	16,000
16,000	17,000	18,000	19,000
2,000	2,000	2,000	2,000
1,000	1,000	1,000	1,000
34,000	35,000	37,000	38,000
102,000	104,000	106,000	106,000
29,000	30,000	32,000	33,000
95,000	96,000	97,000	98,000
17,000	17,000	17,000	17,000
243,000	247,000	252,000	254,000
85,000	85,000	85,000	85,000
35,000	36,000	38,000	40,000
415,000	431,000	448,000	465,000
10,000	10,000	10,000	10,000
545,000	562,000	581,000	600,000
234,000	236,000	236,000	237,000
75,000	78,000	81,000	84,000
11,000	11,000	11,000	11,000
18,000	18,000	18,000	18,000
\$338,000	\$343,000	\$346,000	\$350,000

(continued)

City of Massillon - Stark County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2014, Through 2016, Actual
and Ending December 31, 2017, Through 2021, Forecasted
General Fund (continued)

	2014 Actual	2015 Actual	2016 Actual	2017 Forecasted
Other General Government				
Fringe Benefits	\$292,000	\$418,000	\$520,000	\$406,000
Contractual Services	1,118,000	920,000	1,166,000	1,027,000
Miscellaneous	70,000	70,000	70,000	70,000
Total Other General Government	1,480,000	1,408,000	1,756,000	1,503,000
Total General Government	7,265,000	8,497,000	7,436,000	8,016,000
Security of Persons and Property				
Police Department				
Personal Services	3,114,000	3,240,000	3,028,000	3,216,000
Fringe Benefits	633,000	611,000	676,000	718,000
Contractual Services	362,000	376,000	402,000	461,000
Materials and Supplies	137,000	106,000	147,000	163,000
Capital Outlay	7,000	2,000	170,000	15,000
Total Police Department	4,253,000	4,335,000	4,423,000	4,573,000
Fire Department				
Personal Services	3,554,000	3,512,000	3,359,000	3,269,000
Fringe Benefits	761,000	723,000	699,000	756,000
Contractual Services	386,000	385,000	452,000	443,000
Materials and Supplies	117,000	138,000	133,000	130,000
Capital Outlay	29,000	15,000	15,000	20,000
Total Fire Department	4,847,000	4,773,000	4,658,000	4,618,000
Total Security of Persons and Property	9,100,000	9,108,000	9,081,000	9,191,000
Transportation				
Street Department				
Personal Services	65,000	218,000	186,000	0
Fringe Benefits	11,000	35,000	25,000	0
Materials and Supplies	95,000	139,000	93,000	0
Total Street Department	171,000	392,000	304,000	0
Garage				
Contractual Services	59,000	57,000	42,000	65,000
Materials and Supplies	49,000	43,000	45,000	56,000
Total Garage	108,000	100,000	87,000	121,000
Total Transportation	\$279,000	\$492,000	\$391,000	\$121,000

2018 Forecasted	2019 Forecasted	2020 Forecasted	2021 Forecasted
\$398,000	\$404,000	\$407,000	\$410,000
1,065,000	1,070,000	1,111,000	1,154,000
70,000	70,000	70,000	0
1,533,000	1,544,000	1,588,000	1,564,000
8,139,000	8,247,000	8,393,000	8,469,000
3,339,000	3,369,000	3,388,000	3,408,000
768,000	811,000	857,000	907,000
468,000	475,000	482,000	489,000
165,000	167,000	169,000	170,000
15,000	15,000	15,000	16,000
4,755,000	4,837,000	4,911,000	4,990,000
3,314,000	3,397,000	3,416,000	3,435,000
800,000	848,000	899,000	953,000
459,000	477,000	496,000	515,000
131,000	133,000	134,000	135,000
20,000	20,000	21,000	21,000
4,724,000	4,875,000	4,966,000	5,059,000
9,479,000	9,712,000	9,877,000	10,049,000
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
66,000	66,000	67,000	67,000
57,000	58,000	58,000	59,000
123,000	124,000	125,000	126,000
\$123,000	\$124,000	\$125,000	\$126,000

(continued)

City of Massillon - Stark County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2014, Through 2016, Actual
and Ending December 31, 2017, Through 2021, Forecasted
General Fund (continued)

	2014 Actual	2015 Actual	2016 Actual	2017 Forecasted
Public Health and Welfare				
Health Department				
Personal Services	\$221,000	\$250,000	\$225,000	\$211,000
Fringe Benefits	96,000	97,000	90,000	92,000
Contractual Services	1,000	8,000	13,000	19,000
Materials and Supplies	3,000	5,000	4,000	4,000
Total Public Health and Welfare	<u>321,000</u>	<u>360,000</u>	<u>332,000</u>	<u>326,000</u>
Economic Development				
Personal Services	0	0	37,000	47,000
Fringe Benefits	0	0	5,000	13,000
Total Economic Development	<u>0</u>	<u>0</u>	<u>42,000</u>	<u>60,000</u>
<i>Total Expenditures</i>	<u>16,965,000</u>	<u>18,457,000</u>	<u>17,282,000</u>	<u>17,714,000</u>
<i>Excess of Revenues Over Expenditures</i>	<u>3,237,000</u>	<u>2,525,000</u>	<u>3,877,000</u>	<u>2,498,000</u>
Other Financing Sources (Uses)				
Transfers In	36,000	5,000	37,000	0
Transfers Out	(1,830,000)	(1,373,000)	(2,571,000)	(1,644,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,794,000)</u>	<u>(1,368,000)</u>	<u>(2,534,000)</u>	<u>(1,644,000)</u>
<i>Changes in Fund Balance</i>	1,443,000	1,157,000	1,343,000	854,000
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>(369,000)</u>	<u>1,074,000</u>	<u>2,231,000</u>	<u>3,574,000</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,074,000</u></u>	<u><u>\$2,231,000</u></u>	<u><u>\$3,574,000</u></u>	<u><u>\$4,428,000</u></u>

2018 Forecasted	2019 Forecasted	2020 Forecasted	2021 Forecasted
\$212,000	\$213,000	\$213,000	\$213,000
96,000	101,000	106,000	111,000
19,000	19,000	20,000	20,000
4,000	4,000	4,000	4,000
<u>331,000</u>	<u>337,000</u>	<u>343,000</u>	<u>348,000</u>
47,000	47,000	47,000	47,000
13,000	13,000	14,000	14,000
<u>60,000</u>	<u>60,000</u>	<u>61,000</u>	<u>61,000</u>
<u>18,132,000</u>	<u>18,480,000</u>	<u>18,799,000</u>	<u>19,053,000</u>
<u>2,160,000</u>	<u>1,892,000</u>	<u>1,651,000</u>	<u>1,473,000</u>
0	0	0	0
<u>(1,677,000)</u>	<u>(1,698,000)</u>	<u>(1,709,000)</u>	<u>(1,714,000)</u>
<u>(1,677,000)</u>	<u>(1,698,000)</u>	<u>(1,709,000)</u>	<u>(1,714,000)</u>
483,000	194,000	(58,000)	(241,000)
<u>4,428,000</u>	<u>4,911,000</u>	<u>5,105,000</u>	<u>5,047,000</u>
<u>\$4,911,000</u>	<u>\$5,105,000</u>	<u>\$5,047,000</u>	<u>\$4,806,000</u>

City of Massillon - Stark County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2014, Through 2016, Actual
and Ending December 31, 2017, Through 2021, Forecasted
Police Pension Fund

	2014 Actual	2015 Actual	2016 Actual	2017 Forecasted
Revenues				
Property and Other Local Taxes	\$130,000	\$131,000	\$144,000	\$145,000
Intergovernmental	18,000	18,000	18,000	18,000
Total Revenues	148,000	149,000	162,000	163,000
Expenditures				
Current:				
Security of Persons and Property				
Fringe Benefits	584,000	557,000	555,000	613,000
<i>Excess of Revenues Under Expenditures</i>	(436,000)	(408,000)	(393,000)	(450,000)
Other Financing Sources				
Transfers In	489,000	356,000	392,000	450,000
<i>Changes in Fund Balance</i>	53,000	(52,000)	(1,000)	0
<i>Fund Balance Beginning of Year</i>	0	53,000	1,000	0
<i>Fund Balance End of Year</i>	<u>\$53,000</u>	<u>\$1,000</u>	<u>\$0</u>	<u>\$0</u>

<u>2018</u> <u>Forecasted</u>	<u>2019</u> <u>Forecasted</u>	<u>2020</u> <u>Forecasted</u>	<u>2021</u> <u>Forecasted</u>
\$146,000	\$146,000	\$147,000	\$149,000
<u>18,000</u>	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>
164,000	165,000	166,000	168,000
<u>637,000</u>	<u>643,000</u>	<u>647,000</u>	<u>651,000</u>
(473,000)	(478,000)	(481,000)	(483,000)
<u>473,000</u>	<u>478,000</u>	<u>481,000</u>	<u>483,000</u>
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Massillon - Stark County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2014, Through 2016, Actual
and Ending December 31, 2017, Through 2021, Forecasted
Fire Pension Fund

	2014 Actual	2015 Actual	2016 Actual	2017 Forecasted
Revenues				
Property and Other Local Taxes	\$130,000	\$131,000	\$144,000	\$145,000
Intergovernmental	23,000	21,000	18,000	18,000
Total Revenues	153,000	152,000	162,000	163,000
Expenditures				
Current:				
Security of Persons and Property				
Fringe Benefits	790,000	764,000	792,000	852,000
<i>Excess of Revenues Under Expenditures</i>	(637,000)	(612,000)	(630,000)	(689,000)
Other Financing Sources				
Transfers In	685,000	561,000	628,000	689,000
<i>Changes in Fund Balance</i>	48,000	(51,000)	(2,000)	0
<i>Fund Balance Beginning of Year</i>	5,000	53,000	2,000	0
<i>Fund Balance End of Year</i>	\$53,000	\$2,000	\$0	\$0

<u>2018</u> <u>Forecasted</u>	<u>2019</u> <u>Forecasted</u>	<u>2020</u> <u>Forecasted</u>	<u>2021</u> <u>Forecasted</u>
\$146,000	\$147,000	\$147,000	\$148,000
<u>19,000</u>	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>
165,000	166,000	166,000	167,000
863,000	885,000	890,000	895,000
(698,000)	(719,000)	(724,000)	(728,000)
<u>699,000</u>	<u>720,000</u>	<u>724,000</u>	<u>728,000</u>
1,000	1,000	0	0
<u>0</u>	<u>1,000</u>	<u>2,000</u>	<u>2,000</u>
<u>\$1,000</u>	<u>\$2,000</u>	<u>\$2,000</u>	<u>\$2,000</u>

City of Massillon - Stark County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2014, Through 2016, Actual
and Ending December 31, 2017, Through 2021, Forecasted
Employees Insurance Fund

	2014 Actual	2015 Actual	2016 Actual	2017 Forecasted
Revenues				
Charges for Services	3,000	3,000	2,000	2,000
Other	11,000	12,000	13,000	0
Total Revenues	14,000	15,000	15,000	2,000
Expenditures				
Current:				
Fringe Benefits	12,000	15,000	148,000	116,000
<i>Excess of Revenues Over (Under) Expenditures</i>	2,000	0	(133,000)	(114,000)
Other Financing Sources				
Transfers In	0	72,000	90,000	125,000
<i>Changes in Fund Balance</i>	2,000	72,000	(43,000)	11,000
<i>Fund Balance Beginning of Year</i>	2,000	4,000	76,000	33,000
<i>Fund Balance End of Year</i>	<u>\$4,000</u>	<u>\$76,000</u>	<u>\$33,000</u>	<u>\$44,000</u>

<u>2018</u> <u>Forecasted</u>	<u>2019</u> <u>Forecasted</u>	<u>2020</u> <u>Forecasted</u>	<u>2021</u> <u>Forecasted</u>
2,000	2,000	2,000	2,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2,000	2,000	2,000	2,000
<u>116,000</u>	<u>116,000</u>	<u>116,000</u>	<u>116,000</u>
(114,000)	(114,000)	(114,000)	(114,000)
<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>
11,000	11,000	11,000	11,000
<u>44,000</u>	<u>55,000</u>	<u>66,000</u>	<u>77,000</u>
<u>\$55,000</u>	<u>\$66,000</u>	<u>\$77,000</u>	<u>\$88,000</u>

City of Massillon - Stark County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2014, Through 2016, Actual
and Ending December 31, 2017, Through 2021, Forecasted
Fire Damage Structure Fund

	2014 Actual	2015 Actual	2016 Actual	2017 Forecasted
Revenues				
Other	\$92,000	\$28,000	\$0	\$0
Expenditures				
Current:				
Other	59,000	84,000	0	0
<i>Changes in Fund Balance</i>	33,000	(56,000)	0	0
<i>Fund Balance Beginning of Year</i>	59,000	92,000	36,000	36,000
<i>Fund Balance End of Year</i>	\$92,000	\$36,000	\$36,000	\$36,000

<u>2018</u> <u>Forecasted</u>	<u>2019</u> <u>Forecasted</u>	<u>2020</u> <u>Forecasted</u>	<u>2021</u> <u>Forecasted</u>
\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0
<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>
<u>\$36,000</u>	<u>\$36,000</u>	<u>\$36,000</u>	<u>\$36,000</u>

City of Massillon, Stark County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2017, through 2021

Note 1 – The City

The City of Massillon (the City) is located in north east Ohio in Stark County. The City is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Operating as a statutory city, Massillon must comply with all State laws regulating city government. The decision making process is directed by an elected City Council and Mayor. The City Council is the legislative authority of the City and consists of six members elected from the six wards of the City, three members who are elected at large and a council president who is elected at large and serve terms of two years. The Mayor is the chief executive and administrative officer of the City and serves a term of four years.

On October 8, 2013, the Auditor of State’s office declared the City of Massillon to be in a state of fiscal emergency in accordance with Section 118.03, Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the Mayor of the City, Council President, three individuals whose residency or principal place of business is within the City, and a designee from both the State Treasurer’s office and the Office of Budget and Management. The City had 120 days after the first meeting of the Commission to approve a financial recovery plan. Once the plan has been adopted, the City’s discretion is limited in that all financial activity of the City must be in accordance with the plan.

The City of Massillon provides general governmental services including police protection, fire fighting and prevention, street construction and maintenance and water and sewer utilities. The operation of each of these activities is directly controlled by the City Council through the budgetary process. The administration includes the Mayor, City Auditor, City Treasurer, Police Chief, Fire Chief and the Safety Services Director.

Note 2 – Nature of Presentation

This financial forecast presents, to the best of the City’s knowledge and belief, the expected revenues, expenditures, and changes in fund balances for the forecast period. Accordingly, the forecast reflects the City’s judgment, as of February 28, 2017, the date of the forecast, the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The forecast presents the funds that are significant to the operations of the City. These funds include the general fund, police pension fund, fire pension fund, employees insurance fund and fire damage structure fund.

Note 3 – Summary of Significant Accounting Policies

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts, disbursements, and encumbrances, which is consistent with the budget basis of accounting (non-GAAP) used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the City is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

City of Massillon, Stark County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2017, through 2021

B. Fund Accounting

The City maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Funds

General Fund – The General Fund is the operating fund of the City and is used to account for and report 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 disbursed or transferred in accordance with Ohio law.

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to disbursement for specified purposes, other than for debt service or capital projects.

Debt Service Funds – Debt service funds are used to account for and report resources that are restricted, committed, or assigned to disbursement for principal, interest, and related costs.

Capital Projects Funds – Capital projects funds are used to account for and report resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities and other capital assets (other than those financed by the enterprise funds).

Permanent Funds – Permanent funds account for and report financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the City or its residents.

Proprietary Funds

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.

Internal Service Funds – Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City’s own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of

City of Massillon, Stark County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2017, through 2021

accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

Estimated Resources – On or about September 1, the County Budget Commission issues an official certificate of estimated resources to the City, which states the projected receipts of each fund. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any funds during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations – A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year if the annual appropriation for the full year is not ready for approval by City Council. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. By March 31, an annual appropriation ordinance must be legally enacted by the City Council. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances – The City uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation.

D. Property, Plant and Equipment

Capital assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these capital assets as the purpose of the financial statements for the governmental services is to report the expenditure of resources, not costs.

Note 4 – General Revenue Assumptions – All Funds

A. Property Taxes

Property tax revenues consist of real property, public utility real and personal property. The City may request advances from the Stark County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the City are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenues.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for residential real estate taxes. The State reimburses the City for all revenue lost due to these exemptions. The amount of the reimbursement is presented in the account “intergovernmental revenue”.

All property tax revenues are based on property valuations and levy rates. The County is required to reappraise property every six years and update the valuations every three years between the reappraisals. The last reappraisal was completed in 2012 for taxes collected in 2013. The next triennial update will take place in 2015 for taxes collected in 2016 with the next reappraisal scheduled for 2018. The City’s assessed values upon which property tax receipts were based for the last four years are as follows:

City of Massillon, Stark County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2017, through 2021

Class of Property	2014	2015	2016	2017
Real Property:				
Residential and Agriculture	\$319,980,730	\$323,060,710	\$336,396,000	\$338,633,160
Commercial and Industrial	149,305,740	151,930,630	174,583,810	180,437,040
Public Utility:				
Tangible Personal Property	24,054,080	27,350,550	28,225,640	28,391,830
Total Assessed Value	<u>\$493,340,550</u>	<u>\$502,341,890</u>	<u>\$539,205,450</u>	<u>\$547,462,030</u>

The property tax revenues are generated from inside and voted millage receipted into the general fund, police pension fund, fire pension fund, and museum fund.

The levies being collected by fund, the year approved, and the full tax rate are as follows:

Fund	Tax Levies	Year Approved/ Renewed	First Calendar Year of Collection	Last Calendar Year of Collection	Full Tax Rate (Per \$1,000 of Assessed Valuation)
General Fund	Inside Ten Mill Limitation (Unvoted)	n/a	n/a	n/a	\$10.60
Police Pension Fund	Inside Ten Mill Limitation (Unvoted)	n/a	n/a	n/a	0.30
Fire Pension Fund	Inside Ten Mill Limitation (Unvoted)	n/a	n/a	n/a	0.30
Museum Fund	Current Expense	2012	2013	2017	<u>1.00</u>
Total Tax Rate					<u>\$12.20</u>

Public utility real taxes are collected and settled by the County with real estate taxes and are recorded as general property taxes. Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four-year phase out of the tangible personal property tax on local and inter-exchange telephone companies. More information on property tax revenue is included in Note 5.

B. Municipal Income Taxes

Effective January 1, 2017, the City levies and collects an income tax of two percent on all income earned within the City as well as on incomes of residents earned outside the City, which is an increase from the 1.8 percent previously collected. In the latter case, the City allows a credit of 90 percent of the tax paid to another municipality, not to exceed the amount owed, which is also effective January 1, 2017. 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. As of January 1, 2017, the tax revenues are distributed between the general fund, 72.75 percent, income tax capital improvements fund, 2.25 percent, street fund, 10.00 percent, and parks and recreation fund, 15.00 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.

City of Massillon, Stark County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2017, through 2021

C. Intergovernmental Revenues

State law grants tax relief in the form of a 10 percent reduction in residential real property tax bills. In addition, a 2.5 percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the City for the loss of real property taxes caused by the homestead and rollback tax relief programs.

Note 5 – Specific Fund Revenue Assumptions

A. General Fund

Property And Other Local Taxes – Real property taxes are forecasted to increase slightly in 2017 due to increases in real property assessed values, based on the estimates from the County Auditor. The property values are expected to continue to increase at about the same rate through 2021 due to the overall economy of the City.

Municipal Income Taxes – Income taxes have been forecasted based on historical and year-to-date data from the City income tax department. Income tax revenue is anticipated to increase due to new business coming into the City. This amount will be offset by a change in tax credit between 2016 and 2017. The City allowed a credit of 75 percent of the tax paid to another municipality in 2016. This amount changed to 90 percent effective January 1, 2017.

Intergovernmental Revenue – Intergovernmental revenues include local government monies, property tax allocations for rollback, homestead, and tangible property tax loss reimbursements, grants, and estate tax. The local government funds are distributed monthly by the State to the County and by the County Auditor to the City. The property tax allocations for rollback, homestead, and tangible personal property are received from the State and are based on information provided by the County Auditor.

The City received significant intergovernmental revenue in prior years due to the estate tax and several one-time grants. The estate tax was phased out by the State for deaths after December 31, 2012. Due to the time needed to settle and process estates, the City still received estate tax during 2014 in the amount of \$497,437. No estate tax revenue was received in 2015 and 2016 and is not anticipated for 2017 and beyond. The City received a Fire FEMA grant in 2014 and 2015 in the amounts of \$715,410 and \$228,954, respectively. Grants were received for two street projects during 2015 from the Ohio Development Service Agency, Ohio Department of Transportation and the Massillon Development Foundation, Inc. totaling \$1,392,717. The City did not receive a FEMA Grant or any grants for street improvements during 2016 and is not expecting these grants for 2017 and beyond. Intergovernmental revenue during 2017 through 2021 is expected to remain relatively consistent with 2016 amounts.

Interest – Interest receipts are expected to be minimal due to very low interest rates and a relatively static fund balance throughout the forecast period.

Licenses and Permits – Licenses and permits receipts represent liquor and beer permits, building permits and inspections, electrical permits and inspections, landfill tipping fees, as well as cable franchise fees. Amounts collected for the various permits, inspections and fees remain approximately the same annually. Cable franchise fees are 3 percent of gross receipts collected by the cable provider. No increase is anticipated in these revenues.

City of Massillon, Stark County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2017, through 2021

Fines and Forfeitures - Fines and forfeitures represent revenues received from court fines and income tax penalties. No increase is anticipated in these revenues.

Charges for Services – Charges for services represent revenues received from the clerk of courts, administrative charges, emergency management services, police transport fees and special assessments. No increase is anticipated in these revenues.

Other – Other revenues consist mainly of various refunds and reimbursements which are projected to remain consistent throughout the forecast period.

B. Police Pension Fund

Property And Other Local Taxes – Real property taxes are forecasted to increase slightly in 2017 due to increases in real property assessed values, based on the estimates from the County Auditor. The property values are expected to continue to increase at about the same rate through 2021 due to the overall economy of the City.

Intergovernmental Revenue – Intergovernmental revenues include property tax allocations for rollback, homestead, and tangible property tax loss reimbursements. The property tax allocations for rollback, homestead, and tangible personal property are received from the State and are based on information provided by the County Auditor. Homestead and Rollback revenues have been forecasted to remain consistent throughout the forecast period based on amounts received during 2016. This is consistent with forecasting of property taxes.

Transfers In – Transfers in represent monies transferred from the general fund to cover police pension payments.

C. Fire Pension Fund

Property And Other Local Taxes – Real property taxes are forecasted to increase slightly in 2017 due to increases in real property assessed values, based on the estimates from the County Auditor. The property values are expected to continue to increase at about the same rate through 2021 due to the overall economy of the City.

Intergovernmental Revenue – Intergovernmental revenues include property tax allocations for rollback, homestead, and tangible property tax loss reimbursements. The property tax allocations for rollback, homestead, and tangible personal property are received from the State and are based on information provided by the County Auditor. Homestead and Rollback revenues have been forecasted to remain consistent throughout the forecast period based on amounts received during 2016. This is consistent with forecasting of property taxes.

Transfers In – Transfers in represent monies transferred from the general fund to cover fire pension payments.

D. Employees Insurance Fund

Charges for Services – Charges for services represents insurance payments for retirees.

Other – Other revenue presented Cobra payments. No Cobra payments are anticipated for the forecast period. The insurance company handles all Cobra payments beginning January 1, 2017.

City of Massillon, Stark County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2017, through 2021

Transfers In - Transfers in represent monies transferred from the general fund to cover worker's compensation claims from the years the City participated in the retrospective-rating plan for policy years 2011 through 2014. The City is still liable for claims for ten years from the policy year.

E. Fire Damage Structure Fund

Other – Other revenues consist of insurance proceeds provided to the City by a property owners insurance company when there is a fire to their property within the City. These insurance proceeds are not predictable. No proceeds are anticipated for the forecast period.

Note 6 – Expenditure Assumptions – All Funds

A. Personal Services

Personal services include the salaries paid to the employees and elected officials of the City. The City's employees are paid on a bi-weekly basis. The Mayor, City Auditor, City Treasurer, and Law Director are paid on a semi-monthly basis. The City Council is paid monthly. City Council, by ordinance, sets the salary or hourly rates and other forms of compensation, such as paid leave.

The City has labor agreements with the Massillon F.O.P. Henderson Lodge Police Officers Association and the International Association of Fire Fighters, Local 251. The Police agreement expires December 31, 2018. The Fire Fighters agreement expired on July 31, 2015. All bargaining unit employees are paid longevity based on years of service.

No increases are forecasted for elected officials except for the City Treasurer who will receive an increase based on the United States Consumer Price Index. The current Police agreement provides a 2 percent increase to the salary steps effective 6 months after the City is released from fiscal oversight. This 2 percent increase has been included in the forecast for 2017. The Police and Fire negotiated agreements include step increases based on years of service. These step increases have been included in the forecast for 2017 through 2021. Non-bargain unit, Classified and Unclassified Employees and Supervisors receive step increases based on salary and wage schedules approved by City Council. These increases have been included in the forecast for 2017 through 2021. No salary increase has been included in the forecast except for the 2 percent increase 6 months after the City is released from fiscal oversight for the police department. Each 1 percent increase in salaries for general fund union and non-union employees would cost the City approximately \$122,000.

The police department anticipates hiring 3 new police officers during 2017, 2 officers in the spring and one in the fall.

During 2017, three fire department employees are forecasted to retire. The City will replace these employees and new hires have been included in the forecast. No additional employees are expected to retire within the remaining forecast period.

B. Fringe Benefits

Fringe benefits include employer contributions to the State pension system, workers' compensation, Medicare, vacation, sick leave, personal days and medical, prescription, life, vision and dental health coverage.

All employees and/or elected officials, except police and fire, participate in the Ohio Public Employees Retirement System (OPERS). OPERS provides basic retirement, disability, and death benefits to plan members

City of Massillon, Stark County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2017, through 2021

and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. Employees are required to contribute 10 percent (the maximum) of their annual salary and the City is required to contribute 14 percent (the maximum) of their annual salary.

Police and fire employees participate in the Ohio Police and Fire Retirement System (OP&F). OP&F provides basic retirement, disability, 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. Employees are required to contribute 12.25 percent (the maximum) of their annual salary and the City is required to contribute 19.5 percent for police and 24 percent for fire (the maximum) of their annual salary. Per their negotiated agreement, if the employee's percentage of contribution is increased by the OP&F above 10 percent the City will pick up and pay the additional amount.

Workers' compensation coverage is provided by the State of Ohio. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. Workers compensation increased in 2016 due to the transition to prospective billing by the Bureau of Worker's Compensation. For this reason worker's compensation is expected to decrease for 2017 but then will start increasing based on forecasted annual salary increases.

Employees, except elected officials, are entitled to two to six weeks of vacation leave depending on length of service. Employees earn sick leave at a rate of 4.6 hours for every eighty hours worked.

The City provides vision, dental, prescription drug, and hospital/medical benefits to its employees through the Health Plan/Hometown. The City anticipates the premiums for benefits to increase approximately 7 percent each year. The City charges premiums for benefits to the same fund and department as the individual's compensation.

C. Contractual Services

Contractual services include property and liability insurance, utility charges (telephone, internet, electricity, natural gas, and garbage), postage, advertising, legal fees, auditor and treasurer fees, and accounting and auditing services. The City has worked to constrain spending in as many areas as possible over the last several years and plans to continue to do so in the future. However, some small increases in contractual services are forecasted as the price of some services will rise over time, based on historical data.

D. Materials and Supplies

Materials and supplies expenditures include office supplies, operating supplies (chemicals, salt, and gasoline), and repair and maintenance costs. Materials and supplies are anticipated to increase 1 percent per year based upon historical trends.

E. Capital Outlay

During the forecast period, the City does not anticipate any major capital outlay expenditures. The City plans on purchasing safety equipment for both the police and fire department each year of the forecast period.

F. Miscellaneous

Miscellaneous expenditures for the income tax department represent income tax refunds. Tax refunds fluctuate from year to year and are unpredictable. The City anticipates tax refunds of \$425,000 for each year of the forecast period. Miscellaneous expenditures under other general government relates to a yearly settlement payment to Stark County for housing prisoners charged with violations of Massillon Municipal ordinances at the

City of Massillon, Stark County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2017, through 2021

Stark County jail from January 1, 2003 to the date of the agreement of December 7, 2009. The City is paying the Stark County Commissioners \$700,000 in 20 semi-annual consecutive installments of \$35,000 that began January 1, 2011. The last payment will be made in 2020.

Note 7 – Transfers and Advances – General Fund

The City expects to transfer the following amounts from the general fund during the forecast period:

Transfer to:	Year				
	2017	2018	2019	2020	2021
Budget Stabilization	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Bond Retirement	350,000	350,000	345,000	349,000	348,000
Worker's Compensation	125,000	125,000	125,000	125,000	125,000
Police Pension	450,000	473,000	478,000	481,000	483,000
Fire Pension	689,000	699,000	720,000	724,000	728,000
	<u>\$1,644,000</u>	<u>\$1,677,000</u>	<u>\$1,698,000</u>	<u>\$1,709,000</u>	<u>\$1,714,000</u>

The transfers to the budget stabilization fund are to meet the fund balance goal that the City set when establishing the fund. The transfers to the bond retirement fund are to meet the projected amount needed for debt payments for each year of the forecast. The transfers to the worker's compensation fund are to cover workers' compensation claims. For policy years 2011 through 2014, the City participated in the BWC retrospective-rating plan. The City is liable for claims for 10 years from the policy year. The transfers to the police and fire pension funds represent the amounts paying the employer's share of police and fire pensions. This amount is anticipated to increase at the same rate as salaries over the forecast period.

Note 8 – Other Funds

The City has numerous other funds that account for resources that are restricted for specific purposes. These funds are anticipated to have sufficient resources to meet their obligations during the forecasted period.

Note 9 – Contingencies

A. Litigation

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

B. Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position during the forecast period.



Dave Yost • Auditor of State

CITY OF MASSILLON

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 27, 2017